# 2016-17
## Annual Report & Accounts


25 Years of Mining Excellence

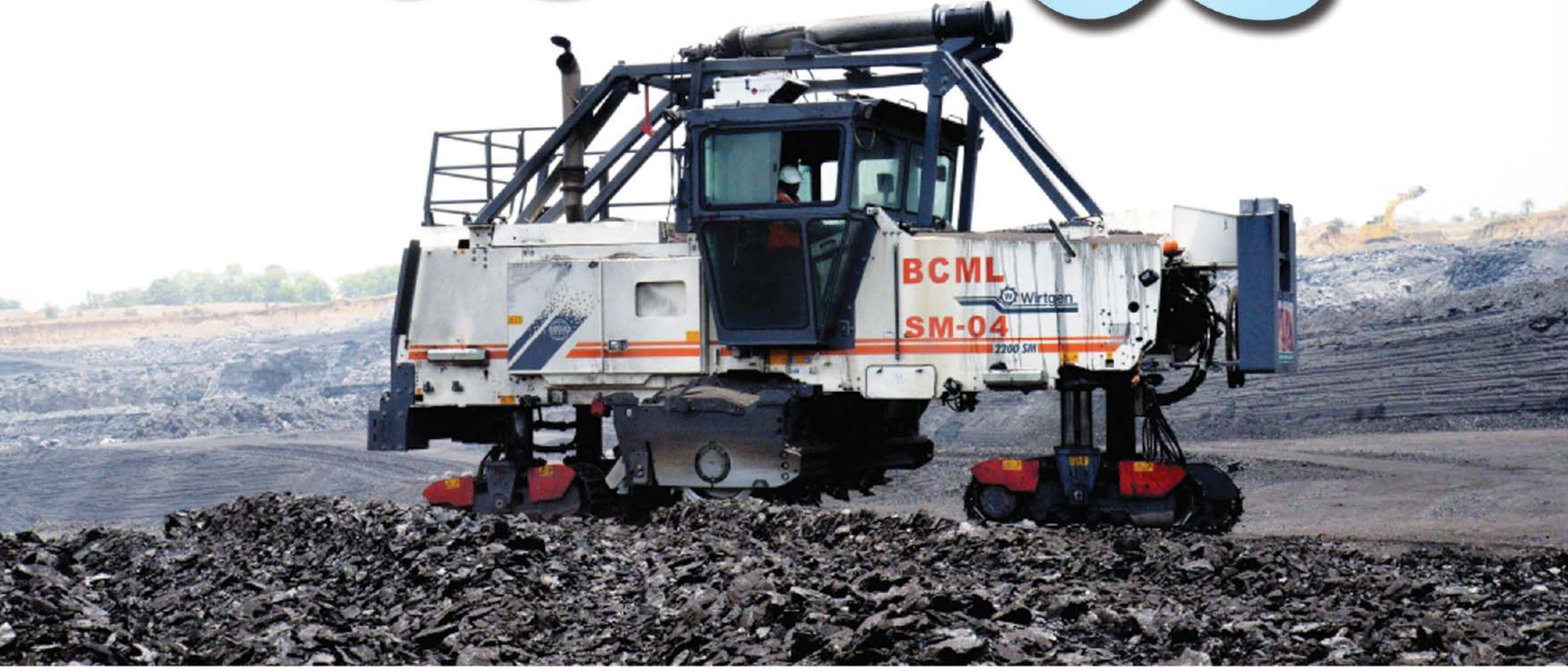
**MAHANADI COALFIELDS LIMITED**
A MINIRATNA COMPANY

## 'VISION'

"To be one of the leading energy suppliers in the world through best practices from mine to market."

## 'MISSION'

"To produce and market the planned quantity of coal and coal products efficiently and economically in an eco-friendly manner with due regard to safety, conservation and quality"

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# PRESENT MANAGEMENT
(As on 21st July, 2017)

**Shri A. K. Jha**
Chairman-cum-Managing Director

## FUNCTIONAL DIRECTORS

**Shri J. P. Singh**
Director (Tech/OP.)

**Shri L. N. Mishra**
Director (Personnel)

**Shri O. P. Singh**
Director (Tech./P&P)

## GOVERNMENT NOMINEE

**Shri R. K. Sinha**
Joint Secy., MoC

## OFFICIAL PART-TIME DIRECTOR

**Shri S.N. Prasad**
Director (Marketing), CIL

## INDEPENDENT DIRECTORS

**Dr. Rajib Mall**

**Shri H.S. Pati**

# MANAGEMENT DURING 2016-17

| | | |
|---|---|---|
| **CHAIRMAN-CUM-MANAGING DIRECTOR** | : | Shri A. K. Jha |
| **FUNCTIONAL DIRECTORS** | : | Shri J. P. Singh<br>Director (Tech/OP) |
| | | Shri K. K. Parida<br>Director (Finance) |
| | | Shri L. N. Mishra<br>Director (Personnel) |
| | | Shri O. P. Singh<br>Director (Tech/P&P)<br>(From 01.09.2016) |
| | | Shri A. K. Tiwari<br>Director (Tech/Op)<br>(upto 31.08.2016) |
| **OFFICIAL PART-TIME DIRECTORS** | : | Shri Mukesh Choudhary<br>Director, Ministry of Coal,<br>New Delhi. (w.e.f. 05.08.2016) |
| | | Shri Jasmeet Singh Bindra<br>Director, Ministry of Coal,<br>New Delhi. (upto 05.08.2016) |
| | | Shri S. N. Prasad,<br>Director (Marketing),<br>CIL, Kolkata |
| **NON-OFFICIAL PART-TIME DIRECTORS** | : | Shri H.S. Pati |
| | | Dr. Rajib Mall |
| **PERMANENT INVITEE** | : | Shri G. C. Ray<br>COM, East Coast Railway,<br>Bhubaneswar. |
| **COMPANY SECRETARY** | : | Shri A. K. Singh |

## Bankers

State Bank of India,
UCO Bank,
Canara Bank,
Punjab National Bank,
United Bank of India,
Indian Overseas Bank,
Union Bank of India,
Bank of India,
ICICI Bank,
Andhra Bank,
Bank of Baroda,
AXIS Bank,
IDBI Bank,
HDFC Bank,
Central Bank of India,
Oriental Bank of Commerce,
Allahabad Bank,
Syndicate Bank,
Corporation Bank
Bank of Maharashtra

## Statutory Auditors

M/s Singh Ray Mishra & Co.,
Chartered Accountants, Bhubaneswar

## Branch Auditors

M/s SRB & Associates
Chartered Accountants, Bhubaneswar.

## Cost Auditor

M/s Chandra Wadhwa & Co
Cost Accountants, New Delhi

## Branch Cost Auditor

M/s S. Dhal & Co.
Cost Accountants, Bhubaneswar.

## Secretarial Auditor

M/s Deba Mohapatra & Co.
Company Secretaries,
Bhunbaneswar, Odisha

## Registered Office

At/Po: Jagruti Vihar, Burla,
Sambalpur- 768020, Odisha
Website: www.mahanadicoal.in

# NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

Ref. No. MCL/SBP/CS/AGM/2017/1004 Date: 19.07.2017

Notice is hereby given that the 25th Annual General Meeting of Mahanadi Coalfields Limited is scheduled to be held on Friday the 21st July, 2017 at 11.00 AM at Registered Office of the Company, At/Po- Jagruti Vihar, Burla, Sambalpur, Odisha-768020, to transact the following business:

**Ordinary Business:**

1. To consider and adopt:

   a) The Audited Financial Statements of the Company for the financial year ended March 31, 2017 including the Audit Balance Sheet as at March 31, 2017 and Statement of Profit and Loss for the year ended on that date and the Reports of Board of Directors, Statutory Auditor and Comptroller and Auditor General of India thereon.

   b) The Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2017 including the Audited Balance Sheet as at March, 31 2017 and Statement of Profit and Loss for the year ended on that date and the Reports of the Statutory Auditor and Comptroller and Auditor General of India thereon.

2. To confirm the payment of interim dividend paid on equity shares for the financial year 2016-17 as final dividend for the year 2016-17.

3. To appoint Directors in place of Shri L. N. Mishra, (DIN 07437632), Director who retires by rotation in terms of Section 152(6) of the Companies Act 2013 and being eligible, offers himself for re-appointment.

4. To appoint Directors in place of Shri O. P. Singh (DIN 07627471), Director who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment

5. To approve remuneration, as decided by the Board, payable to M/s Singh Ray Mishra & Co, Chartered Accountants, Bhubaneswar, the Principal Auditor and M/s SRB & Associates, Chartered Accountants, Bhubaneswar, the Branch Auditor who were appointed by the C&AG of India for the Financial Year, 2016-17 by passing the following resolution with or with out modification(s) :

   "RESOLVED that pursuant to the provisions of Section 142(1) and other applicable provisions, if any of the Companies Act, 2013, approval be and is hereby accorded for payment of remuneration and reimbursement of T.A. & out of pocket expenses as decided by the Board of Directors to M/s Singh Ray Mishra & Co, Chartered Accountants, Bhubaneswar, the Principal Auditor and M/s SRB & Associates, Chartered Accountants, Bhubaneswar, the Branch Auditor in connection with the audit of Accounts of the Company for the financial year 2016-17."

6. To fix remuneration of Auditors for the financial year 2017-18 and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to fix the remuneration, out of pocket expenses, statutory taxes and other ancillary expenses of Auditors to be appointed by the Comptroller and Auditor General of India for the financial year 2017-18."

**Special Business:**

7. To ratify the remuneration of the Cost Auditors for the financial year 2016-17 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and other provisions of the Act, M/s Chandra Wadhwa & Co, Cost Accountants, New Delhi, be and is hereby appointed as the Principal Cost Auditor of the Company for the year 2016-17, to audit Cost records of the Company, Head Quarters and its units, IB Fields Areas, Basundhara Area and CWS (IB Valley) at a total Audit fee of Rs. 2,78,910.00 per year, Out of Pocket Expenses of Rs. 1,39,455.00 (maximum) per year and applicable Service Tax on audit fee."

   "RESOLVED FURTHER THAT pursuant to Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and other provisions of the Act, M/s S. Dhal & Co., Bhubaneswar be and is hereby appointed as the Branch Cost Auditor of the Company for the year 2016-17, to audit Cost records of Talcher Coalfields Areas including Kaniha area and CWS (Talcher) at a total Audit fee of Rs. 1,84,570.00 per year, Out of Pocket Expenses of Rs. 92,285.00 (maximum) per year and applicable Service Tax on audit fee."

   "Resolved further that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution."

By order of the Board of Directors
For Mahanadi Coalfields Limited

Sd/-
(A.K.Singh)
Company Secretary

# CHAIRMAN'S STATEMENT

Shri A. K. Jha, CMD, MCL

## Friends,

It gives me immense pleasure in welcoming you to the 25th Annual General Meeting (AGM) of Mahanadi Coalfields Limited. The Report of the Directors, Audited Accounts for the year 2016-17 combined with the Report of the Statutory Auditors and the Report and Review of the Comptroller & Auditor General of India are already circulated to you. With your permission, I would like to take them as read.

Fiscal 2016-17 has been yet another challenging year for MCL. Despite of odds, MCL has emerged as one of the best subsidiaries of CIL through its best practices and operational excellence. It is my proud privilege to inform you that your company has achieved highest ever coal production of 139.208 million tonnes in the history of MCL since inception. OB removal during the year was 123.34 M.CUM, which was 25.33 % more as compared to previous year. Your Company has despatched highest coal i.e. 143 MT in CIL as compared to other subsidiaries of CIL. Eco-friendly Surface Miner coal production was also highest in MCL amongst all Subsidiaries of CIL and we produced about 92% through this technology. MCL has earned highest profit i.e. Rs.6854 Crores (PBT) amongst all the subsidiaries of Coal India Limited, achieving a growth of 9%. This has been possible with your unstinted support and valuable guidance. Your continued trust and goodwill has always been a guiding force to motivate us in all our pursuits in creating the values for the stakeholders and the Nation.

## Coal - primary source of Energy :

Coal is the dominant, sustainable, affordable and reliable source of 24X7 energy. Globally, use of coal for commercial energy has been going down largely because of environmental considerations and availability of cheap oil and gas. However, in India the scenario is totally different. As per information available on Ministry of Power website, coal accounted for 76.4% of electricity generation in the country. Coal is likely to play a dominant role in power generation in near future because of its abundant reserve and cheap availability coupled with limited oil reserve within the country, limitations faced in fast development of Hydro and Nuclear energy resources and limitations with Solar Energy where in it cannot generate electricity during night time.

Coal accounts for 97% of the fossil resources in our country. The National Coal Inventory places the hard coal resources at 308.802 Billion Tonne (BT) upto 1200 meter depth in 69 different Coalfields as on 01.04.2016.

Talcher and Ib-Valley Coalfields of Odisha are the store house of huge thermal grade non-coking coal.

Odisha stands 2nd to Jharkhand in the reserve position in India. Total coal reserve of Odisha as on 1st April 2016 is estimated to be 75.895 BT, which is around 24.57% of the total National coal reserve. The two coalfields of Odisha, namely Talcher and Ib-valley coalfield are under command area of MCL, Talcher being the largest coalfield (51.065 BT) and Ib-valley being the 3rd largest (24.831 BT) Coalfield of India.

To meet the future expectation, there is colossal responsibility in augmenting the coal production. Your Company being the flagship company of CIL have onerous responsibilities of making India energy efficient through its best practices from mine to market. We, with all humility, reaffirm our commitment to play momentous role in the development of the Nation towards making India more energy efficient.

## 1. Overview of MCL Performance 2016-17

Your Company continues its impressive financial results. MCL has been able to perform exceedingly well during the year 2016-17. The fact that your Company emerged as Number One subsidiary of CIL in the year 2016-17 in terms of despatch of Coal, Production of Coal through eco-friendly technology (Surface Miner) and profitability, makes this occasion very special. Your Company had achieved a record coal production of 139.208 million tonnes (MTe.) and registered a growth of 0.95% over the previous year. Coal off-take of MCL during the period was 143.01 million tonnes, which showed a growth of 2.01% as compared to last year. There has been a quantum jump in OB removal from 98.4 M.Cum. to 123.3 M.Cum., registering a growth of 25.3%.

The overall growth of GDP in the current fiscal has favourably impacted the Indian economy. Your Company has also gained significantly in terms of better performance. Your Company has recorded Gross Sales of Rs.23,450 Crores and Profit after Tax has been Rs. 4,491 Crores for the year under review. Your Company has recommended a dividend of Rs.21,115/- per equity share (after considering the buyback) on a face value of Rs.1,000/- per share for the year as compared to Rs.19,358.54 per equity share last year. The total outflow on account of dividend was Rs.3589.06 Crores comprising Rs.2,982 Crores as dividend paid to CIL and Rs.607.06 Crores as tax on dividend.

## 2. Project Profile

There are 51 sanctioned mining projects (including 2 exhausted projects) in MCL. The sanctioned capacity of these projects is 224.41 Mty with a sanctioned capital outlay of Rs.11,832.52 Crores. Out of 51 projects, 35 projects (including two exhausted projects) have been completed with a capacity of 102.58 Mty and sanctioned capital outlay of Rs.3,000.017 Crores. There are 16 on-going projects with a capital outlay of Rs.8,832.50 Crores with sanctioned capacity of 121.83 Mty.

Shri S. Kumar, Secretary, Coal, reviews the mining operations in Talcher Coalfields.

As a forward looking Company, MCL believes that its infrastructural base needs to be strengthened by setting up Washeries/CHP/SILOs, RLS, Tube Conveyors, Separate Road Corridors by-passing the densely populated areas, strengthening/upgrading of Rail Infrastructure, etc. and accordingly actions have been initiated in right earnest to construct them.

## 3. Diversification

Diversification is the key for future growth. Towards gainful utilization of coal deposits at Basundhara Area, Sundergarh district of Odisha, your Company has envisaged coal-based Thermal Power Plant of 1600 (2X800) MW with super-critical technology. Mahanadi Basin Power Limited (MBPL) formed for this purpose has achieved several milestones towards installation of power plant. EIA study has been completed. Central Electricity Authority (the nodal agency of Ministry of Power) has recommended to MoP for consideration of coal linkage. Proposal placed for consideration for Grant of EC. High Level Clearance Authority (HLCA) of Govt of Odisha has approved the project of MBPL 'in principle'. Water Allocation Committee of Govt. of Odisha has recommended allocation of 49 Cusec of water from Hirakud Reservoir to the proposed TPP of MBPL. CIL Board accorded its approval for the 1st year expenditure of Rs.1019 Crores to start the work.

Your Company has formed JVs/SPVs with Indian railway and Govt. of Odisha with focus on development of infrastructure required for un-interrupted supply of coal by rail to meet the energy requirement of the nation. A Joint Venture Company i.e. MCRL has been incorporated to take the step further towards fulfilment of the commitment for making the nation energy efficient.

Your Company has successfully installed 2 MW Photovoltaic Solar Power Plant at Anand Vihar, Burla, Sambalpur to mark its presence in renewable energy sector and is generating electricity to the tune of 25 to 30 lakh units/year.

## 4. Other Improvement Areas

Process innovations and new initiatives are most critical success factors for any organisation. We at MCL have initiated many changes in business processes right from production to dispatch of coal. MCL pioneers in institution building and it stands apart among other Subsidiaries of CIL when it comes to deployment of surface miner or e-mode of tendering for procurement or other contracts. During 2016-17, 2068 nos. of tenders were published through the e-procurement portal having a corresponding value of Rs. 2940.51 Crore. The principles and successful implementation of the existing e-procurement system in the MCL have been shared with the CIL for developing a single platform of e-procurement for all the Subsidiaries.

Your Company is first in India to introduce auto refund of EMD for unsuccessful bidders/suppliers on-line. By this mechanism, the EMDs to the tune of Rs. 24.21 Crore (from 15th October, 2013 to 31st March, 2016) have been refunded to the Suppliers/bidders on auto-mode once they were declared as unsuccessful/rejected bidders. A sum of Rs.13.63 Cr has been refunded to 4292 unsuccessful/rejected suppliers/bidders during 2016-17 on auto-mode in hassle free manner. Bidders participation has gone up and also the vender base is improving.

MCL has been implementing IT based initiatives for bringing transparency in day-to-day field and official transactions in the Company. Major initiative includes:

- Introduction of In-motion Road Weighbridges with RFID and its connectivity to Coalnet.
- GPS based Vehicle Tracking System (VTS) & Geo-fencing of Mining Areas have been installed to prevent Pilferage of Coal.
- E-surveillance units have been installed in enhancing operational efficiency & combating corruption.
- Stabilization of Coalnet of the Company spread over 2700 Sq. km. area through OFC/Radio Network has been done.
- Action has been taken for the Procurement of 04 nos. of 3 DTLS for greater accuracy. (02 nos. for Ib Valley Coalfield & 02 nos. for Talcher Coalfield)
- Surpac Software for coal stock measurement has been introduced.
- Observing the inordinate delay of movement of files relating to closure of contracts, procurement, dependent employments etc. as part of systemic improvement measure file tracking system on the Coalnet was put in place. There has been significant improvement in file movement.
- Several Mobile Apps have been developed to enhance accountability and faciltate study of existing system.

Further, we are all set to implement advanced technologies to augment the operational excellence in your Company.

## 4.1 Product and Service Quality

It has been a constant endeavour for MCL to ensure quality across its entire value chain so that customer satisfaction is maintained at all cost. Conventional mining methodologies are being strategically replaced by new technologies. In line to the decision of CIL for installation of coal washeries on Build-Operate-Maintain (BOM) basis for economic washing of high ash coal, MCL was intending to establish four number of coal washeries viz., Hingula Washery, Basundhara Washery, Ib-Valley Washery at Lakhanpur & Jagannath Washery of 10 Mty capacity each on BOM concept in Phase-I. However, earlier tender for Hingula Washery (10 Mty) & Jagannath Washery (10 Mty) on BOM Concept were not materialized and during the course of fresh/re-tendering, concept of setting up of these Washeries were changed from BOM Concept to B-O-O (Build-Own-Operate) Concept as per the directives of CIL based on the decision of MoC that "All new proposed washeries, whose tender is yet to be finalized, should be built under B-O-O (Build-Own-Operate) concept". Accordingly, tender for Hingula Washery (10 Mty) & Jagannath Washery (10 Mty) will be floated under BOO Concept. The Bid documents under BOO Concept are under preparation at CMPDI. Under B-O-O Concept, washery is to be set up by BOO Operator and the land for the washery will be given on lease by MCL. Operating cost will be paid by MCL.

Dun & Bradstreet felicitates MCL with
"Mining Excellence Award" for 25 years of mining excellence

MCL is also planning to set-up three more washeries viz. Lakhanpur Washery (20 Mty capacity), Garjanbahal Washery (10 Mty capacity) and Siarmal Washery (40 Mty capacity).

MCL has taken utmost care to improve the quality of coal being supplied to different Power Houses including other consumers as well as to fulfill the consumer satisfaction. There are total ten coal analysis laboratories in different Areas like Ib-Valley, Lakhanpur, Orient, Basundhara, Jagannath, Lingaraj, Bharatpur, Hingula, Talcher and Kaniha. All are well equipped with modern equipments like electronic Auto Bomb Calorimeter for determination of GCV of coal. Coal Analysis Laboratory of Ib Valley Area, Bharatpur Area & Jagannath Area have been conferred with grant of NABL Accreditation.

By using surface miner, rejects are being separated from the coal seam which helps to maintain the quality of coal.Electronic Rail Weigh Bridges with print out facility are available at all sidings. Apart from this, Company has provided stand-by weighbridges for achieving the target of 100 % weighment. Proper care is being taken towards supply of 100% -100 mm size coal to the consumers.

Your company is having accredited with 9001:2008 Quality Management System, ISO 14001:2004, Environmental Management System and OHSAS 18001:2007, Occupational Health Management System which conform to all the applicable international standards.

## 4.2 Safety

Safety of mines and miners remains a top priority in MCL.In persuit of higher production no compromise would be made on safety aspect. 'Safe Mining' is one of the core capabilities of your Company which has been attained through continuous practice of safety methods and techniques. Having a 'Zero Accident' target, your Company prepares, plans, and equips itself on a regular basis. Our efforts in this direction inter-alia include making available proper safety equipment, training, R&D and strict monitoring of safety related compliances. During financial year 2016-17, six cases of fatal accident have been reported. Your Company strives hard to provide a safe working environment to all its employees and never compromises with safety standards in any mining operation. Further, to overcome any unforeseen happening during mining operation, your Company has fully equipped all its rescue stations and has deployed sufficient rescue trained workforce. Your Company firmly believes that safety and productivity cannot be separated and tries to strike a fine balance between production as well as safety at work place. Your Company is committed to provide safe environment to all the workmen for achieving the Company's objective towards Zero harm.

## 4.3 Corporate Governance

MCL complied with the conditions of Corporate Governance, as stipulated in the Guidelines on Corporate Governance for Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises, Govt. of India from time to time except the appointment of Independent Directors related, where appointment is awaited from Govt. of India.

As required under the said guidelines, a separate section on the Corporate Governance has been added in the Directors' Report and certificate of compliance of conditions of Corporate Governance has been obtained from Practicing Company Secretary. Secretarial Audit has been introduced as per the requirement of the Companies Act, 2013 to bring more transparency in the functioning of the Board. The Secretarial Audit report is attached as part of Directors' Report.

## 4.4 Green Initiatives

Your Company produced highest quantity of coal through eco-friendly Surface Miner to the tune of 92% in comparison to average achievement of 42% in the entire CIL. Because Surface Miner totally eliminates the unit operations like drilling, blasting, crushing, etc. required in conventional mining, there was saving of carbon footprint to the tune of 1,30,000 tonne during the FY 2016-17. In transportation also your company dispatched around 79% coal through eco-friendly Rail, Conveyor, Washery mode and balance 21% through Road mode.

In order to reduce dust pollution in the residential areas, your company has initiated steps for construction of separate coal corridor bypassing the densely populated areas in Talcher Coalfields.

Your Company initiated steps for strengthening/updating/adding rail infrastructure for decreasing air pollution.

In order to reduce air pollution at source, your company initiated system improvement measures for construction of Tube Conveyor, SILO, Rapid Loading System at Bharatpur, Lingaraj, Hingula, Bhubaneswari and Lakhanpur OCPs at a total expenditure of about Rs.1000 Crores.

To comply with the MoEF directive regarding transportation of coal beyond 500 KM of ash content not more than 34% and for reduction of 'Green House Gases' your company has initiated steps for construction of 04 nos. of Washeries in 1$^{st}$ phase to produce 40 MT of clean coal with an envisaged expenditure of around Rs.1200 Crores.

For rain water harvesting and harvesting of strata seepage to utilize the water for various industrial and domestic purposes and to recharge the ground water aquifer your company has initiated steps to collect and channelize the surface run off during rainy season and strata seepage water in the abandoned / disused quarry voids and thus strived for making all the 15 opencast mines Zero Discharge. Due to such huge accumulation in the quarry voids estimated recharge of ground water aquifer was around 1300 Crore litres. Further, number of rain water harvesting measures were taken under CSR for renovation and desiltation of existing ponds, construction of new ponds and improvement of surface water bodies, etc. Your Company strives hard to hold its public image as a “Green Champion” in the region. In keeping with the company's concern for environment, MCL has planted saplings of mixed indigenous species over external dumps and backfilled areas after adequate physical reclamation, as well as in vacant patches of other land and avenues, in the mines. Plantation since inception is 52.19 lakhs (Talcher Coalfields - 21.43 lakhs, Ib Valley Coalfileds - 29.93 lakhs & HQ - 0.83 lakh). Carbon foot print reduction has been estimated to the tune of 1,04,380 te of CO2 due to plantation activities of MCL (20kg/tree/yr) in the last FY..

Consequent upon issue of DPE guidelines of September 2011 and subsequent revision on April, 2013 on "Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises", MCL has been publishing the Sustainability Report since 2011-12. The report for 2015-16 is titled 'Mine to Market Sustainability' and is aligned to the GRI G4 'in accordance' core criteria including the Mining and Metals Sector Supplement. The report highlights the material aspects of the company for FY 2015-16 across the triple bottom line. It offers a consolidated view of the strategic goals and objectives supported by relevant technical and quantitative information in the sustainability context with the importance on stakeholder context.

MCL Board releases Company's Sustainabilility Report 2015-16 on 11.06.2016.

## 4.5 R&R

Your Company is committed to help the Project affected / displaced families during execution of the projects. MCL has been making efforts to improve the socio economic status of Project Affected Families and also committed for progress with development which is amply reflected in its R&R Policy. MCL follows the R&R Policy of the state of Odisha and has provided 777 employments during 2016-17 as compared to 307 employments during 2015-16 and total number of 12,940 employments since inception. MCL is acting on the advice of RPDAC towards redressal of grievances related to land oustees. Resettlement colonies have been set up with pucca roads, drinking water, street lighting, health centres, post offices, daily markets, schools, community centres, worshiping places etc. for the benefit of the land oustees. MCL provides OPD facility to all peripheral villagers in its existing hospitals / dispensaries available in the Coalfields with free of cost or at a nominal charge of Rs.2.00 per patient.

Your Company acquires land for expansion of mining activities by providing rehabilitation and resettlement to the affected villagers. During the year 2016-17, MCL has taken physical possession of 147.637 hectares of land.

## 4.6 Training and Development

Ariel view of MINREM, Bhubaneswar

Training & Development is an integral part of our company's corporate policy to deal with the development of existing Human Resources as well as to look ahead with clear perspective with special reference to technological advances and growth of manpower to full fill the demand of production vis-à-vis technology.

An amount of Rs. 11.98 Crore has been spent for skill development training programmes. Total training days for executives, workers and supervisory staffs have been 6946, 48674 and 6185 respectively.

Your Company has entered into an arrangement with many technical Institutes in Odisha for training of the land oustees to develop the requisite technical skill for their gainful deployment in MCL.

## 4.7 CSR

Corporate Social Responsibilities apart from improving the quality of livs of the people is also to take them along towards the goal of the company by partnering with them. While persuing the enhancement of Coal production, CSR is being undertaken to ensure inclusive growth of villages and affected community. MCL regards CSR as a key business process for sustainable development of the Society.

MCL has allocated Rs.113.36 Crore for the year 2016-17 based on 2% of average net profit of the company for the three immediate preceding financial years towards CSR activities as per CIL and MCL's CSR policy. The amount spent under CSR during financial year 2016-17 is Rs.166.60 Crore.

According to Socio Political Observer of India (SPOI), Your Company has been ranked 8th among all CPSEs in terms of CSR spending during the FY 2015-16 in India.

MCL has also embarked on the construction of Mahanadi Institute of Medical Science and Research (MIMSR), Talcher. The MIMSR will have a 100-seat medical college with 500 bedded multi-specialty Hospital with the state-of-the-art medical facilities. The project envisages a hostel for 300 boys, a separate hostel for 200 girl students, two blocks of Hostel for 100 interns, a hostel for 57 junior resident doctors and a 50-bedded nurses' hostel. An amount of Rs.492.62 Crore has been allocated to MIMSR out of which MCL has spent Rs 117.5 Crore in the FY 2016-17.

An amount of Rs.75.00 Crore has been approved to set up a 100 bedded Cardiac Institute at Jharsuguda & the boundary wall is competed & tendering process is under progress by PWD, State Govt.

The major activities undertaken during the financial year are as under:-

| Sl. No. | CSR Project or activity identified | Place of Project/District | Budgeted Amount (in Rs. Lakh) | Amount spent (in Rs. Lakh) |
|---|---|---|---|---|
| 1 | Mahanadi Institute of Medical Science & Research (MIMSR) at Talcher under CSR of MCL | Angul | 49262.00 | 11750.70 |
| 2 | Construction of 10546 nos Toilets blocks in different Govt. schools in the 14 districts of Odisha under SVA of MCL. | Angul, Bolangir, Dhenkanal, Ganjam, Gajapati, Jajpur, Jharsuguda, Kalahandi, Kandhamal, Khorda, Nayagarh, Rayagada, Sambalpur, Sonepur | 20855.53 | 1774.39 |
| 3 | Making Water Supply Arrangement to the peripheral villages of MCL. | Sundargarh, Angul, Jharsuguda | 1366.61 | 730.25 |
| 4 | Construction of Ujjalpur bye pass road | Sundergarh | 1720.22 | 422.16 |
| 5 | Construction of District Stadium at Jharsuguda | Jharsuguda | 1300.00 | 414.17 |
| 6 | Miscellaneous development works in Sundargarh district under CSR. | Sundergarh | 850.00 | 230.02 |
| 7 | Completion of Miscellaneous on-going Development works in four Blocks (Laikera, kolabira, Kirmira and Jharsuguda) of Jharsuguda districts of Odisha | Jharsuguda | 672.00 | 224.34 |
| 8 | Strengthening of road from Kalobahal chhawk to Sargipalli village panchayat road under CSR | Sundergarh | 266.93 | 155.22 |
| 9 | Construction of 150 seated Ladies Hostel for S ambalpur University | Sambalpur | 547.27 | 58.57 |
| 10 | Construction of Road over bridge (ROB) at the level crossing near Ghantapada village before NTPC conveyor on the road from Handidhua chowk to NALCO chowk in Talcher Coalfields. | Angul | 3494.93 | 28.00 |

## 5. Expectation

We hope that the way we build around our resources and capabilities, it will certainly bring us more success in the years to come and by continuously doing so we can meet the expectation of our numerous stakeholders including the expectation of the Nation.

## 6. Acknowledgement

I express my eternal gratitude to, all the shareholders of the Company, Ministry of Coal, Govt. of India, Coal India Limited, various Central Government Authorities, State Government Authorities, People's Representatives, Local Bodies, all Employees and their Unions, our Valued Customers, Suppliers and Media for their timely support and co-operation.

(A. K. Jha)
Chairman-cum-Managing Director
(DIN: 06645361)


Hon'ble Chief Minister of Jharkhand Mr Raghubar Das confers PSU Leadership Award on Mr A K Jha, CMD

Skoch Blue Economy Award 2016 - MCL wins SKOCH Blue Economy Award 2016 for its project "Eco-friendly Mining with Surface Miner" reaching among Top 30 Projects in India.

# DIRECTORS' REPORT

To

The Shareholders,
Mahanadi Coalfields Limited,

Dear Shareholders,

I have great pleasure in presenting on behalf of the Board of Directors, the 25th Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2017 along with the report of the Statutory Auditors and the Comments of the Comptroller & Auditor General of India.

Your Company had excelled in almost all fronts. This was yet another successful year in terms of productivity, production of coal, OB and Despatch.

## 2. ORGANISATION

2.1 The organization of MCL comprises 02 Coalfields, consisting of 10 Mining Areas with 06 UG and 16 OC mines, 02 Central Workshops, 02 Central Hospitals, 02 Sales Offices at Kolkata and Bhubaneswar, and Headquarters at Sambalpur.

**A. Talcher Coalfields**

i) Jagannath Area
ii) Bharatpur Area
iii) Hingula Area
iv) Lingaraj Area
v) Kaniha Area
vi) Talcher Area (UG)

**B. IB Valley Coalfields**

i) Lakhanpur Area
ii) IB Valley Area
iii) Basundhara-Garjanbahal Area
iv) Orient Area (UG)

2.2 **SUBSIDIARY AND ASSOCIATE COMPANIES OF MCL:**

**2.2.1 MJSJ Coal Ltd.**

MJSJ Coal Ltd was incorporated on 13th August, 2008 as a Joint Venture Company of MCL. MJSJ Coal Ltd has been formed for Gopalprasad OCP where MCL is having 60% shares, JSW Steel Limited and JSW Energy Limited having 11% share each and Shyam Metalics and Energy Ltd (formerly known as Shyam DRI Power Limited) and Jindal Stainless Limited having 9% shares each. The paid up Share Capital of MJSJ Coal Ltd. as on 31-03-2017 was Rs. 95.10 Crore. The Hon'ble Supreme Court of India in its judgement dated 25.08.2014 and order dated 24.09.2014 declared allocation of Utkal-A coal block allocated to MJSJ Coal Ltd. as illegal and has quashed the allocation.

**2.2.2. MNH Shakti Ltd.**

MNH Shakti Ltd was incorporated on 16th July, 2008 as a Joint Venture Company of MCL. MNH Shakti Ltd has been formed for Talabira-II & III OCP where MCL is having 70% share, Neyveli Lignite Corporation Ltd having 15% share and Hindalco Industries Ltd. having 15% share. The Share Capital of MNH Shakti Ltd. as on 31-03-2017 was Rs.85.10 Crore. The Hon'ble Supreme Court of India in its judgement dated 25.08.2014 and order dated 24.09.2014 declared allocation of Talabira - II and Talabira - III coal blocks allocated to MNH Shakti Ltd. as illegal and has quashed the allocation.

**2.2.3. Mahanadi Basin Power Limited.**

Another Company "Mahanadi Basin Power Limited" was incorporated on 2nd December, 2011 and certificate for commencement of business, issued by ROC on 06-02-2012. MBPL has been formed as an SPV with 100% share held by Mahanadi Coalfields Ltd and its nominees with power generation capacity of 2x800 MW through Pit Head Power plant at Basundhara Coalfields. It is a wholly owned subsidiary of Mahanadi Coalfields Ltd (MCL) having its Registered Office at Plot No. G-3, Gadakana, Chandrasekharpur, Bhubaneswar–751017, Odisha. The share capital as on 31.03.2017 was Rupees Five Lakh.

**2.2.4. Neelanchal Power Transmission Company Private Limited**

Apart from above, MCL further ventured into Power Transmission Business in the State of Odisha for better utilisation of surplus funds along with development of infrastructure in the State of Odisha. Accordingly, on 8th January, 2013 another joint Venture Company namely, Neelanchal Power Transmission Company Private Limited (NPTCPL) was incorporated in partnership with Odisha Power Transmission Company Ltd (OPTCL) having 50:50 equity participation by virtue of a Joint Venture Agreement between MCL and OPTCL with an objective of carrying out power transmission business in Odisha.

**2.2.5. Mahanadi Coal Railway Limited**

Pursuant to MoU signed between IDCO, MCL and IRCON on 20th May, 2015, a Joint Venture Company namely, Mahanadi Coal Railway Limited was formed on 31st August, 2015 with a equity participation in the ratio of 64:26:10 between MCL, IRCON and IDCO to build, construct, operate and maintain identified rail corridor projects including doubling, third line, traffic facility projects important for coal connectivity that are critical for evacuation of coal from mines, in the state of Odisha. The share capital as on 31.03.2017 was Rupees Five Lakh.

## 3. PERFORMANCE HIGHLIGHTS

- Your Company has achieved highest ever 139.21 Million Tonnes (MTe.) of coal production during the year 2016-17 against previous year's coal production of 137.90 MTe. registering a growth of 0.95%.
- Off-take of coal during the year 2016-17 was 143.01 MTe. against previous year's off-take of 140.22 MTe. with a growth of 1.99%.
- Your Company has achieved all time high Gross Sales Value of Rs.24291.14 Crore (including STC) against the previous year's Gross Sales value of Rs.20597.51 Crore registering a growth of 17.9 3%.
- The Profit before Tax (PBT) for the year was Rs.6853.32 Crore against previous year's PBT of Rs.6283.44 Crore. The Profit after Tax (PAT) for the year under review was Rs.4491.09 Crore against last year's PAT of Rs. 4207.75 Crore.
- The Company has been consistent in payment of dividend since last ten years. Interim dividend of Rs. 2982.00 Crore has been paid on Equity Share Capital during the year as against Rs. 3608.45 Crore paid during the previous year.

## 4. PRODUCTION PERFORMANCE

(a) Production performance of MCL for the financial year 2016-17 as compared to the target and achievement of the previous year is given below:

| Production | 2016-17 | | 2015-16 | | % Ach. against Target | %Growth over L. Yr. |
|---|---|---|---|---|---|---|
| (i) Coal (M.Te) | AAP Target | Actual | Target | Actual | | |
| Opencast | 166.00 | 138.19 | 148.70 | 136.79 | 83.2 | 1.03 |
| UG | 1.00 | 1.02 | 1.30 | 1.11 | 101.5 | -8.69 |
| **Total Coal(OC+UG)** | **167.00** | **139.21** | **150.00** | **137.90** | **83.4** | **0.95** |
| **(ii) OBR (M.Cum)** | **150.00** | **123.34** | **115.00** | **98.41** | **82.2** | **25.33** |

(b) Production performance of MCL for last five years (incl. 2016-17) is appended below:

*(i) Total Coal Production of MCL (Figs. in MTe):*

| Financial year | Target | Achievement | Growth over last year | | % age Achievement against Targe |
|---|---|---|---|---|---|
| | | | Absolute | %age | |
| **2012-13** | 112.00 | 107.895 | 4.78 | 4.63 | 96.3 |
| **2013-14** | 120.00 | 110.440 | 2.55 | 2.36 | 92.0 |
| **2014-15** | 127.00 | 121.380 | 10.94 | 9.90 | 95.6 |
| **2015-16** | 150.00 | 137.901 | 16.52 | 13.61 | 91.9 |
| **2016-17** | **167.00** | **139.21** | **1.31** | **0.95** | **83.4** |

*(ii) Coal production by Surface Miner (Figs. in MTe.):*

| Financial year | Production | Growth over last year | | %age Share of coal Production by S.Miner of the Total Coal Production |
|---|---|---|---|---|
| | | Absolute | %age | |
| **2012-13** | 73.83 | 14.71 | 24.9 | 68.4 |
| **2013-14** | 86.46 | 12.63 | 17.1 | 78.3 |
| **2014-15** | 106.82 | 20.35 | 23.5 | 88.0 |
| **2015-16** | 125.68 | 18.87 | 17.7 | 91.1 |
| **2016-17** | **127.81** | **2.13** | **1.7** | **91.8** |

For the Year 2016-17 Coal production achieved is 83.4% of the AAP target with growth of (+) 0.95% over last year. OB removal achieved is 82.2% of the AAP target with growth of (+) 25.3 % over last year.

The major reasons of shortfall against the AAP Target are mainly due to the followings:

1. Jagannath OCP: Scarcity of working space due to delay in handing over of forest land.
2. Bharatpur OCP: R&R and Law & Order problem.
3. Ananta OCP: Scarcity of working space as FC not available.
4. Lingaraj OCP: Adverse geo-mining conditions due to numerous faults.
5. Kanhia OCP: Scarcity of working space due to R&R problems of village Jarada and Kansmunda.
6. Balram OCP: Frequent stoppage due to R&R and Law & Order problems.
7. Samaleswari OCP: Prodn. affected due to two fatal accidents of contractual workmen on 13rd February & 21st March, 2017.
8. Talcher Coalfieds: Frequent stoppage of mines due to R&R and Law and Order problems.
9. Strike by local villagers at Kanhia, Bharatpur, Lingaraj, Ananta, Jagannath and Balaram OCPs on 30th & 31st March, 2017 due to death of contractual employee at Kanhia OCP on 30th March, 2017.
10. Restriction of working hours (11.00 AM-3.30 PM) imposed by State Govt. during peak summer due to heat wave.

*(iii) OB Removal of MCL (Figs. in $MM^3$)*

| Financial year | Target | Achievement | Growth over last year | | % age Achievement against Targe |
|---|---|---|---|---|---|
| | | | Absolute | %age | |
| **2012-13** | 105.00 | 90.421 | 4.75 | 5.55 | 86.1 |
| **2013-14** | 109.75 | 96.03 | 5.61 | 6.20 | 87.5 |
| **2014-15** | 113.00 | 89.22 | -6.81 | -7.09 | 79.0 |
| **2015-16** | 115.00 | 98.41 | 9.19 | 10.30 | 85.6 |
| **2016-17** | **150.00** | **123.34** | **24.93** | **25.33** | **82.2** |

System Capacity Utilisation (%)

| | Capacity Assessed by CMPDIL | Production | System Capcity Utilisation(%) |
|---|---|---|---|
| UG-Coal (Mte) | 2.047 | 1.015 | 49.57 |
| OC- Coal (Mte) | 171.32 | 138.194 | 80.66 |
| Total Coal (UG+OC) (Mte) | 173.37 | 139.208 | 80.30 |
| OC-OB (M.Cum) | 187.34 | 123.342 | 65.84 |
| Total OC composite (Coal + OB) (M.Cum) | 290.20 | 206.311 | 71.093 |
| Overall (UG+OC) (M.Cum) | 291.43 | 206.920 | 71.00 |

NB: Average Sp. Density of coal considered: 1.6656 Te/Cum

## 5. PRODUCTIVITY

5.1 Your Company has also achieved productivity in terms of output per manshift (OMS) as given hereunder:

***Fig.in Tonne/Manshift***

| | 2016-17 | | 2015-16 | % Achieve-ment against target | %Growth over previous year |
|---|---|---|---|---|---|
| | Target AAP | Actual | Actual | | |
| Opencast | 28.45 | 27.72 | 24.24 | 97.43 | 6.11 |
| Underground | 0.55 | 065 | 0.67 | 118.18 | -2.99 |
| Overall | 21.88 | 20.08 | 18.88 | 92.11 | 6.35 |

5.2 The OMS was 20.08 Tonne/Manshift during 2016-17.

The details of calculation of OMS is as under:

| SL | No | 2016-17 | 2015-16 | Growth over last year |
|---|---|---|---|---|
| 1 | OC OMS | 25.72 | 24.24 | 6.11 |
| 2 | UG OMS | 0.65 | 0.67 | -2.99 |
| 3 | Adjusted M/S of OC (Lakhs) | 53.731 | 56.424 | -4.77 |
| 4 | Manshift of UG (Lakhs) | 15.602 | 16.621 | -6.13 |
| **A** | **Total Manshift for overall OMS** | **69.333** | **73.045** | **-5.08** |
| 6 | OC Coal (L.Tes) | 1381.937 | 1,367.888 | 1.03 |
| 7 | UG Coal (L.Tes) | 10.146 | 11.116 | -8.73 |
| **B** | **Total Coal (L.Tes)** | **1392.083** | **1,379.004** | **0.95** |
| **8** | **Overall OMS (B/A)** | **20.08** | **18.88** | **6.35** |

9 Formula OMS

UG = Coal Production/ Actual Manshift

OC = $\frac{\text{Coal Production + (1.4 x OB Production)}}{\text{Actual Manshift x (1+(1.4 x St. Ratio))}}$

Overall = $\frac{\text{Coal Production of UG + Coal Production of OC}}{\text{Manshift of UG + Adjusted manshift of OC}}$

10 Adjusted manshift ( Mine wise for OC) = Coal Production/ OMS

| | 2016-17 | 2015-16 |
|---|---|---|
| | $\frac{1381.937+10.146}{53.731+15.602}$ | $\frac{11.116+1367.888}{16.621+56.424}$ |
| Calculation of Overall OMS = | $\frac{1392.083}{69.333}$ | $\frac{1379.004}{73.045}$ |
| | **20.08** | **18.88** |

## 6. POPULATION AND PERFORMANCE OF HEMM

6.1 The details of Availability & Utilization of HEMM showing target set by CMPDIL and achievement together with fleet strength is being given below:

### I. % AVAILABILITY & UTILIZATION ACHIEVED (Figures in absolute):

| Sl. No. | Equipment | Population as on | | % Availability | | | % Utilization | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 31.03.17 | 31.03.16 | April'16 to March'17 | April'15 to March'16 | CMPDIL NORM | April'16 to March'17 | April'15 to March'16 | CMPDIL NORM |
| 1 | DRAGLINE | 2 | 4 | 85 | 70 | 85 | 16 | 27 | 73 |
| 2 | SHOVEL | 85 | 85 | 68 | 68 | 80 | 30 | 34 | 58 |
| 3 | SUR. MINER | 15 | 15 | 83 | 81 | — | 49 | 50 | — |
| 4 | DUMPER | 321 | 374 | 67 | 69 | 67 | 24 | 26 | 50 |
| 5 | DOZER | 116 | 129 | 61 | 62 | 70 | 26 | 26 | 45 |
| 6 | DRILL | 91 | 92 | 81 | 83 | 78 | 23 | 20 | 40 |
| **TOTAL** | | **630** | **699** | | | | | | |

### II. WORKING HOURS ACHIEVED:

| Sl.No. | Equipment | Working Hour | |
|---|---|---|---|
| | | **2016-17** | **2015-16** |
| 1 | DRAGLINE | 3547 | 8462 |
| 2 | SHOVEL | 190478 | 210838 |
| 3 | SURFACE MINER | 57746 | 59177 |
| 4 | DUMPER | 516319 | 582618 |
| 5 | DOZER | 179969 | 207610 |
| 6 | DRILL | 80906 | 76148 |

### III.

(a) Availability of Dragline & Dumper achieved which are equal to CMPDI norms. Availability of Drill has achieved more than CMPDI norm. Availability of Shovel is equal to last year. There is slightly decrease in availability in case of Dozer w.r.t. last year.

(b) Working hour of Draglines compared to previous year is less due to idleness & non-availability of suitable working face/ Land.

(c) The restriction of time during summer i.e from 1st April to 15th June, closer of operation in projects from 11.00am to 3.30pm affects utilization of HEMM and it has impact of about 2%.

(d) Draglines were remained idle throughout the year due to non-availability of working faces. Shovel & Dumper utilization has decreased because of delay in clearance of forest land at Lajkura OCP, Jagannath OCP etc. and R&R issues. Law and Order problems in Talcher Coalfield also affected the utilization.

## *IV. STEPS TAKEN TO IMPROVE THE AVAILABILITY & UTILIZATION*

a. Daily production from HEMMs and their working hours are being closely monitored at Area level and at Headquarters level.

b. Timely surveying off of HEMMs and replacement procurement action against such surveyed off equipment.

c. Maintaining various float sub-assemblies like Engines, Transmissions and other assemblies at HQs and CWSs for replacement in exigency.

d. To improve the technical skill for operating and maintaining new model equipment by conducting regular training programme by OEMs.

e. Special attention is being given to operator's comfort. New HEMMs, which are being procured are fitted with air-conditioned cabins.

f. Maintenance of haul roads prior to monsoon period.

g. Land acquisition, Law and Order problems are being taken up at various forums by MCL Management.

h. Unskilled manpower like land-oustee are being trained in different Industrial Training Institutes.

## V. BREAKDOWN STATUS OF HEMM:

| Equipment | Population | | Breakdown > 3 months | |
|---|---|---|---|---|
| | As on 31.03.17 | As on 31.03.16 | As on 31.03.17 | As on 31.03.16 |
| Dragline | 02 | 04 | 00 | 00 |
| Shovel | 85 | 85 | 04 | 06 |
| Sur Miner | 15 | 15 | 00 | 00 |
| Dumper | 321 | 374 | 55 | 51 |
| Dozer | 116 | 129 | 26 | 25 |
| Drill | 91 | 92 | 05 | 10 |
| MCL Total | 630 | 699 | 90 | 92 |

## VI. EQUIPMENT REHABILITATED/SYSTEM REPAIRED AT CENTRAL WORKSHOPS:

| Area | Year | |
|---|---|---|
| | 2016-17 | 2015-16 |
| CWS (Talcher) | 01 | 01 |
| CWS (IB Valley) | 00 | 04 |
| MCL Total | 01 | 05 |

## 7. CAPACITY UTILIZATION *(OPEN CAST PROJECTS)*

| SL. NO. | DESCRIPTION | CAPACITY (based on 1st April of the year) | | GROWTH OVER LAST YEAR |
|---|---|---|---|---|
| | | 2016-17 | 2015-16 | |
| 1 | Departmental Capacity (M.Cum) | 111.24 | 108.52 | 2.51% |
| 2 | System Capacity (M.cum.) | 290.20 | 291.36 | -0.40% |
| 3 | Departmental Production (M.Cum) | 51.395 | 58.59 | -12.28% |
| 4 | Total Production (M.Cum) | 207.202 | 180.52 | 14.78% |
| 5 | Departmental Capacity Utilization | 46 % | 54% | -14.82% |
| 6 | System Capacity Utilization | 71.39% | 61.96% | 15.22% |

## 8. POWER

8.1 Talcher Coalfields : Power is received at Nandira 3 X 20 MVA, 132 / 33 kV, Grid Sub-station through an 11 KM long 132 kV Double Circuit over-head transmission line from OPTCL Angul Sub-station, under the command area of Central Electricity Supply Utility of Orissa with Contract Demand of 31.0 MVA

8.2 Ib-Valley Coalfields : Power is received at Jorabaga, 132 / 33 kV, Grid Sub-Station through a 19 KM long 132 kV Double

Circuit over-head transmission line from OPTCL Budhipadar Sub-station, under the command area of Western Electricity Supply Company of Orissa (WESCO) with a Contract Demand of 22.25 MVA.

8.3 Basundhara Coalfields: Basundhara Area is receiving power from OPTCL, Budipadar Sub-station under the command area of Western Electricity Supply Company of Orissa (WESCO) at 220 kV with a Contract Demand of 6 MVA.

### 8.4 Availability of Power

| *Parameter* | *2016-17* | *2015-16* |
|---|---|---|
| Contract Demand (MVA) | 60.650 | 59.650 |
| Maximum Demand (MVA) (Highest in a month during FY) | 54.934 | 58.758 |
| Energy Consumed (Million kWh) | 302.096 | 300.615 |
| Specific Energy Consumed (kWh/Tonne) | 2.17 | 2.18 |
| Specific Consumption of power (for Composite Production) (i.e. Coal + O.B removal), in KWh/Cu.M. | 1.46 | 1.66 |

## 9. POPULATION OF MAJOR UNDERGROUND EQUIPMENT OF MCL:-

9.1 Presently man-riding systems are in operation at Hirakhand-Bundia Mine, Orient Mine no-2 of Orient Area and Nandira UG mine of Talcher Area. During the year 2016-17, second man-riding system has been installed at Orient Mine no-2. Another man riding system is also being installed at Orient Mine no-2.

The population of major underground equipment and their availability during the year as compared to previous year are given here under :

| Sl. No | Name of the equipment | No. on roll | | 2015-16 | | 2016-17 | |
|---|---|---|---|---|---|---|---|
| | | 2015-2016 | 2016-17 | % Avail | % Utili | % Avail | % Utili |
| 1 | Winder | 6 | 6 | 66.66 | 85.51 | 66.66 | 101.46 |
| 2 | Haulage (Main) | 32 | 32 | 93.75 | 85.51 | 100.00 | 101.46 |
| 3 | SDL* | 19 | 17 | 59.61 | 24.53 | 52.93 | 25.31 |
| 4 | LHD* | 27 | 27 | 74.94 | 46.37 | 75.39 | 44.76 |
| 5 | Main Pump | 54 | 54 | 85.18 | 85.51 | 87.03 | 101.46 |
| 6 | Vent. Fan | 13 | 11 | 76.92 | 85.51 | 90.91 | 101.46 |
| 7 | Belt Conveyor | 71 | 71 | 77.46 | 85.51 | 83.09 | 101.46 |
| 8 | Transformer (Power) | 90 | 90 | 87.77 | 85.51 | 91.11 | 101.46 |
| 9 | Locomotive | 5 | 4 | 100 | 85.51 | 50.00 | 101.46 |
| 10 | Coal Drill | 102 | 102 | 78.43 | 85.51 | 69.6 | 101.46 |
| 11 | Mine Car | 50 | 65 | 100 | 85.51 | 69.23 | 101.46 |
| 12 | UDM | 13 | 13 | 100 | 85.51 | 100.00 | 101.46 |

<u>For the Year 2016-17</u>

*Actual UG Prodn. – 10.14632 Lac Tonne*
*Target Prodn. – 10 Lac Tonne*

<u>For the Year 2015-16</u>

*Actual UG Prod$^{n.}$ – 11.11637 Lac Tonne*
*Target UG Prod$^{n.}$ – 13 Lac Tonne*

<u>*For equipments other SDL & LHD for which no specific norm is available*</u>

$$\% \text{ Availability} = \frac{\text{Equipment available}}{\text{Equipment on Roll}} \times 100\ \% \qquad \text{Utilisation} = \frac{\text{Actual Production}}{\text{Target Production}} \times 100$$

<u>For SDL and LHD , formula are as per CIL's norms</u>

$$*\% \text{ Availability} = \frac{H_w + H_i}{H_s} \times 100$$

*Where,*
*$H_w$ = Actual working hours / year,*
*$H_i$ = Idle hours / year*
*$H_s$ = Shift hours / year*

$$*\% \text{ Utilization} = \frac{H_w}{H_s} \times 100$$

*Where,*
*$H_w$ = Actual working hours / year,*
*$H_s$ = Shift hours / yea*

### 9.2 Number of Coal Handling Plants, Weighbridges and their functioning.

8.93 MT of coal were crushed during 2016-17 against 11.8 MT of Coal crushed through CHP during 2015-2016.

| | 2016-2017 | | 2015-2016 | |
|---|---|---|---|---|
| | Crushing Capacity in MTY | Coal despatched through CHP(MT) | Crushing Capacity in MTY | Coal despatched through CHP(MT) |
| Coal Handling Plants/ Feeder Breakers | 36.5 | 8.93 | 38 | 11.8 |
| % Utilisation of Crushing Capacity of Plant | | 24.47% | | 30.25% |

After introduction of surface miners in most of the OCPs of MCL, as technology change, use of crusher / CHP got reduced to large extent and thus are used as standbye and whereever quantity of coal production is done conventionally, that quantity only is being crushed. During 2016-17, 91.81 % of the total coal production was through Surface Miner. Total ROM coal production in MCL during 2016-17 is only 11.399 Million Tonnes. As capacity of crushing is quite high, no need of further adding any new Crusher or Feeder Breaker.

9.2.1 The functional points of these CHPs are as follows:-

**Major CHPs**

| Area | Location of CHP | Capacity(Mty) |
|---|---|---|
| Jagannath | Jagannath OCP | 2.0 |
| Bharatpur | Bharatpur OCP | 3.5 |
| **Total** | | **5.50** |

9.2.2 Mini CHPs / Feeder Breakers

| AREA | LOCATION OF CHP | CAPACITY(MTY) |
|---|---|---|
| Jagannath | Jagannath OCP | 4.0 |
| | Ananta OCP | 7.0 |
| Hingula | Hingula | 2.0 |
| | Balram | 4.0 |
| Ib-Valley | Lajkura OCP | 2.0 |
| | Samaleswari OCP | 1.0 |
| Lakhanpur | Belpahar OCP | 2.0 |
| Lingaraj | Lingaraj OCP | 6.0 |
| Basundhara | Basundhara OCP | 1.0 |
| | Kulda OCP | 2.0 |
| | **TOTAL** | **31.00** |

9.2.3 Construction of CHP/SILO at all major Open Cast Mines of MCL for streamlining coal dispatch are under different stages of execution/tendering/ finalization of scheme.

| Sl. No | CHP/SILO particulars | Capacity | Present status |
|---|---|---|---|
| 1 | Coal Handling Plant with SILO Loading arrangement at Bharatpur siding | 15 MTY | The Overall progress of the project is 99.40% and expected to be completed by Sept, 2017. |
| 2 | Coal Handling Plant and SILO Loading arrangement at Ananta siding V & VI. | 20 MTY | Since the progress of the construction of Anata SILO by the contractual agency was dismal, the contract was terminated. Due to advancement of mine, new location for the CHP/SILO is being considered and preparation of scheme is in progress. |
| 3 | Coal Transport and SILO Loading arrangement at Lingaraj OCP | 16 MTY | Work is under progress and overall progress is 85.88%. The project is likely to be completed by Jan, 2018. |
| 4 | Transportation of raw coal from Bhubaneswari OCP to SILO near Spur siding –III by-passing Jagannath washery | 10 MTY | LOA was issued on 28/03/17. Construction is expected to commenced during 2017-18 and completion is expected by Oct, 2018. |
| 5 | Coal transport from Hingula OCP by pipe conveyor to proposed Hingula washery as well as SILO arrangement at Balram Siding, Hingula area. | 10 MTY | LOA was issued on 11/08/16 and agreement signed on 21/01/17. Completion is expected by May,2018. |
| 6 | SILO loading arrangement at Kulda OCP for coal dispatch from Basundhara washery to SILO | 10 MTY | Tendering process will be initiated after forest clearance. |
| 7 | Coal Handling Plant and Rapid Loading system with SILO at Lakhanpur for supply of raw coal to Ib Valley washery | 10 MTY | Under tendering process and expected to be completed by 2018-19. |
| 8 | Coal Handling Plant and Rapid Loading system with Surge Bin near Kaniha Wall Wharf siding at Kaniha area | 10 MTY | Scheme under preparation and expected to be completed by 2019-20. |

## 9.2.4 DETAILS OF WEIGHBRIDGEs

| | Type of Weighbridge | 2016-2017 | 2015-2016 |
|---|---|---|---|
| 1 | (a) Electronic Road Weighbridges (Static) | 92 | 88 |
| | (b) Electronic Road Weighbridge (In-motion) | 40 | 38 |
| 2. | RAIL Weighbridges (Electronic) | 29 | 32 |
| 3. | % WEIGHMENT during the year (By Rail) | 99.21 | 99.19 |
| 4 | % WEIGHMENT during the year (Overall Weighment) | 99.5 | 99.49 |

In order to ensure 100 % weighment at both ends (stock yard & sidings), 34 numbers of 100 Te In-motion Road Weighbridges are under procurement action. Further, 21 nos of 100 Te capacity static road weighbridges for meeting the additional weighing requirement are also under procurement action. Both the items are expected to be commissioned during the year 2017-18.

## 10. CAPITAL STRUCTURE

The Authorised Share Capital of the Company as on 31.03.2017 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 paid up Equity Share Capital of the Company as on 31.03.2017 is Rs.141.23 crore. The entire Equity Share Capital is held by Coal India Limited (CIL) and its nominees.

## 11. FINANCIAL REVIEW

The Company has recorded the highest ever gross Sales Value of Rs. 24291.14 Crore (including STC) against Rs. 20597.51Crore (including STC) of the previous year. The Profit before Tax (PBT) for 2016-17 was Rs.6853.32 crore against Rs.6283.44 crore in the previous year. Profit after Tax (PAT) for 2016-17 was Rs.4491.09 crore against last year's PAT of Rs. 4207.75 Crore. The financial results of 2016-17 as compared to 2015-16(restated) are summarised below:

**[Rs. in Crore]**

| | 2016-17 | 2015-16 (restated) |
|---|---|---|
| Gross Profit (Before Depreciation and Interest) | 7264.93 | 6661.49 |
| Less: Depreciation (Incl. Social Over head depreciation | 354.06 | 329.99 |
| Interest and Financial Charges | 57.55 | 48.06 |
| *Net Profit before Tax* | 6853.32 | 6283.44 |
| Less : Provision for Income Tax and deferred tax liability | 2362.23 | 2075.69 |
| *Net Profit after Tax* | 4491.09 | 4207.75 |
| *Op. Balance available in P&L )* | 602.18 | 946.72 |
| Less : Transfer to General Reserve | 224.55 | 209.24 |
| Transfer to CSR Reserve | - | - |
| Transfer to Sustainable Development Reserve | - | - |
| Interim Dividend on Equity Shares | 2982.00 | 3608.45 |
| Proposed Dividend on Equity Shares | - | - |
| Tax on Dividend | 607.06 | 734.60 |
| Buy Back Distribution Tax on Equity Shares Buy back | 362.67 | - |
| **Profit/Loss after above appropriation** | **916.99** | **602.18** |

### 11.1 Transfer to Reserve

An amount of Rs.224.55 crore, being 5% of Profit after Tax for the year has been transferred to General Reserve.

### 11.2 Dividend

The Directors are pleased to recommend dividend of 1363.73% as interim dividend of the paid up Equity Share Capital Rs 186.40 crore (for the period 1.4.2016 to 28.02.2017) and 311.55% of the paid up Equity Share Capital of Rs 141.23 crore (for the period 01.03.2017 to 31.03.2017), thus a total dividend of 1675.28% of paid up equity share capital (previous year 1935.86%) for the year amounting to Rs.2982.00 crore (interim dividend) for your approval.

The total outflow on account of dividend would be Rs.3589.06 crore comprising Rs.2982.00 crore as dividend and Rs.607.06 crore towards tax on dividend.

### 11.3 Loans

**Secured Loan:**

The amount of loan outstanding to UCO Bank as on 31.03.2017 stands at Rs. 1500.00 crore against pledge of Fixed deposit.

**Unsecured Loan:**

The amount due to Coal India Limited (CIL) and M/s Liebherr France SA, France as on 31.03.2017 stands at Rs.706.64 crore out of which loan Rs.6.64 crore fully pertains to M/s Liebherr France SA for supply of four Hydraulic Shovels on deferred credit.

## 12. INVESTMENT

12.1 Non current Investments in Equity Shares of MNH Shakti Limited, MJSJ Coal Limited, Mahanadi Basin Power Limited and Mahanadi Coal Railway Limited, subsidiaries of MCL are Rs.59.57 Crore, Rs.57.06 Crore, Rs.5.00 Lakh and Rs.3.20 Lakh respectively.

12.2 Non-current Investment in 7.55% secured non-convertible IRFC tax free 2021 series 79 bonds, 8% secured non-convertible IRFC bonds,7.22% secured non-convertiable IRFC tax free bonds, 7.22% secured redeemable REC tax free bonds stood on 31.03.2017, at Rs.200.00 Crore, Rs.108.75 Crore, Rs.499.95 Crore and Rs.150.00 Crore respectively.

## 13. CAPITAL EXPENDITURE

Total Capital Expenditure during the year was Rs.1813.00 Crore against previous year's expenditure of Rs.667.66 Crore.

## 14. SALES REALISATION

Gross sales of MCL during 2016-17 was Rs.24291.14 crore (including STC) against Rs. 20597.51 crore (including STC) in 2015-16.

Total realization during 2016-17 was Rs.24252.12 Crore which works out to be 99.84% on current year's gross sales.

## 15. PAYMENT TO EXCHEQUER

Your Company continued to be a major contributor 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]**

| | 2016-17 | 2015-16 |
|---|---|---|
| Royalty | 1663.66 | 1,694.82 |
| NMET | 33.37 | 19.97 |
| DMF | 846.77 | 223.80 |
| Sales Tax/Odisha VAT/ | 834.68 | 709.98 |
| Stowing Excise Duty | 143.01 | 140.23 |
| Entry Tax | 69.58 | 62.13 |
| Clean Energy Cess | 5720.34 | 3,065.26 |
| Central Excise Duty | 1005.06 | 1,224.73 |
| **TOTAL** | **10316.47** | **7,140.92** |

## 16. PROJECT FORMULATION/CAPITAL PROJECTS

### 16.1 Planning

MCL had planned to achieve 167.00 million tonne of coal during the financial year 2016-17. The capital outlay estimated for the year 2016-17 was Rs. 1200.00 crores, major share of which was to be utilized for land acquisition, development of infrastructures and procurement of Heavy Earth Moving Machineries (HEMM)

## 16.2 Project Formulation:

During the financial year 2016-17 one project report was prepared by CMPDIL i.e. Reorganisation of Bharatpur OCP Expansion (Normative Capacity 20.0 MTY, Peak Capacity 26.0 Mty)

## 16.3 Project Implementation:

The total capital expenditure of MCL during 2016-17 was Rs.1813 Crore against the target of Rs. 1200.00 Crore.

## 16.4 Capital Projects/Schemes

### COAL PROJECTS: -

Total Coal Mining Projects sanctioned till date in MCL are 51 (including 2 exhausted Projects). The rated Production Capacity of these sanctioned Projects was 224.41 Mty, with a sanctioned Capital outlay of Rs.11832.52 Crore (including RCE). Out of total 51 Projects, 35 Projects are completed Projects and 16 Projects are On-going Projects. The present Capacity alongwith Capital Outlay of balance 51 Projects are given as under:

| ProjectCategory (Rs. Cr.) | No. of Projects Sanctioned | Sanctioned Capacity(Mty) | SanctionedCapital (Rs. Cr.) | Status | | |
|---|---|---|---|---|---|---|
| | | | | Exhausted | Completed | On-going |
| 100 & above | 28 | 172.90 | 10637.31 | 0 | 16 | 12 |
| 50 to 100 | 09 | 23.33 | 768.70 | 0 | 5 | 4 |
| 20 to 50 | 08 | 22.10 | 337.50 | 1 | 7 | 0 |
| Below 20 | 06 | 6.08 | 89.01 | 1 | 5 | 0 |
| **Total** | **51** | **224.41** | **11832.52** | **2** | **33** | **16** |

### Completed Projects: - 35 Nos.

| Sl. No. | Name of the Project | PR Cap(MTY) | Sanctioned Capital (Rs. Cr.) | Completion Date |
|---|---|---|---|---|
| **TALCHER COALFIELDS** | | | | |
| 1. | Ananta O/C | 4.00 | 156.49 | Mar 1995 |
| 1. | Ananta O/C | 4.00 | 156.49 | Mar 1995 |
| 2. | Ananta O/C Expn. Ph-I | 1.50 | 46.99 | Mar 1997 |
| 3. | Ananta O/C Expn. Ph-II | 6.50 | 35.88 | Mar 2007 |
| 4. | Balanda O/C *(Exhausted)* | 1.00 | 36.87 | Mar 1984 |
| 5. | Balaram O/C (Kalinga OCP) | 8.00 | 344.63 (RCE cum Com. Rep.) | Mar 2000 |
| 6. | Bharatpur O/C | 3.50 | 158.97 (RCE) | Mar 1991 |
| 7. | Bharatpur O/C Expn Ph-I | 1.50 | 48.02 | Mar 1998 |
| 8. | Chhendipada O/C | 0.35 | 19.75 | Mar 2007 |
| 9 | Hingula-II O/C | 2.00 | 48.57 | Mar 2002 |
| 10. | Hingula –II O/C Expn. Ph-I | 2.00 | 89.78 | Mar 2009 |
| 11. | Hingula –II O/C Expn. Ph-II | 4.00 | 35.67 | Mar 2009 |
| 12. | Jagannath O/C / Jagannath Extn. | 4.00 | 66.71/4.71 | Mar 1991 |
| 13. | Jagannath O/C Expn. Ph-II | 2.00 | 4.95 | Mar 2008 |
| 14. | Lingaraj O/C | 5.00 | 229.84 | Mar 1998 |
| 15. | Lingaraj O/C Expn Ph-I | 5.00 | 98.89 | Mar 2007 |
| 16. | Lingaraj O/C Expn. Ph-II | 3.00 | 2.18 | Mar 2008 |
| 17. | Lingaraj OC Expn.Ph-III | 3.00 | 125.047 (RCE cum Com. Rep.) | May 2014 |
| 18. | Nandira U/G (Augmentation) | 0.33 | 17.95 | Mar 1995 |
| **Sub Total** *(Including exhausted mines)* | | **56.68** | **1571.897** | |
| **IB VALLEY COALFIELDS** | | | | |
| 19. | Basundhara (E) O/C *(Exhausted)* | 0.60 | 19.69 | Mar 1998 |
| 20. | Basundhara (West) O/C | 2.40 | 176.55 | Mar 2007 |
| 21. | Basundhara (West) Expn. Ph-I | 4.60 | 46.52 | Mar 2011 |
| 22. | Belpahar O/C | 2.00 | | Mar 1994 |
| 23. | Belpahar O/C Expn. Ph-I | 1.50 | 246.93 (RCE cum Com. Rep.) | Mar 2007 |
| 24. | Belpahar O/C Expn. Ph-II | 4.50 | | Mar 2015 |
| 25. | Lajkura O/C | 1.00 | 38.98 (RCE) | Mar 1991 |
| 26. | Lajkura OCP Expn. Ph-I | 1.50 | 60.77 (RCE cum Com. Rep.) | Mar 2013 |
| 27. | Lakhanpur O/C | 5.00 | 221.51 | Mar 2000 |
| 28. | Lakhanpur O/C Expn.Ph-I | 5.00 | 98.74 | Mar 2010 |
| 29. | Lakhanpur OCP Expn. Ph-II | 5.00 | 116.54 | Mar 2011 |
| 30. | Lilari O/C | 0.80 | 19.78 | Mar 1992 |
| 31. | Samaleswari O/C | 3.00 | | |
| 32. | Samaleswari O/C Expn. Ph-I | 1.00 | | |
| 33. | Samaleswari O/C Expn. Ph-II | 1.00 | 382.11 (RCE cum Com. Rep.) | Mar 2013 |
| 34. | Samaleswari O/C Expn. Ph-III | 2.00 | | |
| 35. | Samaleswari O/C Expn. Ph-IV. | 5.00 | | |
| **Sub Total** *(Including capacity of exhausted mines)* | | **45.90** | **1428.12** | |
| **TOTAL** *(Including capacity of exhausted mines)* | | **102.58** | **3000.017** | |

## On-Going Projects:-16 Nos.

| Sl. No. | Name of the Project | PR Cap(MTY) | Sanctioned Capital (Rs. Cr.) | Completion Date |
|---|---|---|---|---|
| **TALCHER COALFIELDS** | | | | |
| 1 | Ananta OCP Expn. Ph-III | 3.00 | 207.28 | 31.08.2008 |
| 2 | Balaram OCP Extension. | *8.00 | 172.08 | 22.12.2007 |
| 3 | Bharatpur OCP Expn., Ph-II | 6.00 | 95.87 | 29.03.2003 |
| 4 | Bharatpur OCP Expn. Ph.-III | 9.00 | 131.39 | 12.02.2007 |
| 5 | Bhubaneswari OCP | 20.00 | 490.10 | 22.12.2007 |
| 6 | Hingula-II OCPExpn. Ph-III | 7.00 | 479.53 | 08.11.2008 |
| 7 | Jagannath Re-organisation | *6.00 | 337.66 | 26.05.2014 |
| 8 | Jagannath U/G | 0.67 | 80.75 | 15.10.2001 |
| 9 | Kaniha OCP | 10.00 | 457.77 | 22.12.2007 |
| 10 | Natraj U/G | 0.64 | 92.11 | 30.01.2001 |
| 11 | Talcher (W) U/G | 0.52 | 85.08 | 18.02.2002 |
| **Sub total** | | **56.83** | **2629.62** | |
| **IB VALLEY COALFIELDS** | | | | |
| 12 | Basundhara (W) Extn | *7.00 | 479.15 | 07.05.2014 |
| 13 | Kulda OCP | 10.00 | 302.96 | 12.01.2005 |
| 14 | Kulda Expn OCP | 5.00 | 289.03 | 25.06.2014 |
| 15 | Siarmal OCP | 40.00 | 3756.36 | 29.05.2014 |
| 16 | Garjanbahal OCP | 10.00 | 1375.38 | 08.11.2014 |
| | **Sub total** | **65.00** | **6202.88** | |
| **TOTAL** *(Ongoing projects)* | | **121.83** | **8832.50** | |
| **GRAND TOTAL** *(Including capacity of exhausted mines)* | | **224.41** | **11832.52** | |

** These are the extensions of original projects annexing additional areas. Hence, there will be no addition in Capacity.*

## Existing Old Underground Mines: - 05 Nos.

| Sl. No | Name of the Project | Cap in Mty as assessed by CMPDIL (MT/YR) | | | | |
|---|---|---|---|---|---|---|
| | | 2012-13. | 2013-14. | 2014-15 | 2015-16 | 2016-17 |
| 1 | Himgir Rampur Colliery | 0.245 | 0.245 | Closed | Closed | Closed |
| 2 | Hirakhand Bundia Mine | 0.612 | 0.551 | 0.551 | 0.612 | 0.612 |
| 3 | Orient Mine1 & 2 | 0.490 | 0.490 | 0.428 | 0.428 | 0.367 |
| 4 | Orient Mine 3 | 0.612 | 0.643 | 0.551 | 0.490 | 0.000 |
| 5 | Orient Mine 4 | 0.061 | 0.061 | 0.061 | 0.061 | 0.122 |
| 6 | Talcher U/G | 0.323 | 0.329 | 0.318 | 0.340 | 0.272 |
| | **Total** | **2.343** | **2.319** | **1.909** | **1.931** | **1.373** |
| | **Grand Total for MCL** *(Including capacity of exhausted mines)* | | | | **226.341** | **225.783** |

## Future projects: - 04 Nos.

| Sl. No. | Name of the Project | PR Cap(MTY) | Remark | Capital Cost (Rs. Cr.) |
|---|---|---|---|---|
| 1. | Integrated Lakhanpur-Belpahar - Lilari OCP | 30.00 | PR approved by MCL Board on 03.02.2015. In-principal approval by CIL Board on 12.08.15. | 1333.93 |
| 2. | Gopalji- Kaniha Expn. OCP | 30.00 | PR approved by MCL Board on 20.05.15. Approved by ESC on 23.09.15. | 2988.67 |
| 3. | Balaram Expn. OCP | 15.00 | 'In principle' approval of PR by MCL Board on 31.03.2012. | |
| 4. | Samaleswari Expn. OCP (Including all Seam) | 20.00 | Approved by MCL Board on 21.09.15. Put up to 89th Empowered Sub Committee meeting on 10.02.16. The Committee advised to examine the Ultimate capacity to the level of 12 Mty, analyse the cost parameters, rework the cost of rehandling of OB & maximize the utilization of Dragline. | |
| **Total** | | **95.00** | | **4322.60** |

## NON-MINING PROJECTS:-

### Major On-going Non-Mining Projects of MCL costing > Rs.20Crs:

| Sl. | Name of the Project | Capital Cost (Rs. Cr.) |
|---|---|---|
| 1 | Construction of concrete CT Road connecting Bundia Mine to NH 200 of 12.54 km | 135.29 |
| 2 | Construction of all CT roads in IB-Valley CF having life more than 5 yrs. | 94.22 |
| 3 | Construction of Bye Pass Rd from Lajkura Welcome Gate to Mine 3 Junction of 3.7 Km | 35.56 |
| 4 | Construction of 4-Lane 41.5 km long road at Talcher Coalfield. | 251.35 |
| 5 | Construction of diversion road from check post of Lingaraj OCP to NH-200. | 135.16 |
| 6 | Construction of ROB at the level crossing near Ghantpara Village at Talcher | 37.50 |
| 7 | Construction of all CT roads in Talcher CF having life more than 5 yrs with concrete except Kaniha | 165.92 Revised -243.00 |
| 8 | Widening of road from 2 lane to 4 lane from Bankibahal to Kanika Rly Sdg. 27 km. | Original- 162.87 Revised- 242.06 |
| 9 | SILO loading arrangement at Ananta Spur Siding V & VI for 15Mty. | 198.66 |
| 10 | SILO loading arrangement at Bharatpur Siding for 15Mty. | 173.20 |
| 11 | SILO loading arrangement at Lingaraj OCP for 16 Mty. | 237.56 |
| 12 | Jharsuguda - Barpali – Sardega Railway Line. | Original- 469.68 Revised- 1007.12 |
| 13 | Railway Link from Angul Station to Kalinga CPP | 99.00 |
| 14 | Auto signalling system between Talcher and Paradeep port | 63.23 |

| | | |
|---|---|---|
| 15 | Construction of 3rd line from TLSB cabin for Talcher yard to serve Bhubaneswari OCP at Talcher. | 47.60 |
| 16 | Basundhara Washery (10.00 Mty) on B-O-M basis | 334.72 |
| 17 | Jagannath Washery (10.00 Mty) on B-O-O basis | 265.35 |
| 18 | IB Valley Washery (10.00 Mty) on B-O-M basis | 336.90 |
| 19 | Hingula Washery (10.00 Mty) on B-O-O basis | 321.96 |
| | **Total** | **4259.44** |

## Completed Non-Mining Projects of MCL costing > Rs.20 Crs:

| Sl. | Name of the Project | Capital Cost (Rs. Cr.) |
|---|---|---|
| 1 | Construction of all CT roads in B-G area having life more than 5 yrs with concrete. | 22.96 |
| 2 | Construction of concrete CT Road in Kaniha OCP | 26.92 |
| | **Total** | **49.88** |

## Future Non-Mining Projects of MCL costing > Rs.20 Crs:

| Sl. | Name of the Project | Capital Cost (Rs. Cr.) |
|---|---|---|
| 1 | Construction of seperate 2-lane (modified) dedicated coal corridor road from Bankibahal to Bhedabhal (on SH-10) in Sundargarh dist. Length-33.00 KM, Bridges-4. | 398.97 |
| | **Total** | **398.97** |

16.5 **Foreign Collaboration:** Nil

### 16.6 Modernisation and Technology Absorption

a. Higher capacity HEMMs like 10 cum & 20 cum shovels, 100T & 170T dumpers, 770 HP dozers etc have been envisaged in the latest sanctioned Project Reports.

b. Continuous Miner is slated to be introduced in different UG projects of MCL.

c. MCL is the trend-setter in introducing Blast-free technology of winning coal in opencast mine by Surface Miner.

d. SILO with Rapid Loading System is going to be introduced in all the major opencast projects of MCL.

16.7 Projects pending approval of Government: Nil

### 16.8 Land Acquisition & Possession during 2016-17:

***(Figures are in Hectares)***

| Area | Tenancy Land | | Govt. non-Forest Land | | Forest Land | | Total Acquisition | Total Possession | REMARKS |
|---|---|---|---|---|---|---|---|---|---|
| | Acq. | Poss. | Acq. | Poss. | Acq. | Poss. | | | |
| Jagannath | 0.00 | 12.97 | 0.00 | 1.00 | 0.00 | 20.12 | 0 | 34.09 | |
| Hingula | 0.00 | 35.019 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 35.019 | |
| Bharatpur | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | |
| Lingaraj | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | |
| Kaniha | 583.482 | 11.01 | 262.563 | 0.00 | 295.433 | 0.00 | 1141.478 | 11.01 | Neelachal Coal Mining block (Gopalji kaniha OCP)- Notification 9(1) has been sanctioned by MoC vide S.O no 1981(E) on dt 03.06.2016 ;11(1) vide SO no 2974(E) on dt 15.09.2016 |
| Ib- Valley | 128.053 | | 225.19 | 0.00 | 116.536 | 5.7 | 469.779 | 5.7 | IB Valley block V & Orient 1,2&3 Coal Mining block (Lajkura OCP)- Notification 9(1) has been sanctioned by MoC vide S.O no 3685(E) on dt09.12.2016 ;11(1) vide SO no 238 on dt 04.02.2017. |
| Lakhanpur | | 61.768 | | 0.00 | 0.00 | 0.00 | 0 | 61.768 | |
| B-G Area | | 0.05 | | 0.00 | 0.00 | 0.00 | 0 | 0.05 | |
| **Total** | 711.535 | 120.817 | 487.753 | 1 | 411.969 | 25.82 | 1611.257 | 147.637 | |

### 16.16 Status of Washeries on Build, Operate and Maintain (BOM) Basis:

In line to the decision of CIL for installation of coal washeries on Build-Operate-Maintain (BOM) basis for economic washing of high ash coal, MCL was intending to establish four number of coal washeries viz., Hingula Washery, Basundhara Washery, Ib-Valley Washery at Lakhanpur & Jagannath Washery of 10 Mty capacity each on BOM concept in Phase-I. However, earlier tender for Hingula Washery (10 Mty) & Jagannath Washery (10 Mty) on BOM Concept were not materialized and during the course of fresh/re-tendering, concept of setting up of these Washeries were changed from BOM Concept to B-O-O (Build-Own-

Operate) Concept as per the directives of CIL based on the decision of MoC that "All new proposed washeries, whose tender is yet to be finalized, should be built under B-O-O (Build-Own-Operate) concept". Accordingly, tender for Hingula Washery (10 Mty) & Jagannath Washery (10 Mty) will be floated under BOO Concept. The Bid documents under BOO Concept are under preparation at CMPDI. Under B-O-O Concept, washery is to be set up by BOO Operator and the land for the washery will be given on lease by MCL. Operating cost will be paid by MCL.

Regarding Ib-Valley Washery (10 Mty) at Lakhanpur & Basundhara Washery (10 Mty), EC are yet to be received. Since Letter of Intimation (LoI) for these two washeries have already been issued, both Bid and Bid security are valid and EC in advanced stage, it was decided in Feb 2017 that these two washeries i.e. Ib-Valley Washery (10 Mty) at Lakhanpur & Basundhara Washery (10 Mty) will continue to remain under BOM Concept, the one decided earlier by CIL and on which tender was finalized.

MCL is also planning to set-up three more washeries viz. Lakhanpur Washery (20 Mty capacity), Garjanbahal Washery (10 Mty capacity) and Siarmal Washery (40 Mty capacity).

Present status of these four washeries under Phase-I is given hereafter.

**(A) IB-Valley Washery (10 Mty capacity) at Lakhanpur on BOM concept:**

1. The Revised Conceptual Report (CR) was approved by MCL Board in November'14.
2. E-tender for Ib-Valley washery was floated/ uploaded in May'15.
3. Letter of Intimation has been issued to the lowest bidder, M/s Global Coal & Mining Pvt. Limited on 12.09.2016 after approval of MCL Board.
4. ToR received in June 2015.
5. Minutes of EAC Meeting held on 31.01.2017 uploaded on MOEF&CC website on 14.02.2017 recommending Environment Clearance for the project. Modification (in one of the condition) of EC has been sought from MOEF&CC by MCL. EC is yet to be received.
6. Letter of Award (LoA) is to be issued after EC & other statutory clearances.
7. Signing of Contract is likely to be done in May'17.

**(B) Basundhara Washery (10 Mty capacity) on BOM Concept:**

1. Letter of Intimation to "Lowest Bidder" was given in May' 2014.
2. ToR was issued by MoEF in September' 2014.
3. Amended ToR received on 29.02.2016.
4. Administrative approval for acquisition & possession of 6.82 Ha tenancy land received from MoC on 18$^{th}$ Jan' 2016. Acquisition is expected by June'17.
5. Acquisition & Possession of 0.85 Ha of Govt. Non-Forest land is expected by June'17.

6. EAC meeting for EC held on 28/02/2017. As per the minutes of meeting received on 10/03/2017, EAC after deliberation, decided not to recommend the proposal, but to wait for the firm action plan to be submitted adequately addressing the requirements contained in the **Mine Closure Status Report**. The issue is being taken up by Environment Department, MCL with concerned authorities.

7. FAC meeting for Stage-I FC of 29.41 Ha of Forest land was held on 28/02/2017. Minutes of meeting uploaded on 17/3/17. FAC recommended that, the layout of proposed washery shall be changed to the extent that the patch of forest coming under proposed land for diversion could be avoided. The issue is being taken up by Environment Department, MCL with concerned authorities.

8. Letter of Award can be issued to the Lowest Bidder only after getting Environmental Clearance, Forest Clearance and possession of Land (Forest Land, Tenancy Land & Govt. Non forest Land).

**(C) <u>Hingula Washery (10 Mty capacity) on BOO Concept</u>:**

1. ToR was issued by MoEF in January'2014.

2. EC granted on 30th Oct' 2015.

3. Consent to Establish issued by SPCB on 29th Dec' 2015 and received on 30th Dec' 2015.

4. Both EC and Consent to Establish on BOM Concept in favour of MCL was received.

5. Letter of Intimation to "Lowest Bidder" was given in December'2013.

6. Letter of Award (LoA) issued to M/s MIEL on 1st Jan' 2016.

7. LOA issued to M/s. MIEL cancelled on 03/11/2016 due to non-submission of PFS within the stipulated period and Bank Guarantee against Bid Security of M/s. MIEL has already been encashed on 05/11/2016.

8. Bid document under BOM Concept was submitted by CMPDI in Dec 2016. During the course of preparation of comments on bid document, directives received from CIL regarding the decision of MoC that "all the new proposed washeries, whose tender is yet to be finalised, should be built under B-O-O (Build-Own-Operate) concept" was placed before MCL Board in its meeting held on 28/02/2016. While noting the change of BOM to BOO concept, MCL Board noted that it is being done at the instance of CIL/Ministry.

9. CMPDI submitted the Draft Bid documents for setting up of washery under BOO Concept in Feb 2017 and comments were sent by MCL followed with a detailed deliberation on the Bid document on 20/03/2017.

**(D) <u>Jagannath Washery (10 Mty capacity) on BOO Concept</u>:**

1. TOR received on 13th Aug' 15. Amended ToR dated 01/02/2016 in respect of Backfilled area and Green belt has been received.

2. Environment Clearance (EC) dated 31/8/16 received on 05/09/16. Modification is required in some of the specific conditions.

As per the minutes of EAC meeting held on 27/12/16 for amendment in EC, the committee recommended amendments in the EC dated 31st August 2016, as requested by the project proponent. Amended EC is still awaited.

3. Consent to establish dated 22/10/16 received on 30/11/2016.

4. Both EC and Consent to Establish was received in favour of MCL on BOM Concept.

5. Tender floated in e-tender mode on 15th June 2015 was cancelled due to rejection of offer of L-1 Bidder due to non-submission of requisite confirmatory documents. Cancellation order dated 06/10/16 uploaded on 07/10/16.

6. The L-1 bidder has filed a writ petition challenging the cancellation of tender at Hon'ble High Court, Cuttack, Orissa. Hon'ble High Court has stayed the encashment of Bank Guarantee (BG). The case is still pending for hearing.

7. Bid document under BOM Concept was submitted by CMPDI in Dec 2016. The comments on Bid document were sent to CMPDI on 23/01/2017.

8. In the mean time, directives received from CIL regarding the decision of MoC that "all the new proposed washeries, whose tender is yet to be finalised, should be built under B-O-O (Build-Own-Operate) concept" was placed before MCL Board in its meeting held on 28/02/2016. While noting the change of BOM to BOO concept, MCL Board noted that it is being done at the instance of CIL/Ministry.

9. CMPDI submitted the Draft Bid documents for setting up of washery under BOO Concept in Feb 2017 and comments were sent by MCL followed with a detailed deliberation on the Bid document on 20/03/2017.

## 17. Geological Exploration:

| Particulars | | 2015-2016 | |
|---|---|---|---|
| | | Target | Actual |
| Total drilling in CIL blocks (m) | Departmental | 20700.00 | 16940.00 |
| | Outsourced | 34000.00 | 28948.70 |
| | Total | 54700.00 | 45888.70 |
| Coal reserves (CIL blocks) in MT | Proved | 318.92 | |
| | Indicated | 134.28 | |
| | Inferred | - | |
| | Total | 453.20 | |

## 18. ENVIRONMENTAL MANAGEMENT

### 18.1 Publication of CSR and sustainability report for 2015-16.:

MCL has been publishing the CSR and Sustainability Report since 2011-12. The report for 2015-16 is titled 'Mine to Market Sustainability' and is aligned to the GRI G4 'in accordance' core criteria including the Mining and Metals Sector Supplement. The report highlights the material aspects of the company for FY 2015-16 across the triple bottom line. It offers a consolidated view of the strategic goals and objectives supported by relevant technical and quantitative information in the sustainability context with the importance on stakeholder context. Our gradual evolution in sustainability reporting is helping us benchmark our performance against our peers and fulfil our commitments to the environment and society. We intend to continue the process of sustainability disclosure to our stakeholders on the material issues.

## 18.2 Statutory Compliance

### 18.2.1 Forest Clearance (FC)

As per Forest (Conservation) Act, 1980 prior Forest Clearance from Central Government (Ministry of Environment, Forest and Climate Change or in short MoEF&CC) is required for using Forest land for non-forest purpose. Accordingly, MCL is regularly applying and obtaining FC. The Stage-I and Stage-II FC obtained in 2016-17 is given in the following table.

| Sl.No. | Name of the Project | Stage | Forest Area (in Ha) | Letter no. and date of the FC letter |
|---|---|---|---|---|
| 1 | Lajkura OCP | Stage-II | 159.18 | F no. - 8-28/2014-FC Dtd.19-05-2016 |

### 18.2.2 Terms of Reference (TOR), and Environment Clearance (EC) from MoEF&CC:

As per EIA Notification, 2006 (Notified under Environment Protection Act 1986),prior Environment Clearance from Central Government (Ministry of Environment, Forest and Climate Change or in short MoEF&CC) is necessary for operating/construction of any mine, washery or for expansion/extension of any mine. Accordingly, MCL is regularly applying and obtaining EC for all the mines (New & Expn.). The status of available EC is given in the following table.

| Particulars | Talcher Coalfield | Ib Valley Coalfield | Total |
|---|---|---|---|
| Total EC available as on 01.04.2017 | 124.60 Mty | 68.26 Mty | 192.86 Mty |

- 02 nos. of ECwas obtained from Ministry of Environment & Forest (MoEF) during 2016-17.

| Sl. | Name of the Project | | Letter no. and date of the EC letter |
|---|---|---|---|
| 1 | JagannathWashery | 10.0 Mty | J-11015/203/2015-IA-II(M) dt: 31/08/16. |
| 2 | Ib Valley Washery | 10.0 Mty | J-11015/171/2015-IA-II(M) dt: 30/03/17. |

- In the FY 2016-17, 03Applications for Terms of Reference (ToR) were submitted to MoEF&CC as listed below.

| Sl. | Name of the Project | Date of submission of application for TOR |
|---|---|---|
| 1 | Jagannath Reorganisation OCP - 7.5 Mty | 26/07/16 |
| 2 | Kulda Expansion OCP – 10.0 Mty to 15 Mty | 18/01/17 |
| 3 | Basundhara (W) Extension OCP – 8.75 Mty | 28/03/17 |

- In the FY 2016-17, 02 Applications were submitted to the Orissa State Pollution Control Board (OSPCB) for conducting Public Hearing (PH) and 03nos. of PH were held as listed below.

| Sl. | Name of the Project | Date of PH held |
|---|---|---|
| 1 | Garjanbahal OCP,13Mty | 06/04/2016 |
| 2 | Basundhara Washery-10 Mty | 27/07/2016 |
| 3 | Kakudi&Kishoripal Sand Mines -0.25 $Mm^3$ | 20/12/2016 |

### 18.2.2 Statutory Compliance - Post-EC Clearance

- “Consent to Operate (CTO)” under Water & Air Acts has been obtained from State Pollution Control Board (SPCB) for all the operating mines of MCL and one Rly Siding.
- For regular monitoring of ground water quality and fluctuation due to mining operation, a network of 40 nos. of Piezometers are being installed during 2016-17.
- Continuous Water Quality Monitoring Stations have been installed 01 at Brahmani River in the month of August 2016 at Talcher CF and 01 at Ib-River in the month of September at Ib CF.
- “Authorisation” under Hazardous Wastes Rules has also been obtained from the SPCB by the operating opencast mines having excavation workshops (which

generate used batteries, spent oil & grease) and oil & grease traps to recover oil & grease from waste water flowing out of washing ramps (which generate oily sludge). The used batteries and recovered oil & grease are auctioned to authorised re-processors through MSTC Ltd. after sufficient accumulation. Half-yearly return for batteries and annual return for other Hazardous Wastes were submitted to the SPCB as per the statute.

- Environmental Audit was conducted by a team of 3 inter-disciplinary officers of MCL with regard to each of the 22operating mines during the year under consideration as in previous years.
- 100% mine water utilisation has been achieved during 2016-17 as per the directive SPCB. Surplus UG Mine water used for supply to community for drinking, agriculture, forestry, recharge of ponds etc (155.71 Lakh Cum/Yr out of which for drinking 38.36 Lakh Cum/Yr). Surplus OC mine water stored in disused quarries (592.25 Lakh Cum/Yr) for recharge of aquifers. No water has been discharged outside**(Zero liquid discharge)**.
- Annual Environmental Statements in form-V under rule-14 of Environment Protection Rules were submitted for all the 22 operating mines, timely to SPCB vide letter Dtd. 15.09.16.
- Half-yearly reports of compliance of the Environment clearance conditions with regard to all the operating mines having environmental clearance under EIA Notification were submitted to MoEF timely during 2016-17.

### 18.3 Measures Taken to Protect and Improve Environment.

#### 18.3.1 Air Pollution Control Measures

In keeping with the company's concern for Environment, it has kept up the long standing practices to check air pollution with a good number of measures, some of which are highlighted here.

- MCL has progressively enhanced coal production through the environment friendly Surface Miner Technology (from 4.2% in 1999-2000 to 92% in 2016-17). During 2016-17 MCL produced 127.8Mte coal with Surface Miner Technology out of a total production of 139.20 Mte (92%). This is a blast-less mining technology which eliminates the dust generating operations like drilling, blasting and crushing completely while sprinkling water at the same time. Apart from that, selective mining of coal and stone layers separately is done with the machine to reduce the ash content by about 4 to 5% resulting in less ash generation in power plant and reduction of greenhouse gas as well.There is also reduction in generation of greenhouse gases due to elimination of the basic unit operations like Drilling, Blasting, Crushing, Transportation to Crushers-Unloading & Re-Loading and consequent amount of diesel consumption in these operations, had there been coal production through conventional method and further reduction in generation of greenhouse gases resulting from less quantity of transport to the power plants because of 3 to 5 % reduction in ash content and which translates into huge quantity considering the scale and distance of transportation involved. It has been estimated that MCL has reduced Carbon Footprint to the tune of approximately **1.30 lakh te** on this account.

- **During 2016-17, 73.8%** of coal transportation is through **Rail mode which is the most eco-friendly inland mass transport system**and despatch through **road is only 26.72%. (**Volume wise 1 railway rake 3,800 Te is equal to 240 trucks, each carrying 16 Te coal).
- Rake loading facility and Rail Infrastructureare being enhanced/ improved and strengthened, presently the coal is dispatched through 22 sidings and 4MGRs. Average number of rakes per day is 35.3rakes in Talcher Coalfield and it has increased upto 30.9rakes in Ib Valley Coalfield.
- Approximately 80 nos of Mobile Water Tankers of capacities 28 KL, 18 KL both departmental and contractual are deployed in the mines to control the dust pollution due to mining activities. Capital expenditure on 28KL Mobile Water Tanker is 1 Crore/Tanker and revenue expenditure is approximately 85 lakhs/tanker/yr.
- Separate dedicated coal transportation corridor has been constructed in both the coalfields avoiding residential area, schools and other areas. Length of dedicated coal transportation corridor is 20.99 km in TCFand 17.03 km in IBCF.
- Four numbers of Coal Washery of 10 Mty each for washing of coal to get coal of ash less than 35% ash content is to be established in first phase. Approx. reduction of 10% ash for 10 Mty is equivalent to reduction of GHG to the tune of 3.0 lakh tonnes per year. Environment Clearance for 3 nos. namely hasalready been obtained. EC of Basundhara Washery is in advance stage and will be granted after submission of Stage-I FC.
- On Coal Transportation road in the coalfield beyond the ML area, mobile water Tankers of 12 KL capacity are being deployed on contractual basis to control the dust pollution.
- In all the Railway Siding fixed sprinklers have been provided for dust suppression during wagon loading activities. Mobile Water Tankers have also been provided.
- In Coal Handling Plants there are Misters, Fixed Sprinklers and Mobile Water Tankers to control the dust pollution, however due to very negligible conventional coal production (8.19 % only) and thereby requirement of crushing in the CHPs, dust generation from CHPs have significantly reduced.
- Black topping of permanent and semi-permanent roads which are maintained and further strengthened during the year.
- Manual sweeping and collection of spillage and dust over coal transportation roads.
- Three numbersof heavy-duty truck-mounted vacuum-operated mechanical road sweepers are in operation for sweeping and collection of coal spillage and dust over pucca coal transportation roads at Talcher & Ib Valley Coalfield.
- All the drills are having dust extractor system and wet drilling system.
- The procurement of Mist Blower cum Road fogger 10 nos. one for each area is in final

stage and is likely to be deployed for effective dust suppression in the next FY.

- Green belts are continued to be developed between residential areas and the mine including infrastructure.

**18.3.2Strategies for water resource management:**

- Surface runoff studies carried out by NIT, Rourkela for all the open cast mines of MCL and quantities as well as sump capacities have been assessed and based on this, proper water resource management plan for making all the mines "Zero discharge" have been prepared and implemented.
- Regular Monitoring of ground water quality and fluctuation due to mining operation is being done through a network of 40 nos. of Piezometers as well as other bore wells.
- Regular monitoring of surface water quality and effluent quality is being done.
- Check dams have been constructed for soil water conservation.
- Catch drains and garland drains have been constructed for channelizing the surface runoff.
- De-coaled voids are utilized for **rain water harvesting** and **re-charging of the aquifer**.The mine sumps supply water throughout the year for industrial purposes, like firefighting, dust suppression, vehicle washing in workshops, watering of plantation in the mining areas etc.
- Some of these mine sumps are also used for supply of potable water to colonies after treatment.Peripheral villages also demand such sump water for irrigation purposes.
- These sumps are also very significant as they act as settling medium for the surface runoff water during rainy season.
- Effluent from HEMM workshops are treated in ETPs/Oil & Grease traps and treated water is being reused.
- Sedimentation ponds/Mine drainage treatment plants have been provided for the treatment of localised runoff.
- Sewage Treatment Plants (STPs) have been provided for all the big colonies (8 nos.). In other colonies settling tank and soak pit arrangements have been made.

**18.3.3 Noise and Ground Vibration Control Measures:**

- 92% of total coal is being produced through blast less environment friendly Surface Miner technology, drastically reducing the noise and ground vibration compared to conventional mining, which requires drilling, blasting and CHP operation for producing sized coal.
- Green belts have been developed between residential areas and the mines as well as infrastructures for reducing this pollution.
- Ear Muffs and Ear Plugs have been provided to workers exposed at high noise working places.
- Non-electric detonators were used where ever necessary for blasting resulting in less noise and ground vibration. Controlled blasting system is adopted to reduce noise and ground vibration.
- All HEMMs have been provided with adequate noise level reduction technologies.

**18.3.4 Land Reclamation and Plantation.**

- De-coaled void is used for backfilling the overburden material and after wards plantation is taken up as biological reclamation process.
- In keeping with the company's concern for environment, MCL has planted saplings of mixed indigenous species over external dumps and backfilled internal dumps after adequate physical reclamation, as well as in vacant patches of other land and avenues, in the mines. Plantation since inception is 52.19 lakhs ( TCF- 21.43 lakhs, IbVCF – 29.93 lakhs & HQ – 0.83 lakh).
- During the FY, total no. of saplings planted is **1.38 lakhs** and distributed is more than 0.64 lakh.
- Plantations are also done in residential townships and office premises especially with fruit-bearing, flowering and medicinal plants and trees.
- Carbon foot print reduction to the tune of 1,04,380 te of CO2 has been estimated due to plantation activities of MCL (20kg/ tree/yr) since inception.
- Monitoring of the land reclamation through remote sensing data generated by National Remote Sensing Agency is in progress for 14 Open Cast Mines (11 nos> 5 $MM^3$/Yr and 3Nos< 5 $MM^3$/Yr capacity) in both Ib-Valley and Talcher Coalfields through CMPDIL. The report generated has been sent to Eastern Region Office, MoEF&CC and is being uploaded on the Company website also.

**18.3.5 Waste Management:**

- Hazardous waste (burnt oil from machines and used batteries) disposed off through the registered recycling agencies of CPCB.
- Bio medical and other hazardous wastes from the medical units are disposed as per the laid down methods /procedures.

**18.3.6 Environmental Monitoring:**

- Routine environmentalmonitoring, of air, water and noise was carried out during the year along with through CMPDI laboratories at an estimated cost of Rs. 4.49crore. For the first time in MCL, half yearly monitoring of heavy metals was done for compliance of the Environment clearance conditions. Methodology, frequency, etc. were strictly maintained as per the guidelines laid down by CPCB.
- Results of monitoring were submitted to SPCB and MoEF as per the statute.The environment monitoring results are uploaded on the company website on monthly basis.
- Automatic Weather Stations at Jagannath Area and Lakhanpur Area are in operation.

**18.4 MCL Web Site Publication**

For increasing transparency, MCL is publishing & regularly updating the following environmental information on its website www.mahanadicoal.in

i. Environment Clearance letter issued by MoEF&CC & its half-yearly compliance.

ii. Forest Clearance letter issued by MoEF&CC against each diversion project.

iii. Consent to Establish & Consent to Operate of each Project.

iv. Hazardous Waste Authorisation of each Project.

v. Environmental Statement of all operating mines of MCL.

vi. Annual CSR & Sustainability Report.

vii. Annual & Monthly routine environmental monitoring reports.

**18. 5 Awards and Recognition**

- Bharathpur OCP &Lakhanpur OCP was individually awarded Gold &Silver Award respectively in Metal & Mining Sector for Outstanding Achievement in Environment Management in the"17th Annual Greentech Environment Award 2016", held at Bengaluru.
- MCL has been awarded with "42nd Coal India Environmental Excellence Award-2016" for its excellent contribution in Environmental Protection.

**18.6 Mine closure cell setup:**

- Mine Closure Activity related works were assigned to Envt. & Forest Dept. In the month of December 2016.
- Mine closure Cell at Mine Level, Area Level and Company Level was formed in the month of January 2017.
- Conducted meeting on 6th January-2017 at DT Conference Hall, MCL HQ. With Project Officers, Staff Officer (Min), Area Envt. Officers & Survey Officers of all Area/ mine for detailed discussion about mine closure activities.
- Officials of Envt. Dept. Visited projects and Areas for monitoring the progress of Mine Closure Activities.
- Bhubaneswari OCP, Jagannath Area became the first project of MCL who have submitted Mine Closure Activities related file to MCL HQ. in the month of March-2017 for reimbursement of expenditure of Rs 21.30 Crores from the Escrow Account. The file has been submitted to CMPDI, RI-VII on 25.03.2017 for necessary audit/ verification.
- Second coordination meeting for monitoring the progress of Mine Closure related activities was organised at MTI Conference Hall on 29.03.2017.

**19. SALES & MARKETING PERFORMANCE**

MCL has achieved an off-take of 143.012 Mil. Te. during 2016-17 with a growth of 1.99 % over last year, in spite of strike, bandh and the restriction imposed by State Govt. on transportation of coal to sidings during day hours in summer season.

**19.1. Demand & Off-take**

Off-take during 2016-17 was 143.012 Mil. Te. against the target of 167 Mil. Te. which was 85.6% of target and an absolute growth of 2.79 Mil. Te. over last year.

The Sector-wise dispatch during 2016-17 are appended below.

*Fig in Mill. Te.*

| Sector | 2016-17 | | | 2015-16 |
|---|---|---|---|---|
| | Target | Actual | % Achieved | Actual |
| Power | 113.210 | 98.550 | 87.05 | 93.013 |
| Cement | 0.300 | 0.257 | 85.66 | 0.240 |
| CPP & Others | 53.490 | 44.20 | 82.63 | 46.961 |
| Coll. Consumption | 0 | 0.005 | - | 0.005 |
| Total | 167 | 143.012 | 85.6 | 140.219 |

**The reason for the loss of coal offtake during 2016-17 due to force majeure are stated below:**

| Name of Project/ Particulars | 2016-17 | | | Actual Loss due to Force Majeure | Remarks |
|---|---|---|---|---|---|
| | MOU Target | Actual | Difference | | |
| Kaniha OCP | 13.264 | 9.084 | 4.18 | 4.18 | Less lifting of coal by NTPC-Kaniha,NALCO through dedicated MGR. Less dispatch due to restriction imposed by state govt on day transportation in summer season. Less dispatch due to local agitations/strikes at Talcher Coalfields |
| Linagraj OCP | 18.321 | 15.441 | 2.88 | 2.695 | |
| Bharatpur OCP | 20.960 | 13.419 | 7.541 | 0.371 | |
| Ananta OCP | 10.0 | 3.097 | 6.903 | | |
| Less dispatch due toLess availability of Rakess from Railways | 80.69 (Rakes/ day) | 66.20 (Rakes/ day) | 14.49 (Rakes/ day) | 20.286 | 1 Rake=1.4MT/ year |

**Total loss in Off-take due to force majeure 27.541 MT but effective loss was 23.988 MT as other mines have dispatched more during 2016-17**

### 19.2. Wagon Loading

Daily average wagon loading during 2016-17 in MCL was 66.2 Rakes/Day against 65.4 Rakes/Day during 2015-16 with an absolute growth of 0.8 Rakes/Day i.e. 1.22 %. The Field-wise loading against target and supply is appended below:

*Fig in Rakes/Day*

| Field | 2016-17 | | | 2015-16 Actual |
|---|---|---|---|---|
| | Target | Supply | Loading | |
| Ib Valley | 32.97 | 30.9 | 30.9 | 27.6 |
| Talcher | 47.72 | 35.3 | 35.3 | 37.8 |
| Total | 80.69 | 66.2 | 66.2 | 65.4 |

### 19.3. e-Auction

During 2016-17 MCL had offered 44.646 MTe. under Spot, Forward and other special type of e-auction against this 32.405 Mte. was booked by different bidders registering a premium of Rs. 733.24 Crore over notified price.

### 19.4. Fuel Supply Agreement (FSA)

MCL has signed (56) fifty six numbers of FSA with consumer during 2017-18.

## 20. COAL QUALITY IMPROVEMENT

MCL has taken utmost care to improve the quality of coal being supplied to different Power Houses including other consumers as well as to fulfill the consumer satisfaction. During the year various measures for ensuring proper quality of coal dispatch were intensified. So far quality complaints are concerned, this year the number of complaints received are 55 (Fifty Five) against 44 (Fourty Four) in the previous year.

The following steps were taken by the Company to improve quality and consumer satisfaction.

1. Frequent interaction with different consumer has been done to improve consumer satisfaction.
1. Consumers were encouraged for checking and supervising personally the coal loading Points/Sidings as well as Weighbridges and Coal Analysis Laboratories.
2. All sidings from where huge quantity of coal is despatched to major consumers and Core Sector industries, have been put directly under the supervision of the Nodal Officers who were specifically responsible for maintaining and ensuring proper quality, weighment and sizing of coal.

4. Whenever any complaint whether it was major or minor in nature received in the Department, the same had been enquired at the spot by officers of QC Department and the fact findings had been informed to the consumer from where complaint was received, within the optimum timeframe.

5. All the railway sidings at area level are being constantly monitored by QC Department in respect of despatch of assured quality coal to all consumers.

6. Surprise inspections and analysis of coal from different sidings are beingd o n e regularly by teams of officials of QC department to ensure proper quantity and quality of coal despatched.

7. Frequent inspections of Weigh Bridges and Laboratories are being done regularly by QC department. In case of any discrepancy or fault found in Laboratories, Weigh Bridges and Sidings during inspection, the same were communicated to the concerned GM of the Area for information and taking corrective measures.

8. To develop awareness on quality from grass root level, Q.C. Deptt. had observed "**QUALITY FORTNIGHT**" from 14.02.17 to 28.02.17 in all Areas. All Area personnel had whole heartedly participated.

9. For better transparency and Consumer satisfaction CIMFR has been deployed as a independent 3rd Party Sampling Agency based on the directives of MoC/CIL to carry out the activities for collection and Analysis of coal being supplied to IPP& Power utility consumers & Non-regulated sector like CPP,Sponge & cement sector etc. For other consumers like Hindalco,Bhusan & Steel Power Ltd, Vedant,joint sampling are being conducted at all loading points of the concerned Area.

10. There are total Ten coal analysis laboratories in different Areas like Ib Valley, Lakhanpur, Orient, Basundhara, Jagannath, Lingaraj, Bharatpur, Hingula, Talcher and Kaniha. All are well equipped with modern equipments like electronic Auto Bomb Calorimeter for determination of GCV of coal. Coal Analysis Laboratory of Ib Valley Area, Bharatpur Area & Jagannath Area have been conferred with grant of NABL Accredited with validity from 24.05.2015 to 23.05.2017 and laboratory of Kaniha & Hingula Area have already been finalized and yet to be accredited very shortly. As per the directives of Competent Authority necessary steps have been initiated for obtaining NABL accreditation for analysis laboratory of remaining five Areas.

11. These equipments enable us to determine the grade of coal despatched to different consumers within a period of two hours. This has helped for quick monitoring of the quality of coal available in the colliery stocks, sidings and the quality of coal being mined.

12. During this year also selective mining method of extraction of coal was being continued and accordingly surface miners were deployed at Lakhanpur OCP. Belpahar OCP, Lingaraj OCP, Bharatpur OCP, Balram OCP, Hingula OCP, Basundhara(W), Kulda OCP, Samleswari OCP, Ananta OCP, Bhubaneswari OCP & Kaniha OCP

13. By using surface miner the rejects are being separated from the coal seam which helps to maintain the quality of coal.

14. Electronic Rail Weigh Bridges with print out facility are available at all sidings. Apart from this, Company has provided stand-by weigh bridges for achieving the target of 100 % weighment.

15. Proper care has been taken towards supply of -100 mm size coal to the consumers. For this, coal which has been dispatched by rail, belt & MGR w a s crushed by CHPs & FBs.

16. For the purpose of transparency and to get active participation of consumers on quality, bound paged registers has been kept in all sidings/ loading points, in which the representatives of the consumers present at the time of loading, are free to write their comments/suggestions in respect of quality/sizing & other facilities.

17. By adopting stringent sampling procedure conducted by CCO, Kolkata and subsequently conducted by the team of IIT, Gowahati in respect of seam, stock, siding & tipper samples were assessed and declared as appropriate grade for the period 2017-18 of the coal being supplied for the utmost satisfaction of the consumers.

## 21. SAFETY AND RESCUE

'Safe Mining' is one of the core capabilities of your Company which has been attained through continuous practice of safety methods and techniques. Having a 'Zero Accident' target, your Company prepares, plans, and equips itself on a regular basis so that the target is best achieved and becomes the motivating force for the employees to be more productive.

### 1. Accident Statistics

| SN | Particulars | 2016-17 | 2015-16 |
|---|---|---|---|
| 1 | No of fatal accidents | 6 | 2 |
| 2 | No of fatality | 6 | 2 |
| 3 | No of serious accidents | 8 | 4 |
| 4 | No of serious injury | 8 | 4 |
| 5 | Rate of fatality | | |
| | Per million tonne output | 0.043 | 0.015 |
| | Per 3 lakh manshift | 0.379 | 0.129 |
| 6 | Rate of serious injury | | |
| | Per million tonne output | 0.057 | 0.029 |
| | Per 3 lakh manshift | 0.506 | 0.258 |
| 7 | Place-wise fatality | | |
| | UG | 1 | — |
| | OC | 5 | 2 |
| | AG | — | — |

### 2. Steps Taken for improving safety:

(i) MOU target is fixed at beginning of every financial year unit-wise and for the whole company to bring about improvement in safety standard in operations, maintenance and working conditions in the mines.

(ii) Safety Management Plan for all operational 15 Opencast Mines & 6 underground mines formulated and implemented for improving the safety standards at mines.

(iii) Adequate material and monetary resources are provided for the smooth and efficient execution for achieving MOU targets in respect of safety.

(iv) All the employees are provided with the safety gadgets such as helmets; safety foot wears, etc. to provide protection against conditions which may cause ill-health and injuries. During 2016-17, 9557 pairs of mining shoes, 971 pairs of gumboots & 6931 nos. of helmets were allocated.

(v) The recommendations of 11th safety conference, standing committee on safety in coal mines, CIL safety board, Company level safety committee, Area level safety committee and project level safety committees are religiously implemented.

(vi) In addition to the statutory inspections by the Mine officials appointed under the provisions of Coal Mines Regulation 1957, safety standards of the mines are also monitored by Workmen's Inspectors (appointed under Mine Rule 1955), Safety Committee at mine level (constituted under Mine Rule 1955), Area Level Tripartite safety committees and Company Level Tripartite safety committee.

(vii) Joint consultations on safety matters are held with workmen representatives in Project level Safety Committees, Area Level Tripartite Safety Committees and Subsidiary Level Tripartite Safety Committee. Subsidiary Level Bipartite Safety Committee meeting was conducted successfully on 27/03/2017.

(viii) Multi-level monitoring of the implementation of Statutory Rules, Regulations and Safety Plans is done through Internal Safety Organization by Area Safety Officer at Area level and a full-fledged ISO department at company headquarters level.

(ix) Job related training and retraining are imparted to workmen, supervisors and executives to make them aware about the safety aspects and upgrade their skills at Group Vocational Training Centres and other training institutes established at convenient locations throughout the company. During 2016-17, 7305 workmen & supervisors were provided training at Group Vocational Training Centres as against 8576 in 2015-16.Training in outside institutes is also imparted as per the requirement, for example to improve the skill of dumper operators, 32 dumper operators were imparted Simulator training at Northern Coalfields Limited, Singrauli during 2016-17 as compared to 30 dumper operators who were imparted training in 2015-16.

(x) Regular medical examination of workmen and supervisors are conducted for detecting defects and diseases so that they can be treated in time.

(xi) Internal Safety Audit by multidisciplinary teams of Internal Safety Organization are carried out regularly for evaluating the safety system so that the crucial focus areas of each project may be ascertained for further improvement. Internal Safety Audit of all operational 15 OCPs and 6 underground mines of MCL were carried out during 2016-17

(xii) Safety Fortnight and special safety drives are observed throughout the company to refresh and tune the whole system to the statutory requirements. On this occasion, trophies and shields are also distributed among the mining projects and workshops in different categories. During 2016-17, Annual Safety Fortnight was observed in all establishments of MCL from 10/01/2017 to 23/01/2017.

3. **New safety technology adopted, if any**

(i) Surface Miner Technology, which is a blast free mining technology, completely eliminates the dust generating operations like drilling, blasting and crushing. It also does away with the hazards associated with blasting. In addition, the coal seams having inferior bands of carbonaceous matter can also be selectively mined with this machine to reduce the ash content resulting in less ash generation in power plants and reduction of green house gases. As such it is a safer, more environmental friendly and continuous production technology.

(ii) Introduction of riper dozer - another blast free technology for removal of OB - has also eliminated the dust generating operations like drilling and blasting which many times causes nuisance to the villagers.

(iii) Long and arduous travelling in underground mines causes fatigue and lost of valuable working time. This may also lead to accident. To overcome this problem, man riding system has been installed in underground mines so that the workers are not tired and may give greater output. Out of 6 underground mines of MCL, man riding system is working successfully in 4 underground mines.

(iv) Machines such as SDLs and LHDs have been introduced to eliminate manual loading of coal in underground mines. This has reduced the number of persons in working districts for the same output which is a commendable achievement both from safety and production points of view.

(v) Introduction of UDMs in underground mines has helped in eliminating manual drilling which is the most arduous job in underground mine. This technology has also reduced the exposure of workpersons in the green roof zone and has enhanced the drilling output.

(vi) MCL is in the process of procuring Real time Slope monitoring Radars for monitoring the slope movement of its OB dumps.

(vii) Old and inefficient CHP are being gradually done away with bulk dispatch systems like SILOs and MGRs.

**4. <u>Rescue Services</u>**

MCL has a well-equipped Mines Rescue Station, Orient Area in IB Valley Coalfields and a RRRT,

Talcher Area in Talcher Coalfields to cater to the needs of emergencies in the mines of MCL. The various activities that have been completed by the rescue services of MCL are as follows:

1. The Zonal Mines Rescue Competition was successfully conducted at MRS,OA on 27/10/2016.
2. Mines Rescue Station & RRRT attended 23 number of emergencies not related to any mining activity but arising in nearby society/civil township during 2016-17.
3. 12 persons were imparted initial training in Rescue & Recovery operation from 15/04/2016 to 30/04/2016.
4. 177 Rescue trained persons were imparted Refresher training in Rescue & Recovery operation at MRS, Orient Area and RRRT, Talcher Area.
5. Total 177 RTP's were medically examined and found to be fit.
6. Training and Emergency support given to private U/G mines Gare Palama IV/4 of (M/s Hindalco Industries Limited) of Raigarh Region in the year 2016-17

7. Emergency support given to M/s ACB India Limited, Coal Washery of Kanika Siding, Basundhara

**The Following Proposals were approved and Procured in the year 2016-17:**

1. 4000 Kg $Co_2$ Absorbent for SCBA
2. One Long-range Thermometer.
3. One Barometer .
4. Spare parts for Biopak-240-R self contained Breathing Apparatus
5. 01 No. Oxygen Booster Pump(Power Operated)
6. 02 Nos. Oxygen Booster Pump(Manual Operated)
7. 02 Nos. Rescue Dummies.
8. 06 Nos. Care Vent (Resuscitating Apparatus with two Nos. Testers.)

## 22. COMPUTERISATION

**Coalnet** – Various modules of Coalnet like Financial Information System(FIS), Personal Information System(PIS), Payroll, Sales & Marketing, Production Information System, Materials Management System, Equipment Monitoring System are in use. Some miscellaneous modules have also been added in Coalnet system which include the Personnel Information System(PIS) for capturing detailed information along with photographs of contractual workers, Periodical Medical Examination, Tenders and awards below Rs. 2 lakhs, Online booking of Holiday home at Puri, File Tracking System ,Online Contract Management System etc.

The activities like Road sale & Rail sale billing, Bill payment status entry, updation of employee data, production detail entry, Online Material management system etc are operational in central coalnet server up to Area & Project level. Activities like financial accounting, payroll and personal information system at MCL Bhubneswar including Debtors accounting at MCL Kolkata office after getting shifted to central coalnet server are running smoothly with value addition as and when required. Migration of Financial Information System from legacy system to Coalnet system has been completed for all the Areas of MCL. Migration of Payroll system from legacy system to Coalnet System has been completed for all the locations of MCL, paving the way for taking up the centralized salary processing through Coalnet Server at MCL, HQ.

**e-Payments & e-Receipts** – Almost all Payments and Receipts are being done through electronic mode.

**Operator Independent Truck Despatch System (OITDS) :-** The OITDS after being installed in three open cast projects of MCL namely Balram, Lingraj and Bharatpur, is running successfully.

**MCL Website** :- The website of MCL www.mahanadicoal.in is hosted in the server of CMPDI, Ranchi and is being maintained by them. The website is being restructured as per the need. With the facility for updation of relevant data remotely the information related to refund to the coal consumers, monthly third party coal sample analysis result, notices and results of recruitment department, CSR related activities, tenders and awards below Rs. 2 lakhs etc. are updated on regular basis. The status of bill payments to contractors/vendors is being reflected in the website in realtime through Coalnet Server.

**Online Grievance Redressal (Samadhan) :-** "Online Grievance Redressal (Samadhan)" which was added in the existing website as an interface is being used for addressing grievances of stakeholders.

**e-mail Accounts** :- All executives of MCL have been provided with email accounts under "coalindia.in" domain obtained from NIC. Additionally some selected non-executive employees of MCL-HQ have also been provided with email accounts under "coalindia.in" domain as per the requirement of the proposed e-Office implementation.

**Uploading of tenders**:- All open tenders are uploaded on daily basis in the Govt. portal www.tenders.gov.in by systems department in addition to their publication on e-procurement portal of MCL.

**OMMS (Online Material Management System)**:- The OMMS running in legacy system at all the nine Regional and two central workshops have been migrated to Central Coalnet Server. 99.88% of the store items have been codified as per the standard codification scheme. This has enabled in viewing the inventory of entire MCL and getting the stock position of any item across all stores on real-time basis. The materials codes are being standardized in line with other Subsidiaries of CIL.

**Linking between MCL office at BBSR and Kolkata:-** MCL office at Bhubneswar and Kolkata are connected to MCL HQ through 1 Mbps leased line obtained from BSNL for the purpose of accessing Coalnet Modules. The redundant MPLS network from BSNL has also been extended to these offices. Additionally to meet any eventuality Coalnet accessibility through VPN connectivity over internet also exists.

**Internet Leased Line:-** The existing Internet leased line obtained from BSNL meant for providing internet access to the users of MCL through the existing corporate network has been upgraded to 40 Mbps. Another 10 Mbps internet leased line obtained from RailTel is being used for GPS/GPRS based Vehicle Tracking System.

**Productivity Improvement Scheme Software**:-The software which was developed in-house in Oracle and was implemented in Open Cast Projects of MCL for timely payments of incentives as per Productivity Improvement Scheme was modified and migrated to Coalnet System in central server for use.

**Connectivity to Weighbridges**:- The weighbridges both rail & road (static and in-motion) have been connected through Radio Links established by M/s ITI Ltd.

**Redundant Data Communication Network**:- MPLS/VSAT based secondary data communication network connecting Area Offices/ Project Offices / Weighbridges etc with HQ is being established by BSNL. So far 47 locations have been provided with MPLS connectivity under Phase-I & Phase-II.

**Installation of Servers at Central data Centre and Nodal Computer Centres** :- High-end IBM servers which were installed at HQ and three Nodal Areas i.e Jagannath Area of Talcher Coalfields, Ib Valley Area of Ib Valley Coalfields and Basundhara Garjanbahal Area are operational. All these servers at the nodal locations are in sync with HQ server. Basudhara Area Server has been established as the recovery site. The coalnet modules have been successfully migrated to the these IBM servers with Oracle 11g Database and 11g Application Server (Web Logic).

**Monitoring of Contractual Bill Payments :-** The Bill Tracking module is successfully running in Coalnet server. In this system the bills received from the contractors/ vendors are being captured in Coalnet Server by the respective user departments. The status of these bills up to the final destination i.e their payment, is also being updated in coalnet server and the same is made available on real-time basis through "Bill Status" link of the official website of MCL i.e www.mahanadicoal.in for online viewing by the concerned parties. Thus the concerned parties can track the status of their respective bill from our website itself. This facility of online viewing will also be provided through the newly developed Android based Mobile Application.

**GPS/GPRS based Vehicle Tracking System :-**

**(i)** GPS based VTS(Vehicle Tracking System) units have been installed in 1800 of private trucks/tippers engaged in production and internal transportation of coal. Live tracking of these vehicles along with viewing of various reports related to violation of geo fences, trip, long stoppages, distance traveled etc are available on the web enabled link i.e http://.mclvts.in. This link is also available on our website www.mahanadicoal.in. There is also the provision in the system for sending auto generated SMS alerts to the concerned users of the projects and the Area offices.

**(ii)** Geo-fencing of the mine boundary along with the routes have been done for tracking the vehicles if they are crossing the geo-fence boundary.

**(iii)** Central Control Rooms have been set up at MCL-HQ and at all the Area Offices.

**(iv)** Rate Contract (RC) has been finalized for 3483 nos. of GPS Units considering the requirement of next three years to cover all vehicles / equipments engaged in coal production / internal transport / OB removal work, both contractual and departmental. Against the RC, 2305 GPS Units have been supplied and the installation of the same is going on with the purpose to cover all the remaining vehicles/ equipments.

**CCTVs for surveillance of Weighbridges & Railway sidings:-**

i) Video Surveillance cameras installed in 22 nos of railway sidings.

ii) IP cameras installed at 93 in-motion and static road weighbridges.

iii) Weighment data from the in-motion & static weighbridges are being transmitted online to the central VTS and Coalnet Server at MCL-HQ.

**File Tracking System** has been developed in Coalnet for tracking the movement of important files across various departments and locations of MCL. This module was implemented on 15th August, 2015 and the same is being used effectively across MCL. Till 31st March, 2017 around thirty thousand nos. of files have been processed through this module.

**SMS/Email Alert:** As per the e-Initiatives to be taken by MCL, SMS alerts are being sent to Customers regarding details of Road Delivery Order, refund of RDOs and to employees related to salary preparation. SMS alerts are also sent to the HODs/GMs of concerned departments for status of pending files which are being tracked through the File Tracking module of Coalnet, on regular basis.

**Wi-Fi Network** has been established at corporate office of MCL and residential complex at Jagruti Vihar.

**Mobile applications**: Mobile apps have been developed for (i) Viewing weighment details being captured at the Static and In-motion weighbridges related to production / internal transportation of coal, (ii) Viewing video streaming of CCTV cameras installed at Railway Sidings through Mobile, (iii) Tracking status of bills submitted by contractors / suppliers (iv) Providing useful information related to CSR of MCL like activities completed / undertaken across several districts of Odisha, in addition to information about CSR policy, annual report, budget & expenditure under CSR, images of major CSR activities.

**Future Plan / Other Ongoing Activities:**

» Pre-printed stationary for Pay Slip: After the introduction of centralized salary processing we will go for the use of pre-printed statioanay for pay slip generation for all the employees of MCL across all the locations

» **E-Office Implementation:** Preparatory work related to e-Office implementation like formation of PMU (Porject Monitoring Unit), Master Trainer, selection of Nodal Officers for eOffice, Employee Master Details have been completed. One day orientation program was arranged at MCL HQ. One day basic awareness training with hands on was imparted by NIC for 5 days. Three executives have undegone five days training for "eOffice Master Trainers" at IICM, Ranchi & NIC, Delhi; and two executives have undergone training on LINUX at IICM, Ranchi in regards to e-Office

» Enabling our valuable coal consumers by sending Road Delivery Orders, Coal Invoices etc. through email in pdf format.

» **Procurement / Replacement of PCs and Peripherals:** Proposal has been initiated for procurement of PCs and peripherals against the replacement and additional requirement through GeM portal.

» **Up-gradation of existing LAN** at MCL HQ, Area Offices and Regional Stores to make them IPv6 compliant.

» More Mobile Apps shall be developed in near future to share maximum relevant information with stakeholders

## 23. TELECOMMUNICATION

1. Mobile CUG facility has been provided to more than 2000 Executives, JCC Members, key Staff, Railway sidings, Security Personnel, Rescue Brigade Personnel and Drivers of Mines Rescue Stations, etc of MCL serving at different units of the organization all over the state of Odisha, enabling 24x7 unlimited communications at minimum cost, thereby substantially reinforcing the communication infrastructure of MCL. After many rounds of discussions with BSNL, the data plans on CUG have been upgraded and made free of cost completely. Additionally, in calling, all calls to BSNL network throughout India have been made free of cost. The cost of SMS and calling other networks has also reduced by 80% and 40% respectively. This shall result in the lesser charges for more services to all CUG users.

2. The IP based Wide Area Network (WAN) installed covering almost all the units of MCL, is being widely and successfully used as a network backbone for running different financial, personnel and operational applications, thereby facilitating online data communication and management for various activities of the organization. Steps have been taken up for expanding and upgrading the network to increase its use for other real time data services like ERP, e-Surveillance, etc. E&T Department has also taken up the task of providing Wi-Fi facility to all executives in their workplace, using this upgraded network, giving access to the aforementioned in-house services of MCL and internet, thereby realizing the vision of a truly digital MCL.

3. E&T Department has installed VHF communication network in different mines for communication at the Projects up to the Coal Faces. The same is being enhanced every year for increased operational efficiency.

4. CCTV Surveillance System:

   A. At Office Campus of MCL HQ, Jagruti Vihar, CCTV surveillance system has been installed and is being used to enhance the security of the corporate office. Steps have been taken, in coordination with the Security Department, for bringing Anand Vihar Campus of MCL HQ in the CCTV purview.

   B. CCTV surveillance systems have been installed in all Regional / Central Stores and Central Workshops of MCL.

   C. Multiple Cameras have been installed in various vulnerable locations in different projects of MCL.

   D. Initiatives have been taken for installation of CCTV Surveillance system at various entry/exit points of mines and magazine clusters, to create a sophisticated network of cameras to enhance the security and prevent entry of unauthorized vehicles and personnel.

   E. Steps have also been taken to bring under CCTV Surveillance all Coal Stocks, Loading Points, Coal Sampling Points and Labs, HEMM Workshops, Diesel Dispensing Stations, and other vulnerable points of projects to further reduce the chances of unauthorized activity.

5. Aadhaar Enabled Biometric Attendance System (AEBAS):

   A. In-line with the Digital India Programme of Government of India and the HR Vision

2020 of CIL, AEBAS has been installed at MCL HQ to ensure punctuality among employees. In this regard, the AEBAS portal of MCL has been created by the domain name - ***mclsbp.attendance.gov.in***

B. AEBAS is being implemented in all units of MCL. The same is in procurement stages. More than 17900 employees have already been registered in the domain ***mclsbp.attendance.gov.in***

C. As per directives from the GoI, steps have been taken to implement AEBAS for Contractor's workers in all units of MCL.

D. Services have been procured from National Informatics Center Services Inc. (NICSI), a company under National Informatics Center (NIC), the implementing agency of AEBAS, for integrating the AEBAS reports with the salary system of MCL, so that the salary can be prepared without any human intervention in the process, thereby reducing any chances of false attendance and human error in the salary preparation.

6. Thousands of lines of internal telephone connectivity and EPABX systems have been installed and maintained by the department in almost all units of MCL. For enhancing the internal communication facilities at Projects, EPABX Exchanges as replacement for Ib Valley Area Office, Samaleswari OCP and Kaniha OCP have been ordered.

7. The E&T Department also maintains hundreds of landline and broadband services from BSNL and other service providers in MCL HQ and areas, which are used as the basic backbone to access internet based crucial applications like e-Procurement, e-surveillance and control of GPS-VTS, AEBAS attendance systems, and various mobile applications developed by MCL, CIL, GoI and third parties.

8. TATA photons have been provided to all Directors, CVO and HoD's at MCL HQ along with Area General Managers and some key executives, in addition to BSNL Broadband at residential offices, for on-the-go internet connectivity to ensure a 24x7 communication and information channel for faster and more informative decision making. In addition to these, Jio-Fi have been provided to all Directors and CVO as an alternate, keeping in mind the on-the-go nature of their job. Steps have been taken to provide Jio-Fi connectivity to all HoDs at MCL HQ. All these advents in internet connectivity have shifted the daily communications from paper to electronic mode, resulting in saving of time and resources.

9. An internal closed telephone network has been created specifically for directors and CVO, to ensure privacy and quick access within the top management of the company.

10. WiMAX Internet facility has been provided to all the Road weighbridges of MCL and is being used to enable generation of online e-transit pass for the trucks to be dispatched through Road Sale mode. WiMAX Internet facility has further been extended to In-motion Road Weighbridges for transmission of weighment and other related data to Central Server at MCL HQ.

11. Being an obscured place, for recreation of the employee at MCL HQs., Cable TV service with about 700 connections at the residence of staffs and executives of MCL

HQ and other places, covering both Jagruti Vihar and Anand Vihar has been arranged and maintained by the Department. The same has been upgraded to Digital mode for better viewing experience.

12. Underground Communications System has been installed in all underground projects for fast and safe communication.

13. Environmental Tele-monitoring System is also being maintained by the department in various underground projects and steps have been taken to enhance the same.

14. An enterprise grade Video Conferencing System has been installed at MCL HQ for Video Conferencing over the Private Network of CIL as well as over Internet, enabling quick and collaborative decision making among key management personnel and saving time and travel as well. Steps have been taken to extend Video Conferencing facilities to MCL Areas and other MCL establishments also. Dedicated Video Conferencing client software has been installed in the office and mobile of key officers under the administrative control of Director (Tech/ Operations) as instructed, which has enabled the director to communicate face to face with them inside or outside the office. This Video Conferencing system is run on the licensed enterprise grade Video Conferencing system of MCL, which ensures privacy and availability of resources.

## 24. DEVELOPMENT OF ANCILLARY INDUSTRIES

MCL is committed to provide self-employment opportunities to the local budding entrepreneurs through the process of ancilirisation and provide a sustainable business to them by apportioning a substantial share by revenue in the areas of Stores / Consumable / Repairing etc.

***For the above cause, MCL has full-fledged MSME-Ancillary Development Cell which is committed for the following activities:***

- Undertakes, allows & encourages all endeavours to explore and develop the potentialities of the small scale industries in its operational jurisdiction within the state of Odisha.
- To improve the availability of spares, import substitution for meeting the growing demand of MCL, with the help of Directorate of Industries of the State and D.I.C's.
- A broad outlook to create scope of increased self-employment and thus self-dependency amidst the young population of the locality of State.
- Prosperity of General masses, in the state and elevation of this state in the industrial map of the nation, and adjusting the industrial products of the S.S.I. Units of this state to reach the new dynamics of achieving the GLOBAL COMPETITIVE STANDARD.

Since inception of the Company, MCL has helped and developed SSI units of Odisha. SSI units were awarded proven / provisional ancillary status for various consumable spares / items and service related jobs directly linked to production processes involved in engineering and mining section of MCL.

Further in its continued efforts in keeping alive these ancillary units, MCL has been giving sustainable business to those ancillary units who are committed to quality supply of materials and maintaining prompt delivery schedules. After reviewing the performance of the ancillary units, their cases are considered for renewal of ancillary status. As on 31/03/2017, approximately 30 SSI units (ancillary units) have proven ancillary status based on merit and actively participating in the procurement process of MCL and supplying various quality ancillarised spares to the user areas. There are 49 ancillarised items identified by MCL.

MCL has been continuously keeping track with the ancillary units and trying to redress their grievances from time to time by conducting interactive sessions / meetings.

It's a matter of fact that in the FY 2016-17, MCL has already participated in total 10 (ten) nos. of State Level and National Level Vendor Development Programmes cum B2B meets and Vendor Interactions as detailed below:

1. 30th Annual State Convention and seminar organized by Odisha Assembly of Small and Medium Enterprisers on 12th and 13th August, 2016 at Puri.
2. "Switch Global Expo. - 2016 on Electrical and Power Exhibitions" from 06/10/2016 to 10/10/2016 at Vadodara, India organized by Govt. of Gujarat, Dept. of Energy and Petrochemicals in association with Federation of Gujarat Industries (FGI).
3. State Level Vendor Development Programme-cum-Buyer Seller Meet with Mahanadi Coalfields Limited (MCL) organized by MCL in association with MSME-DI, Cuttack and RIC, Sambalpur on 22nd October, 2016 at MCL HQ, Burla.
4. Vendor Development Programme cum Bidders-meet on 3rd November, 2016 during the vigilance awareness week from 31st October to 5th November, 2016 at MCL HQ.
5. "13th International Mining and Machinery exhibition - 2016" from 16th to 19th November, 2016 at Eco Park, Rajarhat, Kolkata organised by CII and supported by CIL, Ministry of Coal, GoI, Ministry of Mines, GoI & Ministry of Steel, GoI in association with BKT, Mahindra Rise and Triveni.
6. Make in Odisha Conclave by Govt. of Odisha from 30th November to 2nd December, 2016 at Janata Maidan, Bhubaneswar.
7. MSME EXPO ODISHA – 2016 by MSME-DI Cuttack organised by MSME-DI Cuttack with OIA from 5th to 7th December, 2016 at Baliyatra (Upper Ground), Killa Maidan, Cuttack.
8. State Level Vendor Development Programme organized by Br. MSME-DI, Rourkela with NSIC, Rourkela on 8th December, 2016 at Rourkela.
9. Vendor Development Programme for the benefits of SC/ST entrepreneurs organised by NSIC Rourkela on 20th January 2017 at Bhanja Bhawan, Rourkela.
10. Odisha Trade Fair 2017 organised by Directorate of Export Promotion & Marketing, Govt. of Odisha from

05.03.2017 to 10.03.2017 at IDCO Exhibition Ground, Bhubaneswar.

**The Salient Features of Policy followed by MCL are as follows:**

As per MSEs Order 2012 issued by Secretary to Government of India, Ministry of Micro, Small and Medium Enterprises (MSME); implementation of Public ProcurementPolicy has become mandatory from the year 2015-16. MCL had framed and implemented this policy along with existing ancillary policy w.e.f. July, 2013. New Procurement Policy for MSEs and Ancillary followed by MCL is available in MCL Portal under heading Ancillary and MSEs. http://www.mahanadicoal.in/About/pdf/ANCILLARY_POLICY.pdf

- Procurement of minimum of 20 percent shall be made from MSEs, of total annual purchases of products produced and services rendered by MSEs. Out of 20 percent of annual procurement from Micro and Small Enterprises, a 20 percent (i.e. 4 percent out of 20 percent) shall be procured from Micro and Small Enterprises owned by the Scheduled Caste or the Scheduled tribe entrepreneurs.However, in the event of failure of such MSEs to participate in the tender process or meet the tender requirements and the L1 price, the 4% sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs will be met from other MSEs.
- In tender, participating Micro and Small Enterprises quoting price within price band of L1+15 percent be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a Micro and Small Enterprise and such Micro and Small Enterprise will be allowed to supply up to 20 percent of total tendered value.
- To reduce transaction cost of doing business, Micro and Small Enterprises shall be facilitated by providing them tender sets free of cost, exempting Micro and Small Enterprises from payment of earnest money.
- Procurement of 358 items from Micro and Small Enterprises, which have been reserved for exclusive purchase from them. For implementation of the new policy, a standard NIT has already been implemented where only MSE firms can participate & offers from other than MSEs will not be accepted.

It may be mentioned here that MCL has a policy to go for e-tendering for tenders having estimated value more than Rs. 2.00 lakhs and is open to all including MSEs provided they meet the eligibility criteria.

**MCL's Annual Procurement and % of Procurement from MSEs of the last three years are given below:**

| | | 2014-15 | 2015-16 | 2016-17 |
|---|---|---|---|---|
| 1 | Total Annual Procurement (in lakhs) | 7050.00 | 8872.01 | 7927.00 |
| 2 | Total Purchase from MSEs (in lakhs) | 2236.83 | 2174.09 | 3002.69 |
| 3 | % Purchase from MSEs out of total procurement | 31.72 | 24.50 | 37.87 |

MCL has achieved 37.87% purchase for MSEs out of total annual procurement in the FY 2016-17 and continuously achieving the minimum 20% target starting from the year 2013-14 and also committed to maintain the trend in future. Policy entails about achieving 20% of the total annual purchases of the products or services produced or rendered by MSEs which has been successfully achieved.

MCL is monitoring procurement process, updating of database of bidders in e-procurement portal, interaction with stake holders in order to achieve target of 20% & improve the same.

## 25. HUMAN RESOURCES MANAGEMENT (HRM)

Mahanadi Coalfields Limited values its Human Resources the most. Your company strongly believes that its success is not attributable solely to its strong market position but to its Human Capital, who are the most valuable assets playing an equally important role for success of the organization. Managing Human Capital effectively and efficiently to face the dynamic challenges on the fronts of knowledge, Technology and changing trends in global business scenario is given highest importance for achieving organizational excellence and sustainability. To keep their morale high, your company extends several welfare benefits to the employees and their families by way of comprehensive medical care, education, housing and social security.

All the 22036 Employees of MCL (as on 31st March, 2017) dedicated themselves, working against all odds of natural calamities, for the excellent performance of your company during the year to make it India's largest coal producing Company with highest ever record productivity of 139.21 Million Tonnes of Coal production, 123.34 M.Cum of OB removal and 143.011 Million Tonnes of Coal Dispatch in the financial year 2016-17.

To achieve sustainable growth and to foster motivational climate, several initiatives were undertaken in HR area during the year. The thrust on rationalization of manpower continued during the year. Manpower strength of your Company as on 31st March, 2017 was 22036 comprising 1828 Executives and 20208 Non-Executives. During the period 2016-17, 832 persons joined your company by way of fresh recruitment, transfer, reinstatement, etc. and 1193 persons were separated by way of retirement, transfer, ESS, resignation, death, etc. The reason behind difference in manpower with respect to last year is on account of providing employment to the Projected Affected Families as per the R & R policies in vogue & Recruitment through campus selection by CIL. The total manpower strength of the company stands at 22036 as on 31.03.2017 against 22397 as on 31.03.2016.

### 25.1 **Industrial Relations**:

As a leading industrial establishment, the Company has maintained healthy cordial industrial relations with its workers' representatives for creating harmonious working environment in the organization. It has also maintained friendly relation with outside agencies and adjoining villagers of the mining vicinity.

Harmonious relation between management and employees is pivotal for achieving higher growth and as such, the company always emphasized on maintaining good industrial relations. This year too, MCL has been successful in maintaining the industrial relations harmoniously with the three-tier IR system mechanism i.e. at Unit level, Area level and Corporate level. Depending upon the issues and delegation of power, the grievances/demands of employees were resolved at different levels of IR system.

Barring one strike held on 2nd September, 2016 by Four Central Trade Unions of Coal India on various issues, Industrial Relation remained peaceful. Apart from this, there were no strikes during the year 2016-17 reflecting the strong relationship between the Management and Trade Unions.

The efforts of all four operating Trade Unions were highly appreciable for maintaining high standards of Industrial Relations with the management.

### 25.2 Participative Management:

Employees' participation in decision making in day-to-day affairs as well as corporate planning up to a certain level with the management, paves the way for achieving corporate goal. MCL, your Company, knowing the values of participative management has adopted the principle since its inception.

Trade Union representatives are nominated by operating trade unions (covered under IR system) to represent in JCC and Welfare Board. In addition to the said bipartite forums, Tripartite Safety Committees at the Area as well as Corporate level are also functioning in which representatives nominated by operating Trade Unions are included. The above said bipartite and tripartite committees were actively involved in assisting the Management to take certain decisions and resolving problems.

MCL believes in developing work culture, amicable environment and solidarity among its employees not only through participative management but also by imbibing best practices such as employee engagement through participation in debates and seminar on the occasion of Rajbhasa Pakhwada, celebration of Safety Week, Quality fortnight etc.

MCL recognizes the importance of gender sensitivity and takes special care for protecting the interests of its women employees and addressing issues / grievances raised by women employees. To promote the development and growth of women so that they will continue to make best use of opportunities, emerge more confident and contribute effectively to the process of inclusive growth, MCL has facilitated for networking, exchanging information and ideas through participation of its women employees in trainings and seminars in WIPS (Women in Public Sector) forum.

Regular structured meetings related to IR, Welfare, Safety, JCC etc. were held at Company level / Area level / Project level in 2016 – 17 wherein various matters regarding employee welfare, safety and employee grievances were discussed with the Union representatives and problems were amicably sorted out. In the course of such discussions, many new ideas and suggestions were also generated for improving work processes and for the betterment of day-to-day affairs of the organization.

In addition, meetings with Coal India Schedule Caste/Scheduled Tribe Employees' Association (CISTEA) were held at Area/HQ where the grievances of employees belonging to SC/ST communities were discussed and steps were initiated to resolve the grievances amicably.

One member of SC/ST Association has been included in the following forums at Unit/Area/HQ level, heralding a positive step towards participative management:-

i) House Allotment Committee

ii) Area Joint Consultative Committee

iii) Corporate Joint Consultative Committee

### 25.3 Training and Development

Human Resource Development- Training is an integral part of our company's corporate policy to develop our human resources in line with development of science and technology to fulfill the demand of production and profit.

To cope up with the task emerging from strategic plan, annual HRD plan is worked out every year to integrate HRD efforts in three in house management institutes namely Management Training Institute (MTI), Burla, Belpahar Training Institute (BTI), Lakhanpur Area, Mining Engineering & Excavation Training Institute (MEETI), CWS Talcher And 5 Group Vocational/ Vocational Training centers (GVTC/VTC) located in Jagannath Area, Talcher Area, Lakhanpur Area, Orient Area and Basundhara Area respectively and training imparted are as follows-

**Training Details for the Year 2015-16 & 2016-17**

**1. Internal Training - MTI's & GVTC/VTC**

| Sl No | Employees | Year 2015-16 | Year 2016-17 |
|---|---|---|---|
| 1. | Executive | 724 | 447 |
| 2. | Supervisor | 1606 | 990 |
| 3. | Worker | 6501 | 5695 |
| | Total | 8831 | 7132 |

**2. External Training Details**

| Sl No | Employees | Year 2015-16 | Year 2016-17 |
|---|---|---|---|
| 1. | Executive | 726 | 873 |
| 2. | Supervisor | 81 | 89 |
| 3. | Worker | 62 | 89 |
| | Total | 869 | 1051 |

**3. Total Training (Internal & External)**

| Sl No | Employees | Year 2015-16 | Year 2016-17 |
|---|---|---|---|
| 1. | Executive | 1450 | 1320 |
| 2. | Supervisor | 1687 | 1079 |
| 3. | Worker | 6563 | 5784 |
| | Total | 9700 | 8183 |

**4. Internship Training to Students of various Educational Institute**

| Sl No | Students | Year 2015-16 | Year 2016-17 |
|---|---|---|---|
| 1. | Mining Engineering | 215 | 158 |
| 2. | Mining Diploma | 1064 | 1134 |
| 3. | B. Tech | 202 | 112 |
| 4. | MBA | 83 | 42 |
| 5. | Others | 55 | 54 |
| | Total | 1619 | 1498 |

**5. Details of sponsorship for Skill Development Training Under Skilling (ITI)**

| Session | Trade | | Total |
|---|---|---|---|
| | Fitter | Electrician | |
| 2016-18 up to (31.03.2017) | 49 | 32 | 81 |
| **Total** | **49** | **32** | **81** |

**6. Details of sponsorship for Skill Development Training (Under Schooling)**

| Session | KSAS, Bhubaneswar | MITS, Raygada | Total |
|---|---|---|---|
| 2016-18 up to (31.03.2017) | 42 | 115 | 157 |
| **Total** | **42** | **115** | **157** |

7. National Skill Development Council (NSDC) Recognition Prior Learning (RPL) Training of departmental mine operation employees started from 15.07.2016 to 31.03.2017 for 1298 employees.

**8. Post Diploma Practical Training (PDPT)**

| Sl No | Candidates | Year 2015-16 | Year 2016-17 |
|---|---|---|---|
| 1. | OSME, Keonjhar | 29 | 50 |
| 2. | KIMET, Chhendipada | 38 | 48 |
| 3. | PCIET, Angul | 36 | 62 |
| 4. | PMIT, Angul | 14 | 22 |
| 5. | KSE, Keonjhar | 11 | 18 |
| | Total | 128 | 200 |

**9. Training Imparted to MCL Board Members**

| Sl. No. | Year | No.of Training | Within India | Foreign |
|---|---|---|---|---|
| 1. | 2015-16 | 8 | 08 | - |
| 2. | 2016-17 | 5 | 04 | 01 |

**10. Training Man Day's Achieved in the year 2015-16 & 2016-17**

| Sl No | Employees | Year 2015-16 | Year 2016-17 |
|---|---|---|---|
| 1. | Executive | 7792 | 6949 |
| 2. | Supervisor | 9456 | 6185 |
| 3. | Worker | 49714 | 48674 |
| | Total | 66962 | 61808 |

### 11. Specialised Training Programme

| Sl No | Employees | Year 2015-16 | Year 2016-17 |
|---|---|---|---|
| 1. | Project Management | 18 | 40 |
| 2. | Contract Management | 17 | 18 |
| 3. | Risk Management | 14 | 12 |
| 4. | Environment, Forest Management and Land Acquisition | 14 | 28 |
| 5. | Simulator Training | 17 | 36 |

In 2016-17, 36.8% of employees have been givean Skill upgradation training of 05 days duration as against 35% of MoU target.

**Management Development Institute at Bhubaneswar (MINREM):-**

MCL has taken up such a large initiative to cater to the growing & emerging development needs of the executive population within the coal sector. The upcoming facility at Tomando, Bhubaneswar aims at multifarious activities like Training & Development, R&D, consultancy & General education Programmes. Competency gaps arising out of introduction of new Technology, diversification of Business, and superannuation of executives can be replenished at a faster rate through structured HRD interventions for which the Institutes is poised.

MCL Institute of Natural Resources and Energy Management (MINREM) solely promoted and fully funded by MCL to come out as a world class Institute in the capital city of Bhubaneswar has been registered by the Inspector General (Registration), Odisha as a Society on 16.01.2016 under the Societies Registration Act, 1860.

As we know MINREM is responsible for building MCL's talent, it will adapt a through and well-throught-out talent development plan that will help instilling the right values in the organization semerging leader; keeping them open-minded and curious; building the necessary muscles to steer the Company through competitive storms.

**Transformation Training**

Company on a regular basis besides imparting the regular statutory training courses takes interest in providing some specialized training to the employees with an out look to the company's future need and requirement as per the company's corporate plans to make the employees skilled enough to take on the future challenges & take the company towards a new horizon on success.

**Training Curriculum**:

A. **Executive Programme**.

General Management Programme. For enhancing the managerial skill & performance of executives.

Functional Programme: For developing knowledge regarding function of other department. Computer Awareness programme: for efficient and smooth functioning of all related official jobs.

B. **Supervisors Programme**.

Supervisory Development Programme: For knowledge and skill up gradation. Safety Management for Supervisors: For creating awareness among the supervisors.

Coaching class for carrier growth like for Overman and Mining Sirdar.

Computer Awareness Programme : For efficient and smooth functioning of all related official jobs.

C. **Workers Programme.**

Workers Development Programme : For skill up-gradation of workers

HEMM training: Land oustees are selected for this training to be posted in different mine after proper training.

**Safety Awareness Programme**: to create safety awareness among workers regarding safety in mines.

**Computer Awareness Programme** : To handle computer efficiently.

**Technical Training**:

It is to provide necessary technical training to the employees working in mines directly or indirectly and also to update them with latest technology if any to be used in mining operation in near future so that capital & technology input to the project through capacity and new equipment or enrichment in the production process through particular systems in technology could provide appropriate return to the investment. In order to implement the above, employees are exposed through.

**Basic Course**: Appropriate to technology, equipment and system.

**Refresher Course**:-

Once in three years to those who have already gone through basic course or are already working in specific skill area. Refresher training it also conducted either on the site or in the training centres.

**Specialized Course**:

In case of change in technology in equipment configuration, capacity & improvement in the system of production.

Management Training

Executives at each level are provided need based training as per the companies requirement from time to time i.e. entry to the higher level, in house training on various subject of companies interest is imparted at the Management Training Institute, Burla. Besides this the executives are sent to various external organization like IICM, Ranchi, IIMs, IITs, NITs and other renewed training centers in India and Abroad for airing new skill and knowledge.

## 25.4 HR INITIATIVES

**Mentor-Mentee Scheme**

In accordance with the CILs scheme of mentor mentee, to ensure high retention rate of new entrants and to develop a pool trained & committee mentors, a key priority organizational area which will help in building sociological contact with them, MCL has appointed 30 number of mentors from different disciplines for 169 number of mentees (Assistant Manager in E-3 grade) for ensuring their professional growth and development & high potential employees for assuming senior leadership roles.

**Imparting Training under Apprentices Act, 1961 (Amended 2016)**

A. Post Graduate Practical Training (PGPT) – 04 posts of PGPT have been notified by BOPT, Kolkata accordingly 03 PGPT have been deployed in Talcher Coalfields and 01 have been deployed IB Coalfields.

B. Post Diploma Practical (PDPT): Earlier quota of 100 posts have been enhanced to 200 posts and accordingly 200 nos. of PDPTs have been engaged in both coalfields i.e. Talcher Area & Orient Area for a period of 01 year for the financial year 2016-17.

C. 182 number of ITI pass out of Odisha State have been engaged for 01 year during the financial year 2016-17 as apprentices trainees in the following areas:-

| Name of the Area | No. of ITI Passout engaged as Apprentice |
|---|---|
| Jagannath Area | 25 |
| Bharatpur Area | 66 |
| Talcher Area | 18 |
| CWS(X), Talcher | 73 |
| Total | 182 |

**HR Vision 2020**.

r GENXT concept in HR vision 2020, A
al Task Force, consisting of 03 dynamic
tant Manager from different disciplines
ly Personnel, Finance & MM has already
constituted & Subsidiary & Discipline Task
consisting of 17 members in each is in
e in MCL.

**Recreational Activities**

der to induce team spirit and to develop
e of fellow feeling amongst the employees,
, and other Recreational activities are being
arly conducted in different Areas of MCL as
as at MCL HQ Sports calendar is being
n-out every year to conduct various Inter
tournaments for the benefit of our
oyees. During the year 2016-17 MCL had
ized Coal India Inter Company Table Tennis
al India Inter Company Chess tournament.
r the CIL Sports Calendar our teams were
ted to participate in various CIL
aments organized at different subsidiaries
. A Run for Excellence was organized on
ccasion of Coal India Foundation day & MCL
dation Day for Veterans, Gents, Ladies and
en at MCL HQ. The Winners were awarded
s. The participants were given T-shirt and
n both the occasion containing company
A series of Cultural programme, Golf
ament and other socio cultural activities
organized from 1st April, 2016 to 3rd April,
covering Utkal Diwas , MCL Foundation day
Best Sports persons were awarded prizes

on the Miners Day celebration 2016. MCL Mahila Mandal undertook lot of philanthropic works in and around MCL peripheral. Financial assistance has been extended to different organisation for undertaking recreational and social activities in their Area.

**25.5.1 Education:**

MCL has rendered Financial Assistance to the Educational Institutions running in and around collieries in the form of Grant-in-aid to 17 nos of privately managed Schools including NK Mahavidyalaya, Talcher. In order to have better educational facilities for our children, 09 DAV Public Schools are functioning in MCL. This includes a DAV Girls High School exclusively for Girl students & provision of smart classes in all DAV Project Schools under MCL. During the year 2016-17, Rs 2758.36 Lakhs ( Revenue) was sanctioned for DAV Public Schools towards recurring expenditure and Rs 1,42,800/- has been provided to Privately Managed Schools in the year 2016-17. In addition to above 40% seats were reserved for Wage Board employee wards for admission into IGIT Sarang and OSME Keonjhar (Diploma Tech. Schools).

**25.5.2 Scholarship of meritorious students**

As per CIL Scholarship scheme employee wards have been awarded scholarship on merit basis. An amount of Rs 19,30,860/-was provided on this head during 2016-17 to 1112 nos of meritorious students (all are employees wards).

MCL had given financial assistance to employee wards towards cost of tuition fees and hostel rent for Technical and Medical Education. An amount of Rs 34,39,770/- was disbursed under this head during 2016-17 to 188 Nos of employee wards.

## 26. OFFICIAL LANGUAGE

In order to implement the Official Language policy of Govt. of India in HQs. and Areas of MCL an Annual Programme/Calendar is prepared every year and programmes are performed as per the calendar.

During the year 2016-17 following programmes/ activities were organized in MCL:

1. **Meetings of Official Language Implementation Committee :**

Official Language Implementation Committee meetings were held on 24.05.2016, 28.07.2016, 27.10.2016 and 31.01.2017 presided over by D(P), MCL wherein progress of Rajbhasha activities in Areas and HQs. were reviewed and important decisions were taken for smooth implementation of the Official Language Policy of Govt. of India.

2. **Rajbhasha Workshop :**

Rajbhasha Workshops were organized at MCL HQs and Areas as under:

In the year 2016-17 total 10 Rajbhasha Workshops were organized in MCL wherein the participants were made conversant with the Rules and Regulations of Official Language Policy of Govt. of India. The participants were also practised noting & Drafting in Hindi. Total 447 Officers /Staff took part in all the 10 programmes. In the year 2015-16, 12 Rajbhasha Workshops were organized in which total 506 officers/staff were trained.

3. **Meetings of Town Official Language Implementation Committee, Sambalpur :**

During the year two half yearly meetings of Town Official Language Implementation Committee (TOLIC), Sambalpur were organized on 23.06.2016 and 29.11.2016 at MCL HQ. Meetings were chaired by the General Manager MTI/RB/ HRD and Director (Project & Planning), MCL.

4. **TOLIC, Rajbhasha Shield competition :**

To promote the implementation of Official Language in all the member offices of TOLIC, Sambalpur a “Narakas Rajbhasha Shield” Competition has been started from 2015 . In the year of 2015-16 total 09 selected member offices were awarded with “Narakas Rajbhasha Shields”.

Shields were given by the Chairperson, TOLIC, Sambalpur during the meeting, held on 29.11.2016.

5. **Training of Official Language (Hindi) :**

Training of Official Language (Hindi) and Examinations were conducted under the Hindi Teaching Scheme, Govt. of India. In the financial year 2016-17 total number of employees passed 240. In the financial year 2015-16 total number of employees passed 293 under Hindi Teaching Scheme as detailed below:-

| Session | Prabodh | Praveen | Pragya | Total |
|---|---|---|---|---|
| 2016-17 | 44 | 108 | 88 | 240 |
| 2015-16 | 83 | 85 | 125 | 293 |

One time lump sum cash awards were given to successful candidates as per circular of CIL. Pragya passed candidates were also awarded with one time cash incentive equivalent to their annual increment, in addition to the lump sum cash award by MCL.

6. **Unicode supported Hindi Typing Training on computer :**

Programmes for Unicode supported Hindi Typing Training on computer were organized at Management Training Institute (MTI), Anand Vihar, MCL HQ. from 20.06.2016 to 25.06.2016 and again from 20.02.2017 to 25.02.2017, in which 87 employees of MCL were trained, whereas in the year 2015-16, 101 employees were trained.

**7. Translation Training :**

A 5 days Translation Training Programme was organised at MCL, HQ from 30.01.2017 to 03.02.2017 with courtesy of the Central Translation Bureau, New Delhi in which 15 employees of MCL trained. Shri B.C.Tripathy, GM (MTI/RB/HRD) was present in the certificate distribution ceremony held on 03.02.2017.

**8. Rajbhasha Puraskar Yojna-2016 :**

To promote and accelerate the implementation of Official Language in MCL, a scheme of **"MCL Rajbhasha Karyanvyan Purskar"** has been introduced in the year- 2015. 03 out of 09 prizes were given to Areas/Units, 03 prizes to big departments and rest 03 were given to small departments of company HQ. For the year 2015-16 all 09 prizes have been awarded by chairperson on the occasion of Vishwa Hindi Diwas dtd. on 10.01.2017.

9. **Akhil Bhartiya Hindi Hasya Kavi Sammelan :**

"All India Hindi Hasya Kavi Sammelan" was organized on 28.09.2016 at MCL HQs. on the Concluding-Day function of Rajbhasha Fortnight -2016.

10. **Rajbhasha Awards/Honours :**

The 1st Rajbhasha Shield was awarded to MCL by the Chairman of TOLIC, Sambalpur for its better performance in implementation of Official Language Policy in the company.

MCL, its directors and senior officers/staff were awarded with shields during 2016-17 by the NGOs for excellent implementation of Rajbhasha, are as follow.

**a. Award given by Rajbhasha evam Prabandhan Vikas sanstha, New Delhi**

MCL was awarded with **"Rajbhasha Shield"** in the 30th Hindi Conference organised in Kanyakumari from 17 to 19 May, 2016.

**b. Award given by Bhartiya Bhasha evam Sanskriti Kendra, New Delhi**

MCL was awarded with **"Rajbhasha Mukutmani**" award in 29th All India Official Language Training Camp organised in Ooti from 26 to 28 May, 2016 for the best execution in the field of Rajbhasha implementation.

**c. Award given by Vishwa Hindi Karyanvayan Parishad Parivartan Jan Kalyan Samiti, New Delhi**

MCL was awarded with **"Rajbhasha Vishishth Samman**" shield in Akhil Bhartiy Rajbhasha Sammelan organised at Trivendram, Kerala from 26 to 28 May, 2016 for the excellent execution in the field of Rajbhasha implementation in "C" region.

**d. Award given by Rajbhasha Seva sansthan, New Delhi**

MCL was awarded with first prize in "Rajbhasha Anupalan" competition. "**Sambalprabha"** a magazine of TOLIC, Sambalpur awarded with first prize in **"Shreshth Hindi Patrika "** in Akhil Bhartiya Rajbhasha Sammelan evam Chintan Shivir organised in Munnar from 01 to 03 June, 2016.

**e. Award given by Rajbhasha Vikas Sanstha, Dehradoon**

MCL was awarded in Akhil Bhartiya Rajbhasha Sangoshthi organised in Ujjain from 09 to 22 Nonember, 2016.

- **"Rajbhasha Shri Samman"** for better implementation of Rajbhasha Hindi in MCL
- "**Vishesh Rajbhasha Shri Samman"** to Shri A.K. Jha CMD, MCL
- **"Rajbhasha Kirti samman"** to shri L.N.Mishra, Director(P)
- **"Vishesh Rajbhasha Kirti samman"** to shri B. C. Tripathi, G.M. (Rajbhasha)
- **"Vishesh Rajbhasha vishishthata samman"** to shri Deepak Behera, Area Personnel Manager, Kaniha Area
- **"Vishesh Rajbhasha vishishthata samman"** to Shri Sudhanshu Daharwal, Asst. Manager,(HR), E-Procurement, HQ

**11. Hindi Diwas / Hindi Pakhwara :**

Hindi Diwas was celebrated on 14.9.2016 at MCL HQs. and Areas. At HQs. the programme was inaugurated by Shri A.K. Jha, Chairman-Cum-Managing Director, MCL.

Rajbhasha Pakhwara was celebrated at MCL HQs. and Areas from 14th to 28th September, 2016. During the Fortnight various competitions like Hindi essay writing, Debate, Noting & Drafting, and Hindi Typing on Computer were organized for the employees of MCL in which huge number of participants took part.

In addition to the above, Hindi quiz competition was also organized only for house wives of MCL HQ.

Prizes and Certificates were distributed by CMD, MCL to all winners of Hindi competitions on Concluding-Day function of Hindi Pakhwara held on 28.09.2016 at MCL Auditorium, Jagruti Vihar.

**12. Vishwa Hindi Diwas :**

Vishwa Hindi Diwas was celebrated at MCL HQs. on 10.01.2017. The programme was inaugurated by Shri L.N. Mishra, Director(Personnel), MCL. A Rajbhasha seminar was also organized on the occasion. Shri O. P. Singh, Director (Tech./ P&P), Sri B.C.Tripathy, GM (MTI & Rajbhasha), Prof. K.P. Gupta, Ex-HoD(Hindi), G.M. College and Dr. V. Ramalaxmi, HoD (Hindi), Women's College ,Jharsuguda, participated and addressed the gathering.

**13. Purchase of Books :**

As per Official Language Policy of Govt. of India, books were purchased of Rs.1,05,000.00/- out of which Rs. 59584/- was spent only for procurement of Hindi and Odiya books which is 57% in the year 2016-17 whereas in the year 2015-16 Rs.87785/- out of which Rs. 77785/- was spent only for procurement of Hindi and Odiya books which is 88.60% of the total amount spent.

**14. Website of MCL :**

Website of MCL has been made bilingual and is being updated on regular basis.

**15. Rajbhasha portal :**

A Rajbhasha Portal has been introduced from the year 2016, in which all types of Rajbhasha activities are displayed.

**16. Rajbhasha Magazine:**

4th issue of two Rajbhasha magazines "**Rajbhasha Jhalakiyan**" & "**Sambalprabha**" have been published during the year 2016-17. "4th edition of **Rajbhasha Jhalakiyan**" released on dtd.28.09.2016 on the occasion of Final Day Function of Rajbhasha Pakhwara and 4th edition of **"Sambalprabha"** was released on

23.06.2016 in the first meeting of Town Official Language implementation committee held at MCL HQ.

**27. Land/ R&R**

Your Company is committed to help the Project affected / displaced families for execution of its projects and has been making efforts to improve the socio economic status of Project Affected Families and also committed for progress with development which amply reflected in its R&R Policy. MCL follows the R&R Policy of the state of Odisha and has provided 777 employments during 2016-17 as compared to 307 employments during 2015-16 and total number of 12940 employments since inception. MCL is acting on the advice of RPDAC towards redressal of grievances related to land oustees. Resettlement colonies have been set up with pucca roads, street lighting, health centres, post offices, daily markets, schools, community centres, worshiping places etc. for the benefit of the land oustees. MCL provides OPD facility to all peripheral villagers in its existing hospitals / dispensaries available in the Coalfields with free of cost or at a nominal charge of Rs. 2.00 per patient.

Your Company acquires land for expansion of mining activities by providing rehabilitation and resettlement to the affected villagers. During the year 2016-17 MCL has taken physical possession of 147.637 hectares of land.

**28. CORPORATE SOCIAL RESPONSIBILITY**

A large chunk of population in India is still deprived of basic amenities and is living at the bottom of socio-economic ladder of our society. As a good corporate entity MCL is taking up different Socio-Economic Development works through its well defined CSR Policy introduced since the year 2010-11 to reach out the poorest of the poor. Since its inception the Company has taken up various developmental activities such as extending financial assistance for Water Supply Schemes, construction/repair of public utility roads, construction of community centre, check dams etc. through infrastructure development, social empowerment through Girls education, imparting training to weaker section and vocational training to un-employed youth/PAPS, render preventive health programme, village health programme and medical facility to peripheral villages on regular basis.

The need assessment of the community is one of the vital processes for taking up CSR activities. Identified needs of the community by State Govt./District Administration, People's representative or by any individual are taken for consideration positively as per the existing norms of the company.

During report period, under Swachh Vidyalay Abhiyan, MCL took up the dream project of Hon'ble Prime Minister of India by undertaking the construction of School toilets in the State of Odisha. MCL took up construction of 10,546 nos. of School toilets in various districts of Odisha.

MCL emphasised on sensitisation, capacity building and advocacy issues within the organisation, especially those involved in the day-to-day operations of the core business, through conducting regular training programme, Discussions, Seminars etc.

MCL has allocated Rs.113.36 Crore for the year 2016-17 based on 2% of average net profit of the company for the three immediate preceding financial years towards CSR activities as per CIL and MCL's CSR policy.

MCL has taken ambitious steps to widen and broaden the CSR activities. The expenditure in the financial year 2016-17 is Rs. 166.60 Crore and the major activities are in progress.

Your Company has complied with CSR provisions as per Companies Act, 2013.

Pursuant to Clause (o) of sub-section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 necessary disclosure as required by the Statute is enclosed as **Annexure-I**.

## 29 GENDER BUDGETING

Your Company strongly believes in Gender Budgeting as a powerful tool for achieving gender mainstreaming so as to ensure that benefits of development reach women as much as men. At MCL, it is not an accounting exercise but an ongoing process of keeping a gender perspective in policy/programme formulation, its implementation and review. As on 31st March 2017 total Women employees' strength was 1784 which constitute 8.09% of MCL's total workforce.

Out of its social responsiveness, your company has always shown its sensitivity to Gender specific issues within and beyond the company and tried to address them through best possible efforts. Few examples are stated below:

- Stimulating the women in Public Sector (WIPS) forum, MCL Branch to function in an active manner with its members participating in seminars and conferences within and outside company for wide exposure and knowledge enhancement.
- Maintenance of Gender specific database of the workforce.
- A complaint committee has been formed to address complaints lodged by women employees in an appropriate and timely manner.
- Granting Child Care Leaves to eligible Women employees as per CIL Rules & Regulations.
- Relaxation of age for employment to female spouses of employees dying in mine accidents.
- Encouraging Women employees to participate in Industrial Relations meetings held between Management and Trade Unions for representation and addressing women related issues.

**Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

"The Company has in place an Anti Sexual Harassmnent Policy in line with th requirements of the Sexual Harassament of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, comtractual, temporary, trainees) are covered under this policy.

No. of complaints received : Nil

No. of complaints disposed off : Nil

## 30. Public Relations

Your company has a very proactive approach towards keeping its stakeholders informed and updated about the happenings/events in the organisation as well as its stand on various issues related to business operations.

We have continued to strengthen our bond with the internal as well as external publics by a planned corporate communication strategy. We maintain a very healthy professional relation with the members of the Fourth Estate. We consider mass media as a force multiplier that helps in accomplishing various business-related as well as social and developmental initiatives of the company. A special emphasis has been laid on building a humane image of the company viz-a-viz environment-friendly coal mining operations, Corporate Social Responsibility (CSR), etc. which have also brought visible advancement in the common lives, particularly in the peripheries under MCL Command in Odisha.

Our Team Public Relations has engaged electronic and print media through press conferences as well as arranging exclusive interviews of the top management by senior journalists to ensure that the stakeholders of the company are well informed. Increased flow of information from the company in the form of press statements on various events, activities and achievements of the company has provided widespread publicity to the company's initiatives and successes.

The company's PR continues to be proactive towards ensuring conducive environment for business operations in the wake of crisis by moblising turbulent conditions in favour of Company through strategic communication.

During the financial year 2016-17, the Silver Jubilee year of the Company, remained an eventful year for Public Relations, which participated in national and state level exhibitions, including the first Make in Odisha Conclave at Bhubaneswar. The working model displayed at Make in Odisha Conclave along with display of safety & rescue equipment and presentation of various operational and CSR activities through creative panels pulled huge crowd of visitors.

The department also prepared audio-visual presentations on digital and technological innovations in business operations of the company for Coal India Limited which were seen by the Central Vigilance Commission and also by Hon'ble Prime Minister during Vigilance Awareness Week 2016.

During the year, the department earned First Prize of SCOPE Corporate Communication Excellence Awards-2016 for "Effective and Innovative use of Digital Communication" and PRCI Collateral Award at 11th Global Conclave for Public Awareness Advertisement, besides one individual award from Coal India Limited for outstanding contributions in vigilance awareness.

Besides publication of achievements of company in newspapers, magazines and other print media, your company had a strong presence in social media through facebook page /@mahanadicoal and Twitter handle / @mahanadicoal, besides a YouTube channel of MCL increasingly engaging people, especially the veterans and current employees of the company.

Your company has continuously been involved in generating awareness on social issues, like AIDS, '*Beti Padhao', 'Swachh Bharat',* etc. through supporting events, printing, publishing and circulating creative content among masses.

To generate positive public opinion and goodwill for the company, corporate advertisements are released to electronic and print media on various occasions. We have also sponsored several events of cultural, educational/training importance, focusing on promotion of Skill India initiative of the Central Government.

## 31. CAPITAL INVESTMENT ON SOCIAL AMENITIES

Details of Capital Investment on Social Amenities as on 31.03.2017 vis-à-vis 31.03.2016 is briefed here under:

| Sl. No. | Particulars | Gross Value of fixed Assets | |
|---|---|---|---|
| | | As at 31.3.2017 | As at 31.3.2016 |
| 1 | Buildings | 476.49 | 404.12 |
| 2 | Plant and Machineries | 74.56 | 73.91 |
| 3 | Furniture, fittings and equipment | 9.16 | 8.90 |
| 4 | Vehicle | 7.56 | 7.55 |
| 5 | Development | 9.29 | 9.24 |
| | **Total** | **577.06** | **503.72** |

## 32. VIGILANCE ACTIVITIES AND ACHIEVEMENTS

The mainstay activities of Vigilance Secretariat of the MCL has been Preventive, Pro-active and Pre-emptive vigilance besides Punitive actions for those cases where clear cut malafide intention was found evident from the relevant records. Preventive and Pro-active vigilance measures inter-alia include systemic improvements, creating vigilance awareness, sensitizing employees & various stake-holders of the company, implementing e-initiatives and implementing the orders, circulars, advisories issued by the CVC, New Delhi, Ministry of Coal, New Delhi and Coal India Vigilance Division from time to time. The main focus of the Vigilance Secretariat of the MCL has been on preventive Vigilance through the use of leveraging technology. Systemic improvements are being suggested in the identified vulnerable area of corruption in order to minimize the human interface in business transactions of the Company. During the current financial year, as a preventive, predictive and pre-emptive vigilance measures, frequent surprise inspections have been made under the guidance of CVO to identify the irregularities in various field operations as well as in due system and procedures. In addition, awareness on vigilance and anti-corruption issues amongst the employees was also on the priority agenda which inter-alia includes newly inducted Management Trainees, Vendors, Students and common citizens through interactions/ Seminar.

1. **<u>Preventive Vigilance Activities:</u>**

(a) **<u>Inspections:</u>**

During the financial year 2016-17, 63 Surprise Inspections and 22 Regular Inspections have been carried out. The major focus of such inspections has been on streamlining of system/procedure to bring in fairness and transparency in the field operations. Surprise Check of various field operations like SILO construction site, quality check of coal stock yards, e-surveillance units, In-motion weighbridge calibration, delay in closure of contracts, coal transportation, road sale related activities, geo-fence violations etc. had been done leading to various systemic improvements in the form of issue of circular instructions, guidelines and recommendations of punitive action wherever found necessary.

(b) **<u>Systemic Improvement undertaken during 2016-17:</u>**

1. While scrutinizing the reports received from different departments for the quarter ending March, 2016, it was found that the progress of several contracts has not been satisfactory probably due to lack of periodic monitoring of the works by the concerned HODs'. In addition, few works had been completed long back, but the closure of the contracts has been badly delayed due to non-finalization of RE/DE and other reasons. The Vigilance Secretariat is looking into such matter where the delay in finalization of contracts has gone much beyond the stipulated time line and where the reasons for such delay are directly attributable to the officials concerned.

In view of the above, the CMD, MCL had been intimated for the review and monitoring of these contracts on a periodic basis to expedite the implementation of the long pending projects vide Vigilance Secretariat's ref. No. 963 dated 24.05.2016.

2. During a study conducted by the Vigilance Secretariat based on the representations made by the PAP Societies relating to the delay in registration of different Co-operative Societies/Partnership Firms, it was observed that the deletions/additions of members had been made by many societies in both the Coalfields without intimating the projects/areas and the MCL HQ. In the absence of clear-cut guidelines/ directives, many societies continued with the changed membership without obtaining the approval of the competent authority even though the registration of the Co-operative Societies in the MCL had been done with the approval of the competent authority at the MCL HQ.

It was advised to the CMD, MCL that such Societies which are registered with the MCL, may furnish the names of the members proposed to be added/deleted at least a month in advance with proper justification in a proper format to the concerned Area Authorities for taking necessary approval of the competent authority in advance to have uniformity in the functioning of PAP's Societies in the Coalfield. Further, the following systemic measures were suggested for necessary action to streamline the functioning of the PAP's Societies.

i) The PAPs who had not been given any employment or whose case is not under consideration for any employment in the MCL, may only be made eligible for becoming members of the Co-operative Societies.

ii) To consider restricting the PAPs within their home Projects/Areas due to the overlapping of areas, especially in the Talcher Coalfield where situation is arising that PAPs of one area are becoming members of the Society registered for other Area. With the introduction of PAP members from other areas, the unrest amongst the PAPs of the home Projects/ Areas is likely to increase because of the deprivation from getting benefits under the scheme. Also the cross-verification of the members of PAP Societies of other areas may get difficult for the area in which the Society is working.

iii) Formulation of suitable guidelines for exercising a kind of control over a situation where a PAP member after giving resignation from the society may become a Non-PAP member of another society in other nearby area within same coalfield, resulting into getting the advantage of the scheme for more than 5 years.

iv) Re-visiting of Board directive pertaining to extension of periphery of 30 KM to 75 KM in the absence of any well defined boundary of the coalfields, and particularly when the scheme was introduced to help the PAPs in regular earnings and improvement of their economic condition, allowing the Non-PAP members within the Co-operative Society from places which are far away from the Areas (up to 75 KM from the periphery of the coalfield) may defeat the basic purpose.

It also came to the notice of the Vigilance Secretariat during the systemic study conducted in this regard that the PAP members of societies/partnership firms are being deprived from proper sharing of profits by the non-PAP members thereby defeating the very purpose for which the scheme had been implemented. This aspect also needs to be addressed by the concerned authorities. In order to inject the element of transparency, it was also advised that the payment to the partners of the Society/ Partnership Firm may be made through Bank Accounts so as to keep a track of proper distribution of profits and to avoid the non-payment/under payments issue of the PAP members.

In this regard, the CMD, MCL was intimated vide Vigilance Secretariat's ref. No.913 dated 16.05.2016 for taking necessary action for streamlining the functioning of the PAP Societies.

3. On scrutinizing the investigation report regarding a complaint on irregularities in procurement of portable rest shelters in the projects of the MCL, it was noticed that rest shelters were procured at different rates (the rate difference was 87% more in some projects). This kind of situation had arisen due to non-availability of standard specifications and SOR (schedule of rates) for the procurement of portable rest shelters with the Area Safety Officers. This could be avoided if the SOR of all the safety items are arrived at for standardized procurement of the safety items.

In this regard, the CMD, MCL was advised vide Vigilance Secretariat's ref. No.1085 dated 20.06.2016 for making certain systemic improvements in the procurement of safety items and to incorporate Performance Guarantee Clause in procurement of all items/ materials/ equipments of revenue nature. It was also advised to club the requirement of all the Areas in order to have a bulk purchase which shall bring in competitiveness as well as prevent the development of any nexus between the officials and suppliers working with vested interests.

4. It had been noticed that in dealing with the tender formalities w.r.t. the major contracts, Tender Committee Members are not making themselves available for the scheduled tender deliberation meetings organized for the purpose of arriving at the logical decision within the ambit of the NIT. Due to such casual approach on the part of the Tender Committee Members, decision making process is getting adversely affected resulting into ultimate delay in the finalization of the tender process.

Also, it came to the notice of the Vigilance Secretariat that some Tender Committee members do not attend the TC meeting on the scheduled date and sign the Tender Committee reports on a later date with back dated signature. Further, it was noticed that few TC members even delegate their authority to the junior officers even at the level of E-5/E-6 to attend the meeting and sign tender documents on their behalf citing unreasonable grounds so as to abstain from crucial decision making process vital for the finalization of tender proceedings.

In view of the aforementioned facts & circumstances, the CMD, MCL was advised vide the Vigilance Secretariat's ref. No.1176 dated 08.07.2016 to direct the TC members to strictly adhere to the tender schedule for expeditious finalization of the tender committee deliberations so that making process is expedited in a fair and transparent manner in order to save the precious time of the Company as also the cost/time overrun of the contracts.

5. Recognizing the fact that post award management of the contract had been a grey area in MCL, the CVO, MCL had a discussion with the Sr. Technical Director, NIC, Chennai regarding on-line monitoring of the contract during the post award stage. In this regard, it is stated that through the e-procurement portal, the procurement of goods and services are being monitored till the declaration of the L-1 bidder. Now the focus must shift on post award contract management in order to ensure hassle free closure of contract with the fixed time line.

During the discussion with the Sr. Technical Director, NIC, Chennai, it emerged that a concept note is required to be prepared by the MCL indicating various stages of its existing milestones along with the features required to be added for the purpose of monitoring of projects like blinking facility on the web portal as well through mobile based app/ SMS alerts on failure of time schedule for critical and major activities to all the concerned officials associated with the projects.

Accordingly, a flow chart comprising of all the major stages indicating the milestones right from the formulation of the draft scheme till the release of EMD/PSD has been devised by the Vigilance Secretariat for sharing it with the NIC, Chennai so that they are made fully aware about our requirements.

In this regard, the CMD, MCL was intimated for perusal, necessary modifications and further action vide Vigilance Secretariat's ref. No.1507 dated 27.08.2016.

6. Based on a discreet information, the Vigilance Team conducted surprise inspection at some of the OCPs of Ib Valley Area and Lakhanpur Area for the verification of facts and figures pertaining to the execution of MARC (Maintenance And Repair Contract) for the departmental Surface Miners.

While scrutinizing various documents like the Terms & Conditions of the Agreements, monthly bills, log books etc in respect of 05 Surface Miners of L&T Make pertaining to the maintenance under the MARC, the following observations were made:

i) The performance of MARC is based on the guaranteed annual percentage availability of the said machine and for 80% and beyond availability, no penalty clause is applicable. In few instances, it was observed that though there was more than 80% annual availability of the machine, but the monthly availability % in some months were less than 80%, though the average annual availability was as per the stipulated norm of 80%, in the months where the availability was less than 80%, invoices for full payment for the month has been raised. The apparent reason for the same is that there is no penal provision in the agreement for imposition of penalty for not achieving the monthly % availability.

ii) The agreement stipulates that the MARC Holder may deposit the monthly invoices of previous month within 5th of every month for payment. It has been observed that there were abnormal delays on the part of the MARC Holders to raise the invoices. Sometimes, invoices were raised clubbing multiple months. Unreasonable delay in submission of bills gives rise to suspicion of possible modification in the availability % of the Surface Miner.

iii) During on the spot verification of the documents, it was observed that the compliance of different clauses like Oil Sampling, Joint Structural Stability checks as per the T&C of the agreement by the MARC Holder were not being done. There is no provision of penal action in the agreement in case of non-compliance of the same.

iv) The Terms & Condition of the agreement stipulates that the MARC holder shall prepare a yearly programme to carry out the maintenance as per the OEM recommendations, every year, for the entire tenure of this contract and shall submit the same to MCL for approval. Further, the MARC holder shall also provide the schedule on a monthly basis for the maintenance of the supplied equipment as per the equipment usage. During the surprise inspection, it was observed that both were not being complied with. There is no provision of penal action in the agreement in case of such non-compliance.

v) As per the agreement, the MARC holder is entitled to get payment @ Rs.580.00/Hr for L&T make and Rs.550.00/Hr for Wirtgen make as the supervision charges for available hours which also includes the idle hours of the machine. As has been observed from the Annual Availability Statement for the year 2015-16 pertaining to the L&T -16 of Lakhanpur OCP, out of 8760 total shift hour the idle hour was 3046 hour i.e. 34.5% for which about Rs.17,66,680.00 ( Rs.580.00/hour X 3046 hour) was paid to the MARC Holder. High idle hours of the machines inflict direct losses to the MCL not only in respect of loss of coal production but also by the way of the idle hour payment to the MARC Holder.

In view of the above facts, the CMD, MCL was intimated vide Vigilance Secretariat's ref. No. 1640 dated 19.09.2016 for bringing in suitable systemic improvement for monitoring the compliance of the T&C of the agreements of the MARC alongwith on-line daily entry of Working Hours, Idle Hours and Breakdown and Maintenance Hours with reasons thereof in a suitably designed format in the Coal-net.

7. The Vigilance Secretariat while examining various types of procurement contracts pertaining to complex machineries/ equipments by the material Management Department, MCL HQ observed certain lapses/negligence/ irregularities in the award and execution of the tenders resulting in delay in arriving in the final outcome of the tender.

Based on the examination of the procurement tenders of the MM department, the following advisories were suggested to the CMD, MCL vide Vigilance Secretariat's ref. No. 1710 dated 29.09.2016:

The bid validity may be decided more reasonably during the NIT formulation process considering the complexity of the tender so as to complete the tendering procedure upto the hoisting of the final decision on the website well within the original bid validity period. This is itself in line with the circular instructions of the Commission to ensure the finalization of the tender within the stipulated original bid validity.

In the exceptional situation where the bid validity period is sought to be extended, it should be brought on record in real time with valid and logical grounds, justifying extension of the said validity and this extension procedure may be completed within the original bid validity period with the approval of the tender approving authority.

The NIT documents of both the aforementioned tenders stipulate that the bid validity period of the tenders shall be minimum 120 (one hundred twenty) days from the end date of submission of bid. Considering the aforementioned circular of the CVC, New Delhi, the term 'minimum 120 days from the end date of submission of bid seems open ended and needs to be more specific like maximum ____days from the end date of submission of bid or less, thereby adopting a fixed tender completion date.

Keeping in view of the complexity of the equipment/machineries under procurement with wide range of technical parameters which includes procurement of proprietary items, items with limited sources of supply etc, conducting the Pre-NIT meetings are advisable with the prospective/known bidders to arrive at the befitting technical parameters based on the requirements. This exercise may also increase the number of bidders in the tender.

Similarly, Pre-bid meetings can also be a wise option to identify the shortcoming in the NIT of such high value complex equipment, machineries. Therefore, the Material Management as well as the concerned user department can be suitably advised to conduct the Pre-NIT meetings as well as pre-bid meetings as and when required during procurement of complex equipments/ machineries.

As per the prevailing system of tendering, once price bids are opened and L-1 bidder is selected, only the L1 bidder is required to upload confirmatory documents and there ought not be any scope for the TC for any interaction/negotiation with other participating bidders including the next lowest i.e. L2 bidder. In both the cases, it has also been observed that the TC has taken cognizance of the complaints of the L2 bidder and has acted on the points raised by them in the complaints/ representations which is corroborated by the facts that the TC has deliberated about the same in the TCR, which subsequently delayed the tender in reaching its final outcome. Therefore, it is very essential for the TC members to avoid entertaining any representation from the L2 bidder during evaluation of the tender documents which may otherwise influence their impartial decision making during the evaluation.

8. Based on discrete information, the undersigned along with the Vigilance Team conducted inspection at Jagannath Area on 13.10.2016 for field verification of the compliance of conditions of MoU pertaining to transportation of coal from mines to Private Washeries for coal beneficiations. The MoUs were executed in between MCL and different coal consumers for transportation of coal from MCL Mines to dedicated Private Washeries, from which the coal is lifted by the consumers after beneficiation.

During the inspection, it was observed that all the transactions of the washery vehicles were made at weighbridges through the dedicated i3MS software of Govt. of Odisha. But no RFID tag has been installed in any of the vehicle to introduce automatic vehicle identification at weighbridges as being followed in case of internal coal transportation. It was also observed that the Area/Project Authorities are not having access to the GPS vehicle tracking system which has been installed in all the vehicles by the washery operators.

Vigilance Secretariat has taken different e-initiatives during the last couple of years to prevent pilferage of coal through road. Non-compliance of aforementioned measures pertaining to coal transportation from MCL Mines by the private washery operators is a serious issue.

In this regard, the CMD, MCL has been intimated vide Vigilance Secretariat's ref. No. 1814 dated 18.10.2016 to take the following preventive action on urgent basis:

i) Complete compliance to the conditions of MoU.

ii) Dedicated coal stockyard, transport path and entry - exit gate for loading and transportation of the washery vehicles.

iii) Daily reconciliation of weighbridge report with GPS vehicle tracking report by the nodal officers of Area/Project.

iv) Introduction of RFID tags in all washery vehicles with RFID readers at weighbridges and entry-exit gate (for automated drop gate facility).

v) Installation of CCTV cameras inside the weighbridges dedicated for washery transportation.

vi) Exploring the possibilities of including the washery transportation route under active geo-fence area so that the washery vehicles could be monitored through MCL's own e-surveillance units.

9. According to the CSR Department's Action Taken Report (ATR) submitted on 06.10.2016, the receipt of the Utilization Certificates (UCs) worth Rs.109.63 crore against cumulative CSR Fund allocated for the period 2010-11 to 2014-15 worth Rs.196.73 Cr. is 55.73% and is a marked improvement over the UCs received of worth Rs.14.11 Cr. against deposited amount of Rs.149.04 Cr. i.e. 9.98% as on 14.07.2015. However, there is still a lot of scope for further improvement in streamlining the system for monitoring the utilization of the allotted and disbursed CSR funds. In the meanwhile, the audit conducted by the Internal Audit Department of MCL on the CSR expenditures for the said period has

revealed several lacunae, in which the CMD, MCL has been intimated to take special attention by the execution wing vide Vigilance Secretariat's ref. No.1805 dated 17.10.2016 as per the following:

a. The Utilization Certificate (UCs) must contain as enclosures, documents such as work order issued by the respective State Authorities against the work executed, copy of bills paid to the agency and photograph of the work completed at different stages and the final completed work photographs. The standard prescribed display of CSR Project Information at prominent places must be provided alongwith UCs for further release of fund.

b. The District Authorities may be asked for providing balance UCs of the completed works of prior periods before the release of new fund for the new works.

c. It is felt that no fund should be released arbitrary in the name of "Miscellaneous Works". The list of works to be undertaken under the CSR ought to be strictly adhered to the activities covered under CSR policy of MCL/CIL.

d. Fund released for any specific work, if not utilized within the time frame for the said work ought to be returned back with interest to the MCL for its utilization in other works of CSR nature.

e. For the above said point, MCL and State Authorities must finalize MoU for the execution of work in which the mode of payment, payment schedule, schedule of time and other points felt necessary for effective Work Management shall be mentioned.

f. The Non-Govt. Organizations receiving CSR funds must be registered with the Govt. as NGO/Society/Club etc. and expenditures incurred by them need to be audited by an Independent Auditor.

10. The officials of Vigilance Secretariat, MCL, visited Lakhanpur Area on 12.11.2016 to observe the working of Integrated Fuel Management System (IFMS) installed in Lakhanpur Area. During the visit, a presentation was made by the service provider of the Integrated Fuel Management System on its working. In this regard, suggestions have been intimated to the CMD, MCL vide Vigilance Secretariat's ref. No.2150 dated 23.11.2016 for incorporation of the following features on this system under the Pilot Project:

**a.** **Decantation Management Module** – It will help to know the exact quantity of HSD being decanted in our underground reservoir.

**b.** **Flow Meter Management** – It will cross-check input quantity of HSD from the POL Company.

**c.** **Anti-Theft Management**- It will control pilferage from vehicle/HEMMs at user end.

**d.** **GPRS on Diesel Bowser** – It will help monitor real time movement of the vehicle and help in curbing any possible pilferage.

**e.** **Installation of High Resolution CCTV Cams at Vantage Points** – It will help us identify the culprits involved and will enable us to bust any possible racket of POL pilferage.

11. During the surprise check by the undersigned along with the vigilance Team

on 15.11.2016 at Basundhara Area of MCL, the following lapses were found and the systemic improvement suggestion was made to the CMD, MCL vide Vigilance Secretariat's ref. No.2163 dated 25.11.2016:

**Delay in closure of mining contracts** – During the inspection, it was found that 18 contracts were pending for closure. Delay in closure of contracts results in delay in release of security deposits etc. to the contractors. Accordingly, it was suggested for initiating the proposals for closure of contracts well within time.

12. The Vigilance Team led by the undersigned visited the Central Hospital, Ib Valley Area. After the visit, the following systemic improvements were suggested to the CMD, MCL vide Vigilance Secretariat's ref. No.2030 dated 16.11.2016 for immediate improvement:

a. Deployment of professionally trained security personnel under departmental supervision to deal with exigencies and to restrict visitors inside the Hospital. This will enhance the safety and security standards as required for a sensitive place like Hospital.

b. Fire-fighting plan/automatic fire suppression system to comply with the requirement of the OHSAS. The Hospital may be brought under the CCTV surveillance. The Personnel executive posted at Hospital may be made accountable for Security and Safety arrangements including fire-fighting in addition to his regular job assignment.

c. For long-term improvement, a study may be undertaken to increase the effectiveness of the Hospital by improving /adding/replacing amenities viz. ICU, X-ray unit, Mobile Medical Unit/Steam Cooking System and General and Specialist Doctors/Professional Hospital Manager and adequate number of technicians.

d. Steps for eviction under Section PPE Act, 1972 may be initiated to curb the influence of the outside players involved in catering private medical facilities for gainful utilization of the Hospital.

13. It has been observed that the tender for the procurement of Surface Miners has not been finalized within the original bid validity period. Further, the bid validity of the L-1 bidder was also not extended beyond the bid validity period by the Tendering Authority till the date of intervention by the Vigilance Department and subsequently, the bid validity period was extended twice by the L-1 bidder. Further, against the practice in MCL, in the instant case, the TC members took action based on the representation of a bidder other than the L-1 bidder which resulted in delay in decision making.

It has also been observed that the Tender Committee Members are failing to take decisions within a reasonable time limit due to lack of experience and expertise. It may also be due to fear of committing mistakes, in the minds of the officials dealing with tenders.

In this regard, CMD, MCL was intimated vide Vigilance Secretariat's ref. No.2362 dated 22.12.2016 for directing the concerned directorate for expediting finalization of the tender strictly as per the Terms and Conditions of the NIT. Further, it was also advised to explore the concept of a dedicated Tender Cell at HQ as well as at Area levels to exclusively deal with all types of tendering activities.

14. During scrutinization of the Lieu Leave (LL) Registers from different departments of MCL, the following shortcomings have been identified:

i) In most of the Registers, LL availed date is not mentioned and hence it can not be ascertained whether the LL has been availed within 03 months' time of acquiring it or not.

ii) EIS No. of Executives who have availed LL has not been mentioned in most of the cases.

iii) In some cases, the Controlling Officer/ HOD has not approved the Sunday/PHD without which the LL can not be availed against those unapproved Sundays/ PHDs.

In this regard, the CMD, MCL has been intimated vide Vigilance Department's ref. No.206 dated 27.01.2017 with the following suggestion:

i) The LL should be availed within three months period of acquiring it.

ii) The Controlling Officer of the respective department shall be responsible for maintenance of the records of LL.

iii) Clarity and neatness of the LL Register should be maintained in all respect.

15. During the month, the Vigilance Team inspected the Balanda Old Workshop site and Jagannath Regional Store, Jagannath Area. During the inspection, it was observed that a large amount of Scrap Materials were lying un-accounted at the Balanda Old Workshop site for long durations. Therefore siphoning of scrap materials can not be ruled out. To arrest recurrences of such instances, the following systemic improvement measures are advised to the CMD, MCL vide Vigilance Department's ref. No.15 dated 04.01.2017:

i) Audit of all the Scrap Materials (accounted and/or unaccounted) lying at Old Workshop Sites, Colliery Stores etc. in all the Areas of MCL through a dedicated and preferably HQ Level Committee.

ii) If unaccounted scraps are identified, it should be brought in to account and charges to be framed against responsible officers for keeping unaccounted scraps.

iii) Expedite the disposal of the scrap materials in a time bound manner to avoid pilferages.

**2. <u>Punitive Vigilance:</u>**

**Details of Vigilance Cases taken up for investigation, inquiry etc. Reporting period from 01.04.2016 upto 31.03.2017:**

| | Particulars | Period from 01.04.2016 to 31.03.2017 | No. of employees involved | Remarks |
|---|---|---|---|---|
| (a) | Total No. of vigilance cases | 13 | 59 | |
| (b) | Total No. of cases taken up for Departmental Proceedings | 09 | 41 | |
| | i) No. of Major Penalty Proceedings | 04 | 26 | |
| | i) No. of Minor Penalty Proceedings | 05 | 15 | |
| (c) | Total No. of cases in which penalty imposed | 05 | 10 | Out of 05 cases, 01 case has been closed after serving the Cautioned letters to 03 employees. In 01 case, major penalty of dismissal has been imposed on 01 employee. In 03 cases, minor penalty of Censure/ caution have been imposed on 06 employees. |
| | Major | 01 | 01 | |
| | Minor | 03 | 06 | |

**3. Rotation of Employees:**

Company has a policy for rotating the employees, who are working in sensitive posts/departments. During the period, 398 employees had been rotated. This includes those officers whose names were figured in the "Agreed List" & "List of Officers of Doubtful Integrity" for the year 2016.

**4. CVC Matters:**

During the reporting period, 01 case relating to non-execution of agreement for the work under NIT-731 at Hingula OCP has been sent to the CVC for seeking 1st stage advice.

**5. Parliament Questions:**

11 Parliament Questions were replied during the reporting year.

**6. Right to Information Act:**

21 RTI queries were replied during the reporting year.

**7. Submission of Reports:**

Monthly, Quarterly, Annual Reports had been sent to the Central Vigilance Commission, Ministry of Coal and Coal India Limited timely.

**8. Vigilance Clearance:**

During the year, vigilance clearance status in respect of 9498 employees including the officers at the level of Directors, Senior Executives and Non-executives had been furnished to the CIL/MOC/CVC with relation to promotion, probation, superannuation matters. On line Vigilance Clearance Module has been implemented in respect of both Executives and Non-executives for furnishing vigilance status on line.

**9. Transparency**

The MCL Vigilance Secretariat had been responsible for introduction and implementation of the following IT based initiatives for bringing transparency in day-to-day field and official transactions in the Company:

9.1 **Introduction of In-motion Road Weighbridges with RFID and its connectivity to Coalnet:**

In-Motion weighbridges with RFID/IP cameras has ensured weighment of more than 800 tippers in one shift as against 200 tippers through electronic static weighbridges. This has resulted in drastic increase in coal weighment percentage from 10-15% to 90-95%, thereby reducing the chances of adjustment in manipulations in coal production figures on daily basis. The use of RFID tags and RFID reader has ensured entry of authorized coal tippers only inside the mine boundaries. IP Cameras in Electronic and In-motion weighbridges have led to increased surveillance on all the coal tippers for cross checking the entry of RFID tag installed coal tippers. Coalnet has ensured real time transmission of coal weighment data to the Central Server. This has further reduced the chances of fudging of coal production figures on day-to-day basis.

9.2 **Installation of GPS based Vehicle Tracking System (VTS) & Geo-fencing of Mining Areas to prevent Pilferage of Coal:**

1800 Coal carrying tippers operating in the mining areas of MCL have been fitted with GPS/GPRS and a dedicated portal i.e.

www.mclvts.in has been developed for monitoring of Vehicle Tracking System(VTS). Also System driven reports have been designed to get no. of trips, path traveled by the tippers (lead), route violation report contract-wise and tipper-wise. “Geo-fencing” of mines area have been done in the said web-portal to prevent coal theft. The installation of GPRS based VTS has enhanced a greater transparency and effective monitoring of coal transportation as also is ensuring correct payments made to the transport contractors based on the leads (distance) recorded by the dedicated portal. The other advantages of this e-initiative have been online monitoring of movement of coal carrying tippers thereby increasing in the efficiency of transportation of coal.

A rate contract for the supply of 3483 GPS based VTS for installation on all HEMMs including all OB carrying dumpers and coal tippers has been concluded. The order has been placed for 2494 nos. of GPS based VTS of which 2305 nos. has been delivered and is under installation.

9.3 **Implementation of monitoring and e-surveillance units in enhancing operational efficiency & combating corruption:**

Enhancing greater transparency in loading and transportation activities in the mine areas through electronic surveillance have been the focal point. For this purpose, 44 nos. of CCTV and 91 nos. of IP Camera have been installed. 9 Nos. of control rooms have also been started at Area level for monitoring of e-initiatives and centrally an e-Surveillance & Monitoring Unit has been set up at MCL HQ. 05 IPC has been kept in standby for the In-Motion WBs. This has been yielding positive results in terms of improved transparency in the various mining operations curbing corruption. This has also resulted in close monitoring of coal quality and quantity. The loading time of railway wagons have been reduced from 5-6 hours to 3-4 hours thereby reduction in the demurrage charges borne by MCL.

In addition, 35 nos. of CCTV Cameras have also been installed at the entry/exit points of the coal mining projects and at the magazines of the MCL.

A work order has also been issued for 376 CCTV Cameras (for the installation of 21 nos. of IP PTZ, High definition, day/ night wide dynamic range Dome Camera and 355 nos. of high definition IP Box/Bullet Camera for outdoor and indoor installation) at 09 regional Stores and 02 Central Stores of the MCL.

9.4 **On-line Auto-Refund of EMDs to unsuccessful bidders:**

The delay in refund of Earnest Money Deposit (EMD) to the suppliers/vendor was a grey area susceptible to the corrupt practices. In order to address this issue, auto-refund of EMDs was thought as an everlasting solution to ensure “system driven EMD refund” to the clients. The system driven refund mechanism was introduced during November 2013. Since then refund amount is being redirected to the supplier/tenderer account in an auto-mode once the e-tender portal declares the unsuccessful/rejected bids.

A sum of Rs.13.63 Cr has been refunded to 4292 unsuccessful/rejected suppliers/

bidders during 2016-17 on auto-mode in hassle free manner, thereby reducing the number of complaints regarding corrupt practices. Bidders participation has gone up and also the vender base is improving.

9.5 **Stabilization of Coalnet:**

The stabilization of the Coalnet of the Company spread over 2700 Sq. km. area through OFC/Radio Network by making it as an important data repository w.r.t. Online bill status, Coal Production, PIS, Financial accountability, Material Management etc. could be possible due to constant follow up through the regular field visits & sustained efforts by the vigilance secretariat.

For proper monitoring of contractual manpower engaged in coal transportation work, security and other annual contracts, PIS module for contractual manpower was thought of and accordingly the module had been designed on Coalnet. This will ensure transparency in execution of contractual works and payment to the workmen.

The data repository in Coalnet is being effectively utilized for "real time monitoring of contractual bills" which was one of the vulnerable areas prone to corrupt practices. The Real Time Monitoring of Contractual Bills through the Coalnet has led to payment of Rs. 835.93 Cr of contractual bill on first in first out basis during 2016-17. Prior to year 2012 the delay was up to 3 months which has now come down to 15 days. This has resulted in drastic reduction in number of complaints w.r.t contractual bill payments.

The Sales & Marketing Module - Rail and Road Sale billing is being done by the Areas on central Coalnet server at MCL HQ. The sales related activities of the MCL Kolkata office have been shifted to the Coalnet Server at MCL HQ. Also, the Refund of EMD of Sales is being done on the Coalnet Server at the MCL HQ. The Sales and Marketing Module on the Coalnet has enabled Online Monitoring of issuance of DO; refund of coal sale value of Rs. 159.36 Crore was made to 3379 consumers within one month from expiry of DO.

Financial Information System is working at the MCL HQ, MCL Bhubaneswar and Kolkata office and the same has been modified to suit the requirement of the Areas also. The system has already been implemented in all the Areas of Ib Valley Coalfields, Basundhara Area and Jagannath Area.

Production Information System – This module has been made functional for monitoring of daily coal production and OBR through on-line transmission of coal weighment data from In-Motion and electronic static weighbridges to the Central Server. The payment to the coal contractors is also to be made based on the coal weighment data available on the central server, which would eliminate the possibility of favouring or disfavouring the contractors at the time of billing.

Payroll module and Bio-metric attendance system have been made functional at the HQ and action has been taken to implement the same module at all Areas, projects for effective monitoring of human resources.

9.6. **e-Procurement**

e-Procurement in the MCL was started since August 2009 for tendering of works, services and goods. All the open tenders having estimated value more than Rs.2.00 lakh are being floated on e-Procurement Portal of the MCL i.e. www.mcltenders.gov.in. This had been designed by the NIC and complies with all the safety standards and also meets all the security requirements.

During 2016-17, 2068 nos. of tenders were published through the e-procurement portal having a corresponding value of Rs. 2940.51 Cr. The principles and successful implementation of the existing e-procurement system in the MCL have been shared with the CIL for developing a single platform of e-procurement for all the subsidiaries.

For bringing more transparency in tenders below Rs. 2 lakh, the tender notices are being uploaded in the MCL Website for wider publicity and participation. During 2016-17,8762 Nos. of tenders having a corresponding value of Rs. 49.76 Cr have been uploaded on the site.

9.7 **3DTLS:**

Action has been taken for the Procurement of 04 nos. of 3 DTLS (02 nos. for Ib Valley Coalfields & 02 nos. for Talcher Coalfields) and its tender opened on 08.06.2016 (Total value Rs. 7.26 Crore), but no bidder participated in the tender. Subsequently the TPS was modified and retendering was done. The tender was opened in January, 2017 and was recycled twice due to deficiency of the documents. It is yet to be finalised.

9.8 **Measurement of coal stock using SURPAC Software:**

Based upon the advisory note by the Vigilance Secretariat vide No.1978 dated 21.11.2013, a purchase order was placed to M/s. EDS Technologies Pvt. Ltd, Bangalore vide order No.19 dated 22.06.2015 for the procurement of SURPAC Software for 03 nos. of licence for bringing more fairness and transparency in the survey measurement.

9.9 **File Tracking System:**

Observing the inordinate delay of movement of files relating to closure of contracts, procurement, dependent employments etc. a systemic improvement measure was proposed to the Management vide Vigilance Secretariat's ref. No 1483 dated 24.07.2015 that the cases and the files which were being kept pending for indefinite period, it should be recorded as Lie Over Till (LOT) on that particular file with a valid reason duly approved by the concerned HOD so that such files were constantly monitored on periodic intervals for its quick disposal. In order to have an everlasting solution to this, file tracking system on the Coalnet was put in place w.e.f. 15.08.2015.

Consequently, the management took steps to route the files through File Tracking System.

But the Vigilance Secretariat found that the implementation of FTS was not satisfactory and still large no. of files were not being routed through FTS. Hence, another advisory vide Vigilance Secretariat's ref. No. 2549 dated

26.12.2015 was also sent to the CEO of the Company for routing all the files through FTS.

Consequently, orders have been issued by the D(F) and D(P) to process all the files through FTS only and during 2015-16, a total of 22047 files have been routed through FTS.

10. **Observance of Vigilance Awareness Week - 2016:**

As per the directives received from the Central Vigilance Commission, New Delhi, Mahanadi Coalfields Limited, Sambalpur observed Vigilance Awareness Week-2016 from 31st October to 5th November, 2016 at HQs and in all its Project Areas.

**MCL HEADQUARTERS**

**Date: 31.10.2016**

The Vigilance Awareness Week Celebration-2016 started with pledge taking ceremony on 31.10.2016 in which all the employees and officers participated. In consonance with the theme for this year's Vigilance Awareness Week, i.e. "Public Participation in Promoting Integrity and Eradicating Corruption", a Seminar was conducted on 31.10.2016 at MCL HQ, in which Shri A.K. Jha, Chairman-cum-Managing Director alongwith Chief Vigilance Officer and all the Functional Directors of MCL were present.

The seminar was also attended by the Officers and employees of Project Areas from MCL HQ, besides the JCC (Joint Consultative Committee) Members representing various Trade Unions.

**Date: 01.11.2016**

On 01.11.2016, a debate competition was held for school students in and around Sambalpur. The Jagruty Mahila Mandal (a Social Welfare Organization) of MCL was actively involved in the said debate competition for judging the performance of the students and prizes were distributed for their active participation.

**Date: 02.11.2016**

On 02.11.2016, as a part of the Vigilance Awareness Week, the Bidders' Meet (contractors/suppliers/vendors) was organized at the MCL HQ, Burla, in which Shri S.K. Mohanty, IRS (Retd.), Independent External Monitor (IEM) for MCL participated. During the bidders' meet, they expressed their views/ grievances/ suggestions on various problems being faced by them w.r.t. Civil, Transport and other contracts. The meet was also attended by the General Managers & Staff Officers of various disciplines from the Project Areas, General Managers/HODs and employees/officers of the Company HQ. The Functional Directors alongwith the undersigned were also present in the Meet. The Interactive Session with the bidders' was instrumental in knowing the grass root level problems being faced by the contractors/ suppliers/vendors. The IEM/Functional Directors/CVO assured the stakeholders for redressal of their grievances. The matters relating to the grievances would be followed up with the concerned departments for its redressal.

**Date: 03.11.2016**

On 03.11.2016, an interactive session was held with the field executives and employees of Ib Valley Coalfields in which the undersigned alongwith Vigilance Team interacted with the employees, executives and the JCC members of various Trade Unions. The integrity pledges for citizens and for organization were administered to all the participants.

On the same day, the General Managers/ HODs of E&M, Civil, Contract Management Cell, MM etc. organized interactive sessions with the bidders/ consumers/stakeholders of their respective areas for promoting Integrity and eradicating corruption and also to know their grievances/suggestions etc.

Also, on the same day, a debate competition for employees of the MCL HQ and quiz competition for ladies were held and prizes were distributed for their active participation.

**Date: 04.11.2016**

On 04.11.2016, an interactive session was held with the field executives and employees of Talcher Coalfields in which the undersigned alongwith Vigilance Team interacted with the employees, executives, JCC members of various Trade Unions and contractors/vendors. The integrity pledges for citizens and for organization were administered to all the participants.

On the same day, a debate/elocution competition for the students of VSSUT, Burla was held and prizes were distributed for their active participation.

Also, on the same day, a debate/elocution competition for the students of the Sambalpur University was held and prizes were distributed for their active participation.

**Date: 05.11.2016**

The closing ceremony of the Vigilance Awareness Week Celebration -2016 was held on 05.11.2016 in which the Hon'ble Justice Shri T.P. Sharma, Retd. Judge of Hon'ble High Court of Chhattisgarh & Chairman, Chhattisgarh Law Commission and Shri Manmohan Praharaj, IPS(Retd), Ex-Director General of Police, Odisha were the Chief Guests and keynote Speakers on "Public Participation in Promoting Integrity and Eradicating Corruption". Dr. Ashok Panda, Sr. Journalist & Dr. Bijaya Dutta, Principal, VIMSAR were also present in the closing ceremony. The Functional Directors and the undersigned were also present besides the JCC Members.

On the same day, the Vigilance Bulletin-2016 of the MCL was released. The Bulletin would be instrumental in enhancing the knowledge and awareness of employees on various advisories / circulars/ guidelines/ instructions etc. Besides some case studies on procurement of works, goods & services, systemic improvements like delay in closure of contract, refund of EMD under e-Auction, irregularities observed on the matter of opening & evaluation of tender, Articles, Slogans, Poems on anti-corruption theme contributed by the employees, their wards, school children etc. have also been included in the Bulletin for information of employees and stakeholders of our Company.

Throughout the week long celebration of Vigilance Awareness Week, anti-corruption Slogans were widely circulated to the employees/executives through SMS service of the BSNL-CUG network.

With the active participation of employees, executives of the MCL, contractors, suppliers, bidders and all other stakeholders the Vigilance Awareness Week - 2016 could become a grand success.

**AREA/UNITS**

Vigilance Awareness Week-2016 was also observed in all the 13 Areas and its Project/ Units of the MCL. The Head of the Project Areas administered pledge to the officers and employees on 31.10.2016. Interactive Sessions were held with the customers/ suppliers by the Civil Engineering Department, Electrical & Mechanical Department, Sales & Marketing Department and Materials Management Department of all the Areas. During such interactions, various avenues for redressal of complaints/ grievances, initiatives taken for improvement of system/ procedures, e-payment, e-procurement, e-auction were explained. The participants contractors/suppliers took the opportunity to exchange their views in the business relationship with Project Areas.

Debate competitions for the students of the Schools located within the Areas were held and prizes were distributed to the students for their active participation. Further, Debate/Elocution Competitions for the employees were also held at the Project Areas.

In order to further the attempt to sensitize one and all the vigilance and anti-corruption measures, suitable banners were displayed at conspicuous public places, in the premises of the Headquarters as well as Areas/Projects/Units.

**11.** **Publication of Vigilance Bulletin - 2016:**

On the occasion of Vigilance Awareness Week, 11th edition of Vigilance Bulletin-2016 of MCL was released keeping in view the need for enhancing the knowledge and awareness of employees relating to various vigilance matters. Copies of the Bulletin have been widely circulated within and outside the Company. The soft copy of the Bulletin in PDF format has been uploaded in the MCL website i.e. www.mahanadicoal.in

**12.** **Publication of a Booklet on "Do's and Don'ts"** :

A Booklet consisting of suggested Do's and Don'ts in respect of different departments of the Organization were published on the occasion of Vigilance Awareness Week – 2017. In this Booklet, the awareness points while carrying out day-to-day official transactions and dealings pertaining to different departments were jotted down in form a Booklet.

**13.** **Creation of MCL Ethics & Integrity Club**:

Under this, the first event was conducted by MCL Vigilance along with XLRI-Jamshedpur Organised Training on Ethics in Public Governance on 28th February 2017. The two-day training programme focused on understanding ethics and its relevance in public administration.

**14.** The public platform of Rahagiree – locally known as 'Patho Utsav', which is being organized by the Bhubaneswar Municipal Corporation (BMC) regularly on Sunday morning on the streets of Bhubaneswar, the capital city of Odisha, was utilized by the Vigilance Department of Mahanadi

Coalfields Limited on 19 March 2017 to spread the social message of Vigilance Awareness, fight against corruption, Integrity and transparency in public dealing. This endeavor was jointly done with the Directorate of Vigilance, Odisha State.

A large number of people estimated at 25,000 participated in this event, which was based on the theme "to Fight Against Corruption in the Society". The event was co-hosted by Mahanadi Coalfields Limited (MCL) under aegis of the State Vigilance Directorate in collaboration with the Bhubaneswar Municipal Corporation.

Carrying a social message on fight against corruption, an awareness rally was flagged off in the morning and attended by the Hon'ble Member of Parliament Dr P K Patasani, Hon'ble Minister for Tourism, Odisha, Shri Ashok Chandra Panda, Shri A.P. Padhi, IAS, Chief Secretary, Odisha, Shri R Balakrishnan, IAS, Development Commissioner, Shri K.B. Singh, IPS, DGP Odisha, Shri Y. Khurania, IPS, Police Commissioner, Mr Ananta Narayan Jena, Mayor, Bhubaneswar, Dr R P Sharma, IPS, DG Police/Director Vigilance, Odisha, Mr Munawar Khursheed, IRPF, Chief Vigilance Officer (CVO), Mahanadi Coalfields Limited, Dr Krishna Kumar, IAS, Municipal Commissioner and other dignitaries. Led by the Band of Odisha Police, a large number of people, including students of various institutions participated in the rally. Patha Utsav' saw drawing and painting on the spot, colourful Rangoli artworks on the road side, skits on anti-corruption by school children, skaters, cyclists and a huge human chain by the residents of Bhubaneswar. The "Raahgiree Utsav" also witnessed performances by local cine artists.

**15. Major Achievements:**

**(A) The following impact assessments have been achieved at MCL, as a result of the use of leveraging technology undertaken by the Vigilance Secretariat:**

**i) In-motion Weighbridges with coalnet connectivity** – This has led to 100% weighment of coal tippers and assessment of exact coal production on real time basis. As such, the coal production figures are authentic as compared to the time when weighment was being recorded only by electronic static weighbridges without coalnet connectivity with only 15% weighment of coal tippers.

ii) **Installation of GPS based VTS and Geo-fencing of coal mining project** - Due to close monitoring of e-surveillance and control units in 09 Areas and MCL HQ, the Geo-fence violations have reduced during the period from April 2016 to March 2017 due to awareness among the tipper drivers and coal transporting contractors. This has drastically reduced the instances of coal theft from the coal mining projects.

iii) **Surveillance by CCTV Cameras** –

(a) Drastic reduction in illegal detention of trucks within mine premises during night hours from 56 trucks per day per project to 3-4 trucks per day per project. This illegal detention of large number of trucks inside the project Areas during the night hours was one of the reasons of coal pilferage to nearby locations which has now been curbed and only those trucks having genuine break down problems are being detained.

(b) The Surveillance of railway sidings has led to more availability of coal in railway sidings and reduction in demurrage charges.

(c) The Surveillance of railway sidings has also led to the drastic reduction in petty pilferage of coal in bags.

iv) **Online Material Management System**

The introduction of this module in Coalnet has resulted in identification of dead moving items worth Rs.25 Cr and reduction in inventory from Rs.102 Cr to Rs.77 Cr in a period of two years.

vi) **Auto-refund of EMD**

During 2016-17, an amount of Rs.17.05 Cr was refunded to 3837 unsuccessful bidders on auto mode within one day time as against a delay of 3-6 months earlier.

**(B) Spreading of Vigilance Awareness among the Employees and Other Stakeholders of MCL:**

Regularly Vigilance Awareness Programmes are being conducted at HQ level and at field locations by vigilance Team. On a routine basis following programmes are conducted by MCL Vigilance Department in spreading Vigilance Awareness:

i) Classes on CDA Rules for executives and classes on Certified Standing Orders for Non-executive Staff are being conducted on regular basis.

ii) Vigilance Sensitizing programmes for Management Trainees (MTs), Asst. Managers, GMs, CGMs, HODs being conducted regularly by CVO and his Team.

iii) Vigilance Awareness Weeks are being conducted every year as per the instructions of CVC, New Delhi.

iv) Various interactive sessions are being conducted at regular intervals at HQ level and at field locations of MCL.

v) Interactive sessions by CVO and Vigilance Officers are being conducted for coal consumers, tenderers/bidders etc. thereby listening to their problems and grievances and sorting out the issues with concerned departments and authorities of MCL.

vi) Bidders' meet are being conducted to create awareness and suggestions are invited in Systemic Improvements measures to bring greater transparency &facilitate the bidders in redressing their grievances.

vii) In regards to improve the quality of coal, sessions are being held with coal consumers regularly and their viable suggestions are taken for implementation.

viii) Publication in form of Vigilance Brochure, Do's and Don'ts for various Departments in their day-to-day official transactions, Vigilance Bulletin, Vigilance Creative Posters, Value Cards etc. are being carried out and widely circulated for spreading & sensitizing all employees and stakeholders of MCL.

ix) Integrity Pledge, Citizens' Pledge are being administered to the employees, other stakeholders, students, citizens etc. to create an atmosphere of preventive vigilance and a movement against corruption.

(C) **Awards & Recognitions received by the Vigilance Secretariat at National Level:**

i) On 2nd February 2017, CVO MCL was conferred with PSU Leadership award at the hands of Hon'ble Minister of State for Steel, Shri Vishnu Dev Sai at Elets Conference at New Delhi.

ii) CVO MCL was conferred with Vigilance Excellence Award by Shri K V Chowdary, the Central Vigilance Commissioner at the 8th Conclave of Vigilance Officers held at the Institute of Public Enterprises, Hyderabad.

**32. e-PROCUREMENT**

The e-Procurement System of MCL which was started on 15.08.2009 has been running successfully and till date more than 11500 tenders have been finalised through this mode. MCL has been immensely benefited by implementing this web-based software solution. There has been significant reduction in cycle time in finalization of Tenders and entails better transparency and convenience in tender management process. The portal software has been audited by STQC as per guidelines of CVC. Management of Earnest Money Deposit(EMD) being paid by different bidders have been automated and after implementation of this process the bidders get back their EMD next day of rejection of bid automatically. The goodwill of the organization has been enhanced due to better transparency and convenience to the bidders. There are constant improvements in the system and efforts are being made to add new features. Reverse Auction mode of tendering which was made available on portal w.e.f 21.01.2016 has started giving results during this financial year. At present as a matter of policy, the Tenders valuing Rs 2.00 Lakhs and above are being finalised through e-Procurement mode. This includes procurement of Works, Goods and Services including multicurrency Global tenders.

**Special Features of the MCL e-Procurement System**

1. The evaluation of Technical part of the Tenders is done automatically by the portal software and human intervention in evaluation of Bid is minimised.
2. The evaluation is performed by the portal software based on the data provided by the Bidder in a structured and objective format. Bidders are required to upload documents in support of the information furnished by them in Tender.
3. Bidders are not required to submit any document off-line for evaluation of their Bid.
4. The business logic required for the evaluation of Tenders is incorporated in the portal software to validate the input data and to give appropriate alert messages.
5. The Bidders while submitting the Bid get feedback at each stage, as to whether the bid complies with the requirement of the Tender.
6. Online Reverse Auction process is adopted for the tenders valuing Rs 1 crore and above to secure better price reduction.

**34. Integrated Management System (IMS)**

In the year 2012-13, company-wide Integrated Management System(IMS) of MCL was accredited with ISO 9001:2008 – Quality Management System, ISO 14001:2004-Environmental Management System & OHSAS 18001:2007 – Occupational Health Management System which conforms to all the applicable international standards for a period of 3 years completed in 2016 as follows.

ISO 9001 :2008 QMS -for managing customer focus and internal efficiency of the organization.

ISO 14001: 2004 EMS -for managing environmental concerns of the organization

OHSAS 18001 :2007 OHSMS -for managing occupational-health and safety concerns of the organization

The Certification was done by MS Certification Services Pvt. Ltd, Kolkata through CMPDI, Ranchi.

In April, 2016, MCL was re-certified against all the above-mentioned standards for a further period of 3 years valid upto 10.04.2019.

**FUTURE ACTION PLAN :- in 2017-18**

The above standards have undergone updation /revisions and are respectively known as:

ISO 9001:2015, ISO 14001:2015 while OHSAS 18000:2007 is being replaced by a new ISO standard ISO 45001. For compliance of the same, CPMDIL has been entrusted for the transition work including upgradation of existing documents, awareness about the changes in the present system.

In the financial year, MCL is going to apply for accreditation for IMS with SA 8001:2008 - Social Accountability Management System & ISO 50001:2011 - Energy Management System for MCL as a whole which conforms to all the applicable international standards as follows:

SA 8000 SAMS - for managing social accountability concerns of the organization

ISO 50001 EMS - for managing rationalized consumption of all energy inputs in the organization

The process for the integration of ISO 50001 & SA 8000 along with the existing standards is being Undertaken by CMPDIL, Ranchi.

**Selection of Certifying Agency for SA 8000 & ISO 50001 :-**

A committee has been constituted at MCL HQ for the process of selection of certifying agency and to find out some suitable and viable procedure for selection of Certifying Agency in consultation with CMDIL, Ranchi.

IMS Cell at MCL HQ is working for the betterment of management system by implementation of internationally accepted best art of practices as ISO standards with the following purpose in view :-

a) To install a comprehensive management system for systematic and simultaneous management of focuses towards Quality, Internal efficiency, Environment, Occupational Health & Safety, social accountability and energy performance of the company.

b) To eliminate duplication and costs of efforts through a unified approach and simplified procedures for implementing different management-system, which may otherwise appear diverse and unrelated.

c) To include a better work culture, ensuring consistency of operations and eliminating operational conflict through clarity-defined roles, responsibility, accountabilities and authorities under a well-networked management-system and healthy work environment.

d) To reduce wasteful and non-value-adding operations during routing functioning, thus resulting into direct savings on time, costs and resources during operations and indirect savings on environment and societal costs.

e) To inculcate confidence in all its interested Parties regarding

i) Mining & Supply of Coal that can consistently meet the requirement of customer, regulatory bodies and society.

ii) Committed to its responsibilities towards environmental, Occupational health and safety, social and energy concern.

iii) Systematic approach for achieving continual improvement

iv) Compliance of all legal and other requirements

v) Thrust is on sustained and continual improvement, rather than on some short-term achievements.

**Apart from above, IMS cell has successfully accomplished :**

1. Quarterly Internal Audits for the year 2016-17
2. Half-yearly Surveillance audit by the certification agency, next being scheduled in April, 2017.
3. Internal Audit Training for 25 executives from IB Valley Area & Talcher Area.
4. Model Mines Scheme for Balram OCP & Lajkura OCP for Performance Turn-around.
5. Proposal for Lead Auditor training with CMPDIL.
6. IMS 9.2 Annual Objectives, Targets & Programs for the year 2017-18 already under process.
7. 360° Feedback system on implementation of IMS & Felicitation of Best performing Units on Miners Day.
8. Brainstorming-cum-Motivation sessions for employees across MCL

**35. AWARDS AND RECOGNITION**

35.1 In recognition of notable contribution/ achievement in various fields of its activities, your Company has been conferred upon the following awards during 2016-17.

- Institute of Economic Studies (IES) conferred Excellence award to MCL for the year 2016-17. Award was presented by his Excellency Shri Kaptan Singh Solanki, Hon'ble Governor of Haryana, Punjab and Administrator UT Chandigarh on 23.04.2016 at Goa.
- MCL was conferred Greentech Award for outstanding achievement in Technology Excellence in HR. The award was presented during 6th Annual Greentech HR Conference 2016 held in Mumbai on 6 May 2016.
- MCL was conferred Greentech Award for outstanding achievement in Training Excellence in HR. The award was presented during 6th Annual Greentech HR Conference 2016 held in Mumbai on 6th May 2016.
- Mahanadi Coalfields won 1st Prize in "SCOPE Corporate Communication Excellence Awards 2016". The award was presented during Corporate Communication Summit 2016 held at New Delhi on 21st & 22nd July, 2016 by renowned media personality Shri Sudhir Chodhury.

- Bharatiya Bhasa and Sanskrit Kendra conferred Rajbhasa Mukut Mani Award to MCL for excellent work in Rajbhasa.
- MCL was awarded, "CIL Corporate Award for Best Environment Management" during 2015-16 – awarded on 1st November, 2016, CIL Foundation Day at Kolkota. Award was received by CMD, MCL from Hon'ble Minister of State for Heavy Industries and Public Enterprises, GoI, in presence of Secretary, MOC & Chairman CIL.
- 17th Annual Greentech Environmental Award 2016 – a) Gold award for Bharatpur OCP & b) Silver award for Lakhanpur OCP.
- Skoch order of Merit Award was conferred to MCL during the 46th Skoch Summit on 16.12.2016 at Constitution Club of India, New Delhi for CSR Initiatives of MCL.
- Skoch Blue Economic Award 2016 was presented to MCL for "Initiative for introduction and successful operation of eco-friendly mass production technology 'Surface Miner' in MCL". The Award was presented during the 46th Skoch Summit on 16.12.2016 at Constitution Club of India, New Delhi.
- On behalf of MCL, Shri Munawar Khursheed, CVO, MCL received the PSU Leadership Award in "Elets 3rd PSU Summit and Award" held in Lee Meridian, New Delhi on 31.01.2017.
- Shri A.K. Jha, CMD, MCL was presented Indian Achievers' Award by Indian Achievers Forum (IAF) at 42nd National Seminar on "Make in India: Prospects and opportunities" held in New Delhi on 6th February 2017.
- MCL also bagged IAFs "Emerging Company Award" for outstanding achievement in Business and Social Services.
- "The CEO with HR Orientation Award" was conferred upon Shri A.K. Jha, CMD, MCL on 15.02.2017 at Taj Lands End, Mumbai during the inauguration of World HRD Congress organized by TIMES ascent and World HRD Congress.
- Dun & Bradstreet India's Top PSUs & PSU Awards 2016 – Shri K.K. Parida, D(F), MCL received "Top PSU Award" on behalf of MCL from Shri Anil Swaroop, Secretary (Coal) for outstanding achievement for the last 25 years.

## 36. AUDITORS

36.1 Statutory Auditors

As per the provisions of Section 139 of the Companies Act, 2013, the following Audit Firms were appointed as Statutory/Branch Auditors for the year 2016-17

| Statutory Auditors | Branch Auditors |
|---|---|
| Singh Ray Mishra & Co.,<br>Chartered Accountants,<br>Bhubaneswar | M/s SRB Associates<br>5th Floor, IDCO Towers,<br>Janpath, Bhubaneswar<br>Odisha-751022 |

36.2 **Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of mining of coal is required to be audited.

Your Directors had, on the recommendation of the Audit Committee, appointed (i) M/s Chandra Wadhwa & Co, 204, Krishna House 4805/24, Bharat Ram Road, Daryaganj, New Delhi as the Principal Cost Auditor of the Company to audit Cost records of Company, Head Quarters and its units, IB Fields Areas, Basundhara Area and CWS (IB Valley) for the financial year 2016-17 at a total Audit fee of Rs. 2,78,910.00, Out of Pocket Expenses of Rs. 139455.00 (maximum) and applicable Service Tax on audit fee and (ii) M/s S. Dhal & Co., Cost Accountants, Plot-400/4897, Baramunda Village, Bhubaneswar, Odisha as the Branch Cost Auditor of the Company for the year 2016-17, to audit Cost records of Talcher Coalfields Areas including Kaniha area and CWS (Talcher) at a total Audit fee of Rs. 1,84,570.00, Out of Pocket Expenses of Rs. 92,285.00 (maximum) and applicable Service Tax on audit fee."

36.3 **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Deb Mohapatra & Associates, Company Secretaries, Bhubaneswar, Odisha to undertake the Secretarial Audit of the Company for the year 2016-17. Copy of Report submitted by the Secretarial Auditor is enclosed as **Annexure II**.

## 37. FIXED DEPOSITS

Your Company has not accepted any deposit from the Public during the year as defined under Section 73 of the Companies Act, 2013 and the Rules made there under.

## 38. PARTICULARS OF INFORMATION U/S 134(3)(m) OF THE COMPANIES ACT, 2013.

The information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 regarding Conservation of Energy, Technology absorption and Foreign Exchange earning and outgo is given in **Annexure-III** to this Report.

## 39. BOARD OF DIRECTORS

39.1 The following persons, continued to be the Directors during the year under report.

1. Shri A.K. Jha - CMD
2. Shri J.P.Singh - Director (Technical/Op.)
3. Shri K.K. Parida - Director (Finance)
4. Shri L.N. Mishra - Director (Personnel)
5. Shri S.N. Prasad - Director
6. Dr. R. Mall - Director
7. Shri H. S. Pati - Director

39.2 The following persons were appointed as Director during the year under report.

1. Shri M. Choudhary - Director (w.e.f. 05.05.2016)
2. Shri O.P.Singh - Director (Technical/P&P) (w.e.f. 01.09.2016)

39.3 The following persons ceased to be Director during the year under report.

1. Shri J.S. Bindra - Director (Upto 05.08.2016)
2. Shri A.K. Tiwari - Director (Tech/Operation) (Upto 31.08.2016)

**40. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

a. That in the preparation of the Annual Accounts for the financial year ended 31st March, 2017, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b. That the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are 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;

c. That the Directors have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 1956 / Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;

d. That the Directors have prepared the Accounts for the financial year ended 31st March, 2017 on a 'going concern' basis.

e. That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.

f. That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**41. CORPORATE GOVERNANCE**

A Report on Corporate Governance is attached to this Report as **Annexure – IV.**

**42. EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **"Annexure-V".**

**43. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

"Management Discussion and Analysis Report" is attached to this Report as **Annexure –VI.**

**44. C & A G COMMENTS**

Comments of the Comptroller & Auditor General of India on the Accounts of the Company for the year ended 31st March, 2016 are placed at **Annexure-VII** to this report.

**45. AUDIT COMMITTEE**

The Committee has been reconstituted on 17.09.2016 with the following members.

| | |
|---|---|
| 1. Shri S.N. Prasad | - Chairman |
| 2. Shri M. Choudhary, Director, MOC | - Member |
| 3. Dr. R. Mall, Ind. Director | - Member |
| 4. Shri H. S. Pati | - Member |
| 5. Director (Tech/Operation), MCL | - Member |
| 6. Director (Finance), MCL | - Invitee |
| 7. Director (Tech/Personnel), MCL | - Invitee |
| 8. Director (Tech/P&P), MCL | - Invitee |

45.1 **The scope of work**

1. Review of financial statement.
2. Periodical review of internal control system.

3. Review of Govt. Audit and Statutory Auditor's Report.
4. Review of operational performance vis-à-vis standard parameters.
5. Review of projects and other capital scheme.
6. Review of internal audit findings / observations.
7. Development of a commensurate and effective internal audit functions in MCL.
8. Special studies, investigation of any matter including issue referred to by the Board.

The Audit Committee has access to financial and other data/information of MCL. Observation made by the Committee is reported to MCL Board. The Committee can meet as often as desired but is expected to meet at least once in a Quarter.

**46. COST RECORDS**

Maintenance of Cost records for the Company, as per Section 148 of the Companies Act, 2013 has been prescribed by the Central Government w.e.f. 01.04.2011. The Company produces only one product, i.e. Coal and has a continuous integrated system of recording, determining and reporting element-wise cost with break up of cost including overheads and reconciliation of cost report at regular interval.

**47. PERFORMANCE AGAINST MoU PARAMETERS**

The performance of MCL against MoU for 2015-16 signed between CMD, MCL and Chairman, CIL as per the Guidelines of Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India, has been prepared. The overall MoU rating of your Company for the year 2015-16 based on physical and financial performance is "**Very Good**".

**48. SUBSIDIARY ACCOUNTS FOR THE SHAREHOLDERS OF THE CIL**

Pursuant to General Circular No. 2/2011 dated 08.02.2011 of Ministry of Corporate Affairs, the Annual Accounts of MCL would be available at MCL Headquarters for inspection and providing relevant information to the shareholders of CIL on demand.

**49. ACKNOWLEDGEMENTS**

49.1 Your Directors express their sincere thanks to the Ministry of Coal and Coal India Limited for their valuable assistance, support and guidance. Your Directors also thank the various Ministries of the Central Government and the State Government of Odisha for their valuable support. The Directors are thankful to the sister organisations for the co-operation and assistance rendered by them.

49.2 Directors place on record their deep sense of appreciation for the co-operation extended by the Trade Unions and Officers' Association for 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.

49.3 The Directors also thank the valued customers profusely for their continued support, patronage and encouragement without which the Company would not have emerged so strong.

49.4 The Directors also record their appreciation of the services rendered by the Auditors, the officers and staff of the Comptroller & Auditor General of India and Registrar of Companies, Odisha.

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

**50. ADDENDA**

The following papers are annexed.

1. Information as required to be given in the Directors' Report under Section 134(3) of the Companies Act, 2013.
2. Secretarial Audit Report pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
3. Addendum to the Directors' Report under Section 134(3) of the Companies Act, 2013.
4. Report on Corporate Governance submitted by Auditors.
5. Extract of the Annual Return in form MGT 9.
6. Management Discussion and Analysis Report.
7. Comments of the Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013.
8. Pursuant to CIL directive, parameter-wise details of performance as per MoU for the year 2016-17.

Sd/-
**(A.K. Jha)**
**Chairman-cum-Managing Director**
(DIN: 06645361)

**Sambalpur**
**Date:** 19.07.2017

I confirm that for the year under review, all directors and senior management have affirmed their adherence to the provisions of the Code of Conduct.

Sd/-
**(A.K. Jha)**
**Chairman-cum-Managing Director**
(DIN: 06645361)

**Sambalpur**
**Date:** 19.07.2017


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MCL under Jagruti Mahila Mandal has Adopted Motherless children in rural areas of Sambalpur District under Naunihal Pariyojana. Under this project, district administration identifies the needy child and MCL enrols them under Naunihal Pariyojana to provide them food supplements, medicines, vitamins, minerals, etc. and also monitors their health and growth. Till date 50 Children are identified and being fed with nutritional food and monitored health for their holistic growth.


MCL signs MoU with ALIMCO on 22.05.2017 for providing Artificial Limbs to 10,000 (Approx.) Persons with Disability with a cost of Rs. 5.00 Crore

MCL under Jagruti Mahila Mandal has Adopted Girl Children under Laadli Pariyojana in rural areas of Odisha. Till date 250 Girl Children has been adopted and ae being provided with education, regular health check ups and skill development training to sustain their life.

**ANNEXURE -I**

# Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

**I. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

**Brief Outline of MCL CSR Policy:**

**Objective:**

The main objective of CSR policy of MCL is to lay down guidelines to make CSR a key business process for sustainable development for the Society. It aims at supplementing the role of the Govt. in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of their activities.

MCL will act as a good Corporate Citizen, subscribing to the principles of Global Compact for implementation.

**Scope:**

MCL follows the Schedule VII of the Companies Act, 2013 with time to time amendments as the scope of CSR.

**Areas to Be Covered:**

In respect of MCL, for carrying out CSR activities, 80% of the budgeted amount should be spent within the radius of 25 Km of the project/Site/mines/Area HQ/Company HQ and 20% of the budget would be spent on the CSR activities in rest of Odisha.

In respect of MCL (HQ), CSR Should be broadly executed in all over Odisha including the four operational districts.

**Allocation of Fund:**

The fund for the CSR is allocated based on 2% of the average net profit of the Company for the three immediate preceding financial. Average net profit is computed in accordance with the provision of Section 198 of the Companies Act, 2013.

The complete CSR policy of MCL has been displayed on Company's Website. Web link to the CSR Policy: *http://www.mahanadicoal.in/About/csrpolicy.php*

## II. The Composition of the CSR Committee.

There are three types of CSR Committees at MCL as listed below:

**1.** Area Level CSR Committee:

| | |
|---|---|
| • Area CGM/GM | Chairman |
| • Area Personnel Manager | Member |
| • Project Officer of the Area | Member |
| • Staff Officer (Civil) | Member |
| • Area Finance Manager | Member |
| • Area Medical Officer | Member |
| • Staff Officer (E&M) | Member |
| • Staff Officer (L&R) | Member |

**2.** HQ Level CSR Committee:

| | |
|---|---|
| • Director (Personnel), MCL | Chairman |
| • GM (CSR), MCL | Member |
| • GM (C)/HOD, MCL | Member |
| • GM (Finance), MCL | Member |
| • GM (Envt), MCL | Member |
| • GM (Planning), MCL | Member |
| • GM (L&R), MCL | Member |
| • GM (P&IR), MCL | Member |
| • CMS, MCL | Member |

**3.** CSR & SD Sub-committee of MCL Board is a Committee at Board level. The members of the Sub-committee are:

| | | |
|---|---|---|
| • Shri H.S. Pati (Independent Director) | | Chairman |
| • Govt. Nominee Director | - | Member |
| • Dr. Rajib Mall (Independent Director) | | Member |
| • Director (Tech/P&P) | - | Member |
| • Director (Personnel) | - | Member |
| • Director (Tech/Op) | - | Member |
| • Director (Finance) | - | Invitee |

**III. Average net profit of the company for last three financial years**

**Budget Calculation**

Calculation of 03 Years Profits Before Tax for CSR (For 2016-17)

| Year | Amount (Rs in Crore) |
|---|---|
| 2013-2014 | 5429.08 |
| 2014-2015 | 5314.24 |
| 2015-2016 | 6260.43 |
| **Total** | 17003.75 |
| Average net profit (Profit before Tax) of last three financial years is | 5667.92 |
| 2 % of Average Profits | **113.36** |

**IV. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

The two per cent of the Average net profit (Profit before Tax) of last three financial years is Rs.113.36 Crore.

**V. Details of CSR spent during the financial year.**

**a. Total amount to be spent for the financial year;**

The total amount to be spent for the financial year is **Rs.113.36 Crore.**

**b. Amount unspent, if any;**

The unspent/Balance amount after audit from previous year is NIL (Actual spent is more than the budgeted amount) (Rs.112.97 Crore – Rs.184.64 Crore). The unspent/Balance amount in this year is NIL. (Actual spent is more than the budgeted amount) [(Rs.113.36 Crore + Rs 0) – Rs 166.60 Crore].

**c. Manner in which the amount spent during the financial year is detailed below.**

The list of activities in prescribed format has been enclosed as **Annexure-1.**

**VI. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

Not Applicable

**VII. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

A responsibility statement of the CSR Committee as required in Companies Act, 2013 is attached separately as **Annexure-2.**

**Annexure-1**

# MAHANADI COALFIELDS LIMITED, CSR DEPARTMENT

**(Figure in Rs. Lakh)**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| Sl. No. | CSR Project or activity identified for the financial year 2016-17 | Sector in which the Project is covered | Projects or Programs (1) Local area or other (2) Specify the State and district where Projects or Programs were undertaken | Amount outlay (Budget) project or program wise | Amount spent on the projects or programs Sub-Heads (1) Direct expenditure on projects or programs (2)Overheads | Cummilative expenditure upto the reporting period 31.03.2017 | Amount Spent: Direct or through implementing agency |
| 1 | Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water. | All Mining District & Other District of Odisha | Angul, Jharsuguda, Sundergarh, Sambalpur, Khurda, Bolangir, Dhenkanal, Gajapati, Ganjam, Jajpur, Kalahandi, Nayagarh, Rayagada, Sonepur, Kandhamal | **35292.54** | **2569.95** | **16445.59** | MCL, NPCC, CPWD & State Govt. |
| 2 | Promoting education, including special education and employment enhancing vocation skills aspecially among children, women, elderly, and the differently abled and livelihood enhancement projects; | All Mining District & Other District of Odisha | Angul, Jharsuguda, Sundergarh, Sambalpur | **50296.93** | **12024.93** | **12220.93** | MCL & NBCC |
| 3 | Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially economically backward groups; | All Mining District & Other District of Odisha | Angul, Jharsuguda, Sundergarh, Sambalpur | **14.82** | **12.64** | **12.64** | Direct by MCL |
| 4 | Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water; | All Mining District | Angul, Jharsuguda, Sundergarh | **430.77** | **79.23** | **432.90** | Direct by MCL |
| 5 | Protection of national heritage, alt and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional ans. And handicrafts; | All Mining District | Angul, Jharsuguda, Sundergarh | **19.63** | **19.56** | **19.56** | Direct by MCL |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 6 | Measures for the benefits of armed forces veterans, war widows and their dependents. | | | **0.00** | **0.00** | **0.00** | |
| 7 | Training to promote rural sports, nationally recognezed sports, paralympics sports and Olympic sports; | All Mining District & Other District of Odisha | Angul, Jharsuguda, Sundergarh | **5044.85** | **456.01** | **1735.87** | MCL & State Govt. |
| 8 | Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for Socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, Other backward classes, minorities and women; | | | **0.00** | **0.00** | **0.00** | |
| 9 | Contribution or funds provided to technology incubators located within academic institutions which areapproved by the Central Government. | | | **0.00** | **0.00** | **0.00** | |
| 10 | Rural development projects. | All Mining District & Other District of Odisha | Angul, Jharsuguda, Sundergarh, Sambalpur | **11292.56** | **1498.02** | **5276.33** | MCL & State Govt |
| | **Total** | | | **102392.10** | **16660.34** | **36143.82** | |

**Annexure-2**

# CERTIFICATE

It is Certified that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company.

| | |
|---|---|
| Sd/-<br>GM(CSR), MCL | Sd/-<br>Director (Personnel), MCL<br>(DIN: 07437632) |
| Sd/-<br>Chairman-cum-Managing Director, MCL<br>(DIN: 06645361) | Sd/-<br>Chairman, CSR Committee<br>(DIN: 05283445) |

**ANNEXURE -II**

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 2016-2017

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

**To,**

**The Members,**
**Mahanadi Coalfields Limited,**
**Jagruti Vihar, Burla, Sambalpur.**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHANADI COALFIELDS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not Applicable)**

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(Not Applicable)**

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable)**

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable)**

  b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not Applicable)**

  c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable)**

  d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable)**

  e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable)**

  f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable)**

  g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable)** and

  h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable)**

vi. Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises.

vii. Compliances and processes under following Industry Specific Laws are being verified on the basis of periodic certificate submitted to the Board of Directors of the Company by different departments and on the basis of verification of documents & records maintained by the company on test check basis:

  a. Mines Act, 1952

  b. Mines Concession Rules, 1960

  c. The Mines Rescue Rules, 1985

  d. The Mines Vocational Training Rules, 1966

  e. Mines (Posting of Abstracts) Rules, 1954

  f. Mines & Mineral (Development Regulations) Act, 1957

  g. Indian Electricity Rules, 1985

  h. Indian Explosives Act, 1884

i. Indian Explosives Rules, 2008

j. Coal Mines Regulations, 1957

k. Coal Mines Conservation & Development Act, 1974

l. Coal Mines Pension Scheme, 1998

m. Coal Mines provident (Miscellaneous Provisions) Act, 1948

n. Environment Protection Act, 1986

o. The Water (Prevention & Control of Pollution Act), 1974

p. The Air (Prevention and Control of Pollution) Act, 1981

q. Payment of Wages(Mines) Rules, 1956

r. Payment of Undisbursed wages (Mines) Rules, 1959

s. The Maternity Benefit(Mines) Rules, 1963

t. Colliery Control Order, 2000

u. Colliery Control Rules, 2004

v. Indian Bureau of Mines (Electrical Supervisor and Electrician) Recruitment Rules, 1990

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by the Institute of Company Secretaries of India**.**

ii. The Listing Agreements entered into by the Company with any Stock Exchange(s); (**Not Applicable**)

We are not reporting on compliance of Fiscal Laws and the maintenance of financial records and books of accounts, since those are to be reviewed by the Statutory Auditor in the course of Statutory Audit.

**During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, DPE Guidelines, Secretarial Standards, etc. as applicable to the Company subject to the Observations and Qualifications specified in Annexure- B.**

**We further report that,** the Board of Directors of the Company is duly constituted subject to the Observations and Qualifications specified in **Annexure-B** and the changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and disclosure of information to the Board were adequate and proper board procedure had been followed by the company.

**We further report that,** adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting. Majority decisions at Board & Committee Meetings are carried unanimously and duly recorded in the Minutes Book.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

**We further report that** during the Audit Period, the Board of Directors of the Company in its meeting held on 09th March, 2017 has approved the Buyback of 4,51,743 Equity Shares of Rs.1000/- each (Representing 24.235% of total equity capital) of an amount not exceeding Rs.1,617.06 Crore at a price of Rs 35,796.02 per equity share.

Place-Bhubaneswar
Dated-22.05.2017

For Deba Mohapatra & Co,
Company Secretaries

Sd/-
CS Debadatta Mohapatra, Partner,
FCS No. 5474, C P No: 4583

Note: This report is to be read with our letter of even date which is annexed as **Annexure A & Annexure B** and forms an integral part of this report.

**'Annexure A'**

**To,**

**The Members,**
**Mahanadi Coalfields Limited,**
**Jagruti Vihar, Burla, Sambalpur.**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Deba Mohapatra & Co,
Company Secretaries

Sd/-
CS Debadatta Mohapatra, Partner,
FCS No. 5474, C P No: 4583

Place-Bhubaneswar
Dated-22.05.2017

**'Annexure B'**

# Observation of Secretarial Auditor & Management Reply

| SI No. | OBSERVATIONS | MANAGEMENT REPLY |
|---|---|---|
| 1. | No evaluation of performance of independent Directors was done by the Board of Directors during the year under the provision of Clause VIII of Schedule IV of the Companies Act, 2013. | Evaluation of Director is being done by the MoC from time to time. Govt. Company neither has the power to appoint Independent Director nor vested with power to evaluate the Independent Director. |
| 2. | Company has not appointed Women Director in the Board required under Rule-3 of Chapter XI (Appointment and Qualification of Director Rules, 2014). | The matter is pending with MoC, Govt. of India. |
| 3. | Whether Company had adhered to the Guidelines issue by the Department of Public Enterprise on Corporate Governance for CPSE Dated 14-05-2010 and the Companies Act, 2013 w.r.t Optimum Combination of Board Members in the Board & Committee. | The constitution of MCL Board has 4 Independent Directors. 2 of them have been appointed by MOC. Appointment of remaining 2 Directors is pending with MoC. Once, they are appointed, the Committee would meet the provisions of the Company Law and DPE guidelines as well. |

**ANNEXURE - III**

# ANNEXURE TO DIRECTORS' REPORT

Information as required to be given in the Director's Report under Section 134 (3) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earning and outgo.

**1. A. CONSERVATION OF ENERGY**

(a) Electrical Energy Conservation Measures Taken

The highlights of this year's power position is furnished below with comparative statement :

i. Specific consumption of power (for Coal) during 2016-17 is 2.17 kWh/T in comparison to 2.18 kWh/T for 2015-16 i.e. % reduction of 0.46%.

ii. Specific consumption of power (for Composite Production) (i.e. Coal + O.B Removal) during 2016-17 is 1.46 as against 1.66 kWh/Cu.M during 2015-16 i.e. % reduction of 12.05%.

iii. Power Factor incentive of Rs. 102.14 Lakhs was received during 2016-17 for maintaining p.f. above 0.96.

iv. A total rebate of Rs. 169.71 lakhs was availed from WESCO/ CESU during 2016-17 for arranging payment of monthly electricity bills of all supply points with in the fourth day of every month.

**1. B. Special Achievement.**

i. One number of 110KW and two numbers of 160KW Variable Frequency Drive has been commissioned at Balram OCP CHP for a total value of Rs.20.12 lakhs.

ii. Action has been initiated for the preparation of feasibility report by M/s. Solar energy corporation of India for installation of solar roof top power plant on the roof of service building at 12 different locations of MCL where the potential for generation of 150 KWp has been identified. The identified locations are tabulated below.

| Sl. No | Area Name | Location/Building |
|---|---|---|
| 1 | Jagannath | DAV School (Eng med.) |
| 2 | Lingaraj | Area GM Office |
| 3 | Lingaraj | Project Office, Lingaraj |
| 4 | Lingaraj | LTS Dispensary |
| 5 | Hingula | Project Office, Balaram OCP |
| 6 | CWS Talcher | CWS, Talcher |
| 7 | Lakhanpur | Area GM Office |
| 8 | Lakhanpur | Belpahar Project Office, Belpahar OCM |
| 9 | Lakhanpur | Triveni Guest House |
| 10 | IB Valley | Central Hospital |
| 11 | Orient | Area GM Office (M Block) |
| 12 | Orient | Project Office, Rampur Sub Area |

iii. Scheme for replacement of 13,908 nos. of 40W fluroscent tube lights with 20 Watt LED lamps have been approved and is under procurement action. These lamps are expected to be replaced during the year 2017-18.

iv. Scheme for replacement of 7,044 nos. of higher wattage conventional street lights with lower wattage LED lamps have been approved and is under procurement action. These lamps are expected to be replaced during the year 2017-18.

v. Scheme for providing 17,235 nos of energy meters in all the residential quarters of employees of MCL have been processed and the energy meters are expected to be installed during the year 2017-18.

vi. Scheme for providing 30 nos. of solar street lights for Chendipada, Bharatpur Area, 02 nos. of solar water heating system for 48 beded MT hostel of Basundhara Area and two nos. of solar water heater for the transit house of Bhubaneswari OCP have been approved.

vii. In order to eliminate unauthorized power consumption from over head line, 12.5 Kms of overhead line conductors have been replaced with Aerial Bunch conductors. Procurement action of further quantity of 48.5 Kms is under finalization.

**1. D Steps taken wherever feasible / possible for reduction in power consumption for effective conservation of energy.**

i. Benchmarking study for Electrical Energy Consumption in respect of Nandira UG mine and Jagannath OCP has been conducted during the year.

ii. Merger of Anand Vihar Commercial and domestic point of supply of MCL Hqs to avail Maximum Captive use of Power generated from 2 MW Solar Power Plant .

iii. Enhancement of contract demand Basundhara 220 KV point of supply from 5000 KVA to 6000 KVA have been made effective.

iv. Commissioning of 10 MVA Kalinagar Substation at Orient Area for better voltage regulation.

v. 33 KV sub station at Jagruti Vihar Office cum Residential Complex for ensuring reliable power supply is under completion stage.

vi. Action initiated for providing separate metering point for domestic consumption wherever it is feasible.

vii. Feasibility for reorganisation of Township Power Distribution from single point transformer to Multi point pole mounted Transformer.

viii. To contain peak demand of power at a reduced level and to avail TOD (Time of the day) incentive as maximum as feasible, regular loads, such as, pumping etc. are being operated during off-peak hours.

ix. To reduce energy consumption by industrial pumps, steps have been taken, such as, maintenance effectiveness, optimization of delivery and suction sizes, use of pontoons , deliveries and cables through bore-holes etc.

x. To reduce energy consumption by industrial pumps, steps have been taken, such as, maintenance effectiveness, optimization of delivery and suction sizes, use of pontoons , deliveries and cables through bore-holes etc.

xi. Use of electronic regulators for fans instead of conventional chokes and regulators.

xii. Use of Air conditioners of higher star rating, regular cleaning of filters of air conditioners, switching off of air conditioners when not required etc. All new Air-conditioners including that of replacement against surveyed off are of five star rating.

xiii. Avoiding loose connections and using proper size of fuses.

xiv. Ensuring minimum cable losses with proper size of cables, i.e., of rated capacity.

xv. Optimum usage of transformer capacity thereby reducing transformer losses.

xvi. Power factor close to 98% has been maintained by using power capacitors thereby reducing energy loss.

xvii. Minimum transmission loss has been ensured by using proper sizes of overhead conductors.

xviii. Stage pumping / Intermediate pumping has been reduced to minimize energy loss.

xix. Ensuring exact size of electric motors in pumps.

xx. Use of higher sizes / recommended sizes of delivery lines and suction in pumps and avoiding throttling.

xxi. Ensuring no leakages in pipelines thereby improving pumping efficiency.

xxii. Ensuring proper condition of bearings etc.

To contain maximum demand close to the contract demand, close monitoring during peak hours are exercised by controlling non-productive load, i.e., resorting to load-shedding, if necessary. Capacitors of appropriate specification are being used to enhance power factor for dual benefit of reduced maximum demand

**2. A. Fuel & Lubricants:**

Following steps were taken for reduction of consumption of Fuel & lubricants:

a. Periodical overhauling of Engines, Transmissions & Hydraulic operated systems are being carried out.

b. Periodical checking of hoses and their routing is being carried out to minimize leakage of hydraulic oil of equipment.

c. Proper inflation of Tyres is being carried out regularly.

d. Regular checking of Self-starters, Alternators and Batteries.

e. Specific Diesel Consumption is regularly monitored to keep within the norms fixed by CMPDI.

f. Efforts are being taken to minimize idling of equipments.

g. For better control and monitoring of Diesel consumption, fitment &installation of Integrated Fuel Management System ( IFMS ) are being started.

**2. B. Impact of measures of (a) for Energy Consumption and consequent impact on the parameters of production.**

| DESCRIPTION | 2016 – 17 | 2015 – 16 | % Inc(+)/ Dec(-) over previous year |
|---|---|---|---|
| **Electrical Energy** | | | |
| (i) Specific Consumption of power (for Coal), in kWh/Tonnes | 2.17 | 2.18 | (-0.46) (F) |
| (ii) Specific Consumption of power (for Composite Production) (i.e. Coal + O.B removal), in KWh/Cu.M | 1.46 | 1.66 | (-12.05) (F) |
| **Fuel and Lubricants** | | | |
| (i) Consumption of HSD, in ltrs/Cum of composite Production. | 0.235 | 0.252 | (-6.75) (F) |
| (ii) Consumption of lubricants, in Ltrs./Cum of composite Production. | 0.010 | 0.0097 | (3.09) (A) |
| (iii) Consumption of HSD, in ltrs/Tonne of Coal Production | 0.336 | 0.369 | (-8.94) (F) |
| (iv) Consumption of lubricants, in Ltrs./Tonne of Coal Production. | 0.014 | 0.015 | (-6.67) (F) |
| (v) Specific cost of POL, in Rs. / Tonne | 18.82 | 24.32 | (-22.62) (F) |

**F – FAVOURABLE** **A – ADVERSE**

**2. C. FOREIGN EXCHANGE EARNING and OUTGO**

(i) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products export activities services and export plans. : Company is not engaged in export activities

(ii) Foreign Exchange used and earned

(Rs. in crore)

| Description | Current Year | Previous Year |
|---|---|---|
| (a) Foreign Exchange used : | | |
| (i) CIF value of imports | | |
| a) Components, Stores and Spare parts | 0.10 | 0.02 |
| b) Capital goods | 28.37 | Nil |
| (ii) Travelling | 0.36 | 0.01 |
| (iii) Interest | 0.09 | 0.09 |
| (iv) Others | — | — |
| (b) Foreign Exchange earned | Nil | Nil |

**ANNEXURE-IV**

# CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To

The Members,
Mahanadi Coalfields Limited.

We have examined the compliance of conditions of Corporate Governance by **M/s. Mahanadi Coalfields Limited** (herein after referred as "the Company"), for the year ended on 31st March, 2017 as stipulated in Department of Public Enterprise (DPE), Government of India Guidelines on Corporate Governance.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned DPE Guidelines, subject to the observations mentioned at "**Annexure-1**".

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Saroj Ray & Associates**
**(Company Secretaries)**

**Sd/-**
**CS. Saroj Kumar Ray, FCS**
**Sr. Partner**
**M No. 5098, CP No. 3770**

Place: Bhubaneswar
Date: 01.07.2017

## Annexure-1

**A. Composition of Board of Directors:-**

The Constitution of Board of Directors of **M/s. Mahanadi Coalfields Limited**, as approved by the President of India and communicated by Ministry of Coal, Government of India, vide Letter No. 21/35/2005-ASO(ix) dated. 6th June, 2008 includes 05 Functional Directors, 02 Govt. Nominee Directors, 04 Independent Directors and 01 Permanent Invitee from East Cost Railway. Out of the 04 Independent Directors, the Company has only 02 Independent Directors and other 02 posts of Independent Directors are lying vacant since long. This has led to non-compliance of following provisions of the DPE Guidelines with regard to the composition of Directors as applicable to unlisted Govt. Companies:-

1. The Number of functional Directors (Including CMD/MD) should not exceed 50% of the actual strength of the Board.

2. The Number of Non-official Part-time Directors on the Board should be at least one-third of its actual strength.

3. At least one-third of the Board of Directors shall comprise of Independent Directors.

**B. Composition of Audit Committee:-**

As stated above, 02 posts of Independent Directors are lying vacant since long and could not be filled up by Govt. of India during the financial year 2016-17. This has resulted in non-compliance of the DPE guidelines in respect of the Composition of the Audit Committee, as two-third of the members of the Audit Committee shall be Independent Directors. The Company has also not complied with regard to the Chairman of the Audit Committee, who shall be an Independent Director. In some of Audit Committee meetings, only one Independent Director was able to attend the meeting and the leave of absence was granted to the other Independent Director who was not able to attend the meeting. However, as per the DPE Guidelines, at least 02 Independent Directors should be present in the meeting.

The Management of the Company has stated that once 02 more Independent Directors are inducted by Ministry of Coal, Government of India, the Audit Committee of the Company would be re-constituted by inducting all the 04 Independent Directors as members of the Audit Committee and one of the Independent Directors would also be made the Chairman of the Audit Committee. This would comply with the provisions of DPE Guidelines.

**For Saroj Ray & Associates**
**(Company Secretaries)**

**Sd/-**
**CS. Saroj Kumar Ray, FCS**
**Sr. Partner**
**M No. 5098, CP No. 3770**

Place: Bhubaneswar
Date: 01.07.2017

# REPORT ON CORPORATE GOVERNANCE

**COMPANY'S PHILOSOPHY:**

Corporate Governance as a business philosophy is being integrated more deeper in to the organisational system of Mahanadi Coalfields Limited (MCL) with an aim to ensure transparency, greater organisational justice and Corporate sustainability.

With the directives from the Central Government for complying with the Guidelines on Corporate Governance from 2010-11, the Guidelines have been re-looked with fresh perspective and due diligence.

Equity, justice, transparency, accountability etc. being touchstones of good governance have been accepted as core values to be practised to the best extent in every sphere of business activities pertaining to MCL.

BOARD OF DIRECTORS

In adherence to the principle of optimum combination of functional, nominee and independent directors on the Board, the Board of Directors of MCL is comprised of 09 (Nine) Directors as on 31.03.2017 categorized as below.

a) 05 (five) Functional Directors including Chairman-cum-Managing Director.

b) 02 (two) Independent Directors.

c) 02 (two) Official part-time Directors (Nominee).

Besides, Chief Operation Manager, East Coast Railway, Bhubaneswar is also appointed as a Permanent Invitee to the Board.

The Board met Thirteen (13) times during the year 2016-17 on 05.04.2016, 26.05.2016, 11.06.2016, 11.07.2016, 27.08.2016, 17.09.2016, 22.10.2016, 10.11.2016, 25.11.2016, 28.01.2017, 28.02.2017, 09.03.2017 and 25.03.2017 with attendance of Directors exceeding 50% on average and gap between two meetings remaining less than 64 days.

A table is prepared with details on composition of the Board, attendance of the Directors in the Board meeting and in the last AGM and number of Directorship in other Companies.

| Name and Designation | Category | Board meetings | | Directorships in other Companies | Attended last AGM | Membership in other Committee | |
|---|---|---|---|---|---|---|---|
| | | Held during the tenure | Attended | | | Audit Committee | Other Committee |
| Shri A. K. Jha, Chairman | Functional | 13 | 13 | Nil | Yes | Nil | 02 |
| Shri J. P. Singh,Director (Tech./P&P) | Functional | 13 | 13 | (i) Mahanadi Basin Power Limited<br>(ii) Mahanadi Coal Railway Limited | Yes | 01 | 03 |
| Shri A. K. Tiwari, Director (Tech./Op) | Functional | 5 | 5 | (i) MJSJ Coal Limited<br>(ii) Neelanchal Power Transmission Corporation Pvt. Ltd. | Yes | 01 | 05 |
| Shri O P Singh, Director (Tech./Op) | Functional | 8 | 7 | (i) MJSJ Coal Limited<br>(ii) MNH Shakti Limited | No | Nil | 04 |
| Shri L.N. Mishra, Director (Personnel) | Functional | 13 | 13 | (i) Mahanadi Basin Power Limited<br>(ii) MNH Shakti Limited<br>(iii) Mahanadi Coal Railway Limited | Yes | Nil | 04 |
| Shri K. K. Parida,Director (Finance) | Functional | 13 | 13 | (i) Mahanadi Basin Power Limited<br>(ii) MJSJ Coal Limited<br>(iii) Mahanadi Coal Railway Limited. | Yes | Nil | 03 |
| Shri J. S. Bindra,Director | Govt. Nominee | 4 | 2 | Nil | No | 01 | 02 |
| Shri Mukesh Choudhary,Director | Govt. Nominee | 9 | 8 | NLC Tamilnadu Power Limited | No | 01 | 02 |
| Shri S. N. Prasad,Director | Official part time | 13 | 12 | (i) Coal India Limited | No | 01 | 03 |
| | | | | (ii) Northern Coalfields Ltd | | | 3 |
| Dr. Rajib Mall, Director | Independent | 13 | 10 | Nil | Yes | 01 | 03 |
| Shri. H.S. Pati, Director | Independent | 13 | 12 | Nil | Yes | 01 | 02 |

Certain items of governance like the Half-yearly and Annual Accounts, Capital expenditure, Coal sale contracts, Manpower budgets, statutory compliance reports etc. are reserved for Board's review and approval.

**Remuneration of Directors:**

**A) Whole time Directors**

| Name | Relation-ship with other Directors | Business relationship with the Company if any | Remuneration for the year 2016-17 All elements of remuneration package i.e. Salary, Performance linked incentive Scheme, PF contribution, Pension etc. (Rs.) |
|---|---|---|---|
| Shri A. K. Jha | Nil | Chairman-cum-Managing Director | 39,90,520.00 |
| Shri A. K. Tiwari | Nil | Director (Tech/ OP.) | 55,17,790.57 |
| Shri J. P. Singh | Nil | Director(Tech/OP) | 41,96,244.92 |
| Shri P. C. Panigrahi | Nil | Director(Personnel) | 04,32,000.00 |
| Shri K. K. Parida | Nil | Director (Finance) | 46,48,786.12 |
| Shri L. N. Mishra | Nil | Director(Personnel) | 35,29,195.79 |
| Shri O. P. Singh | Nil | Director (Tech./P&P) | 37,35,985.05 |

**B) Official Part- time Directors**

No remuneration is paid to the official Part-time Directors by the Company.

**C) Non Official Part- time Directors**

No remuneration except Sitting Fee for attending the Board/Committee meetings is paid to the Non-official Part-time Directors.

**D) Service Contracts, Notice Period, Severance Fees:**

All the Functional Directors of the Company are appointed by the Hon'ble President of India. The appointment may be terminated by either side on 03 months notice or on payment of 03 months salary in lieu thereof.

**COMMITTEES OF THE BOARD:**

**i. Audit Committee**

MCL believes that a well comprised Audit Committee with proper autonomy and defined scope of work can be efficient machinery for smooth conduct of business. The Committee meets at regular intervals and addresses the issues as early as possible. Meetings of the Audit Committee are also very structured with proper agenda and action taken reports put in place timely.

The Audit Committee has access to financial and other data/information of MCL. Observation made by the Committee is reported to MCL Board. The Committee meets as often as desired but is expected to meet at least once in a Quarter.

**Scope of work**

a) Review of financial statement.

b) Periodical review of internal control system.

c) Review of Govt. Audit and Statutory Auditor's Report.

d) Review of operational performance vis-à-vis standard parameters.

e) Review of projects and other capital scheme.

f) Review of internal audit findings/observations.

g) Development of a commensurate and effective internal audit functions in MCL.

h) Special studies, investigation of any matter including issue referred to by the Board.

**Composition and meeting details of the Audit Committee:**

The Audit Committee met for nine times on 26.05.2016, 11.06.2016, 27.08.2016, 17.09.2016, 25.11.2016, 28.01.2017, 28.02.2017, 09.03.2017 and 25.03.2017during the year and the details of Directors attending the meetings are given as under:

| Sl. No | Name | Status | No of meetings held during tenure | Attendance |
|---|---|---|---|---|
| 1. | Shri A. K. Tiwari | Chairman | 3 | 3 |
| 2. | Shri S.N. Prasad | Chairman | 6 | 4 |
| 3. | Shri J. S. Bindra | Member | 2 | 1 |
| 4. | Shri M. Choudhary | Member | 6 | 4 |
| 5. | Dr. Rajib Mall | Member | 9 | 7 |
| 6. | Shri H. S. Pati | Member | 9 | 8 |
| 7. | Shri J. P. Singh | Member | 6 | 6 |

In Audit Committee meetings, Director (Finance), Chief of Internal Audit, and Statutory Auditors are invited to clarify the matters relating to Finance, Accounts, Audit and Internal Control System.

In addition to the existing Audit Committee, following Sub-committees have been constituted in the 134th and 135th Board meeting during 2011-12, keeping in view, further strengthening of Company's strategic and technical decision-making process, adherence to Corporate Governance in true letter and spirit, value addition through HR and urgency of R & R.

**ii) Technical Sub-committee:**

**Scope of work:**

Evaluation, appraisal and recommendation of projects for approval of MCL Board.

**Composition and meeting details of the Sub-committee:**

The Sub-committee met one time during the year, i.e. on 13.08.2016 with attendance of members as under:

| Sl. No | Name | Status | No of meetings held during tenure | Attendance |
|---|---|---|---|---|
| 1. | Shri A. K. Jha | Chairman | 1 | 1 |
| 2. | Shri A. K. Tiwari | Member | 1 | 1 |
| 3. | Shri J. P. Singh | Member | 1 | 1 |
| 4. | Shri K. K. Parida | Member | 1 | 1 |
| 5. | Shri O. P. Singh | Member | 0 | 0 |
| 6. | Shri L. N. Mishra | Member | 0 | 0 |
| 7. | Dr. Rajib Mall | Member | | 0 |
| 8. | Shri S. N. Prasad | Member | 0 | 0 |

**iii) CSR and Sustainable Development Sub-committee (CSR & SD):**

**Scope of work:**

The scope of work and authority vested with the reconstituted Committee shall be as per Section 135 of the Companies Act, 2013, as per provisions of DPE guidelines and as decided by the MCL Board from time to time.

**Composition and meeting details of the Sub-committee:**

The CSRSD Sub-committee met five times during the year on 21.04.2016, 02.06.2016, 22.10.2016, 25.11.2016 and 31.03.2017 with attendance of members as under:

| Sl. No | Name | Status | No of meetings held during tenure | Attendance |
|---|---|---|---|---|
| 1. | Shri A. K. Tiwari | Chairman | 2 | 2 |
| 2. | Shri. H. S. Pati | Chairman | 3 | 3 |
| 3. | Shri. H. S. Pati | Member | 2 | 2 |
| 4. | Shri J. P. Singh | Member | 5 | 5 |
| 5. | Shri L. N. Mishra | Member | 5 | 5 |
| 6 | Dr. Rajib Mall | Member | 5 | 3 |

* The CGSRMSDCSR Sub-committee has been reconstituted on 09th February, 2016 and renamed as CSR and Sustainable Development Sub-committee and new members were introduced in the Sub-committee.

**iv) Risk Management Committee (RMC):**

**Scope of work:**

The scope of the Committee will be as per the policy of CIL & provisions of the Companies Act, 2013.

**Composition and meeting details of the Sub-committee:**

The Risk Management Committee has been formed with the following members on 09th February, 2016 and no meeting was held during the year 2016-17.

| Sl. No | Name | Status |
|---|---|---|
| 1. | Shri J. P. Singh | Chairman |
| 2. | Shri S. N. Prasad | Member |
| 3. | Shri K. K. Parida | Member |
| 4. | Shri L. N. Mishra | Member |
| 5. | Shri O. P. Singh | Member |

**v) Nomination and Remuneration Committee:**

**Scope of work:**

The scope of work and authority vested with the Committee shall be as per Section 178 of the Companies Act, 2013 subject to the exemption granted to Govt. Company as per notification in the Official Gazette.

**Composition and meeting details of the Sub-committee:**

The Nomination & Remuneration Sub-committee met two times during this year on 22.10.2016 and 31.03.2017, with attendance of members as under:

| Sl. No | Name | Status | No of meetings held during tenure | Attendance |
|---|---|---|---|---|
| 1. | Dr. Rajib Mall | Chairman | 2 | 2 |
| 2. | Shri S. N. Prasad | Member | 2 | 0 |
| 3. | Shri M. Choudhary | Member | 2 | 1 |
| 4. | Shri. H. S. Pati | Member | 2 | 2 |

**vi) Sub-committee for Land oustee cases:**

**Scope of work:**

To consider and approve all the cases of employment, cash compensation etc. as per existing norms of R&R Policy being followed by the Company.

**Composition and meeting details of the Sub-committees:**

The Sub-committee for Land oustee cases met 09 times during this year on 21.04.2016, 15.06.2016, 14.08.2016, 06.10.2016, 04.1.2016, 15.12.2016, 11.01.2017, 28.01.2017 and 12.03.2017, with attendance of members as under:

| Sl. No | Name | Status | No of meetings held during tenure | Attendance |
|---|---|---|---|---|
| 1. | | | | |
| 2. | Shri A. K. Jha | Chairman | 09 | 09 |
| 3. | Shri A. K. Tiwari | Member | 03 | 03 |
| 4. | Shri J. P. Singh | Member | 09 | 09 |
| 5. | Shri O.P. Singh | Member | 06 | 05 |
| 6. | Shri K. K. Parida | Member | 09 | 09 |
| 7. | Shri L. N. Mishra | Member | 09 | 09 |

**STATUTORY AUDITORS**

Under Section 139 of the Companies Act, 2013, the following Audit Firms were appointed as Statutory/Branch Auditors for the year 2016-17.

**Statutory Auditors**
Singh Ray Mishra & Co.,
Chartered Accountants,
Bhubaneswar

**Branch Auditors**
M/s SRB Associates
5th Floor, IDCO Towers,
Janpath, Bhubaneswar
Odisha-751022

| Type of Audit | Remuneration (Rs.) | Remarks |
|---|---|---|
| Statutory Audit for the year 2016-17 | Rs. 18,47,729/- (Rs. 11,11,908/- for Principal Auditors and Rs. 7,35,821/- for Branch Auditors ) | Reimbursement/payment of travelling expenses on actual basis and applicable Service Tax payable thereon. |
| Audit for consolidation | Rs. 82,500/- | Reimbursement/payment of travelling expenses on actual basis and applicable Service Tax payable thereon. |
| Compliance with the conditions of Corporate Governance | Rs. 30,000/- | Reimbursement/payment of travelling expenses on actual basis and applicable Service Tax payable thereon. |

**General Meetings of Shareholders:**

Details of the General Meetings of the Shareholders held during last 03 years are as under:

**Annual General Meeting:**

| Year | Date | Time | Location | Special Resolution, if any |
|---|---|---|---|---|
| 2013-14 | 09.06.2014 | 11.00 AM | Mahanadi Coalfields Limited, Jagruti Vihar, Burla, Sambalpur | Nil |
| 2014-15 | 08.07.2015 | 10.30 AM | Mahanadi Coalfields Limited, Jagruti Vihar, Burla, Sambalpur | One |
| 2015-16 | 11.07.2016 | 4.00 PM | Mahanadi Coalfields Limited, Jagruti Vihar, Burla, Sambalpur | Nil |

**Extraordinary General Meeting:**

| Year | Date | Time | Location | Special Resolution, if any |
|---|---|---|---|---|
| 2014-15 | 25.03.2015 | 11.00 AM | Mahanadi Coalfields Limited, Jagruti Vihar, Burla, Sambalpur | One |
| 2015-16 | Nil | Nil | Nil | Nil |
| 2016-17 | 12.03.2017 | 11.00AM | Mahanadi Coalfields Limited, Jagruti Vihar, Burla, Sambalpur | One |

**Code of business conduct and ethics for Board members and Senior Management Personnel in MCL.**

The Board of Directors of the Company has adopted a Code of Conduct for Directors and Senior Management Personnel in its 94th meeting held on 29th March, 2008 at Kolkata and the same has been posted at Company's website www.mahanadicoal.in.

**Report on Internal Financial Controls (IFC):**

All the Internal Auditors of MCL has submitted their reports on Internal Financial Control prevailing in MCL. All the Auditors have opined that MCL has, in all material respects, laid down internal Financial Controls (including operational Controls) and that such controls are adequate and were operating effectively during the year 2016-17.

**Risk Management:**

Due importance is given for risk identification, assessment and its control in different functional areas of the Company for an effective risk management process because of inherent risk, external and internal, necessary control measures are regularly taken. Acquisition of land, forest clearance, land oustee problems are some of the critical factors which are mon1itored continuously by the Management. Due importance is also given to the internal factors like preventive maintenance of machinery, security, industrial relations etc. for ensuring smooth operation of the Company. At an apex level, a separate Sub-committee of the Board has been formed in the year 2011-12 for reviewing the functioning of risk management mechanism at MCL. Further, to comply with the provisions of the requirements of Section 134(3)(n) of the Companies Act, 2013, the said Committee has been re-constituted on 09.02.2016 by MCL Board named as "Risk Management Committee" (RMC). General Manager (S&R), MCL has been nominated to act as Chief Risk Officer (CRO), a representative of MCL's RMC to co-ordinate and comply with the matters related to Risk Management at MCL.

**Whistle Blower Policy:**

Being a Govt. Company, the activities of the Company are open for audit by C&AG, Vigilance, CBI etc. A policy in the line with the Policy of CIL has been framed and the same is being followed.

**Accounting Treatment:**

The Financial Statements are prepared in accordance with the applicable mandatory Accounting Standards and relevant requirements under the Companies Act, 2013.

**Means of Communication:**

Operational and Financial Performance of the Company are published in Leading English Newspapers and in local dailies. In addition to above, the financial results are displayed in the Company's Website.

**Audit Qualifications:**

It is always the Company's endeavour to present unqualified Financial Statements. Management Reply to the Statutory Auditors' observations on the Accounts of the Company for the year ended 31st March, 2017 are furnished as an Annexure to Directors' Report. Comments of the Comptroller & Auditor General of India under the provisions of Section 143 of the Companies Act, 2013 on the Accounts of MCL for the year ended 31st March, 2017 is also enclosed.

**Training of Board Members:**

The Functional Directors, by virtue of their possessing the requisite expertise and experience in their respective functional areas, are aware of the business model of the Company as well as the risk profile of the Company's business. The Part-time Directors are fully aware of the Company's business model. However, having aimed at better familiarity with Corporate Governance practices, the Independent Directors are nominated for undergoing training programmes organised by Top Institutions. A suitable Training Policy for Directors in line with DPE Guidelines on Corporate Governance is also in place.

**Compliance on Corporate Governance as per DPE Guidelines**

Your Company has implemented the Guidelines issued by DPE as per OM No.DPE/14(38)/10-Fin Dated 28.06.2011 and a certificate has been given by CEO for compliance of DPE Guidelines.

Your Company has achieved an annual score of 97.65% in Corporate Governance for the year 2016-17, which entails '**Excellent'** grading.

**ANNEXURE-V**

## Form No. MGT-9

# EXTRACT OF ANNUAL RETURN

**As on the financial year ended on 31/03/2017 of MAHANADI COALFIELDS LIMITED**

*[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

| | | |
|---|---|---|
| i) | CIN:- | **U10102OR1992GOI003038** |
| ii) | Registration Date: | **3/04/1992** |
| iii) | Company Name : | **MAHANADI COALFIELDS LIMITED** |
| iv) | Category of the Company: - | 1 Public Company ( ) |
| | | 2 Private company (✓) |

v) Sub Category of the Company:- [ Please tick whichever are applicable]

| | |
|---|---|
| Government Company | (✓) |
| Small Company | ( ) |
| One Person Company | ( ) |
| Subsidiary of Foreign Company | ( ) |
| NBFC | ( ) |
| Guarantee Company | ( ) |
| Limited by shares | (✓) |
| Unlimited Company | ( ) |
| Company having share capital | (✓) |
| Company not having share capital | ( ) |
| Company Registered under Section 8 | ( ) |

vi)

| | | |
|---|---|---|
| Address | : | **At/Po - Jagruti Vihar, Burla** |
| Town / City | : | **Sambalpur** |
| State | : | **Odisha** |
| Country Name | : | **India** |
| Pin Code | : | **768020** |
| Fax Number | : | **0663-2542977** |
| Email Address | : | **cosecymcl@gmail.com** |
| Website | : | www.mahanadicoal.in |

vii) Whether shares listed on recognized Stock Exchange(s) - Yes/**No** ✓

vii) Name, Address and Contact details of Registerer and Transfer agent, if any **Nil**

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---|---|---|---|
| 1 | Coal | 051-05101 and 051-05102 | 100 |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

| S. N0 | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY / ASSOCIATE | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Coal India Limited 10, N.S. Road, Coal Bhawan Kolkata - 700001. West Bangal | L23109WB19 73GOI028844 | Holding | 100 | Sec - 2 (87) |
| 2 | MNH Shakti Limited, At - Anand Vihar, Po - Jagruti Vihar, Burla, Sambalpur - 768020. Odisha | U10100OR20 08GOI010171 | Subsidiary | 70 | Sec - 2 (87) |
| 3 | MJSJ Coal Limited, House No - 42, 1st Floor, Hakimpara, Po. - Angul, Angul - 759153 Odisha. | U10200OR20 08GOI010250 | Subsidiary | 60 | Sec - 2 (87) |
| 4 | Mahanadi Basin Power Limited, Plot No. G-3, Gadakana, Chandrasekharpur, Bhubaneswar – 751017, Odisha. | U40102OR20 11GOI014589 | Subsidiary | 100 | Sec - 2 (87) |
| 5 | Mahanadi Coal Railway LimitedC/ o-MCL, Corporate Office, MDF Room, At/Po - Jagruti Vihar, Burla, Sambalpur – 738020, Odisha. | U60100OR20 15GOI019349 | Subsidiary | 64 | Sec - 2 (87) |
| 6 | Neelanchal Power Transmission Company Pvt. Limited C/O - OPTCL Janpath, Bhoi Nagar Bhubaneswar-751022,Odisha. | U40102OR20 13PTC016434 | Associate | 50 | Sec - 2 (6) |

## IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

### *i)* Category-wise Share Holding

| *Category of Shareholders* | *No. of Shares held at the beginning of the year* | | | | *No. of Shares held at the end of the year* | | | | *% Change during the year* |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) **Indian** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| a) Individual/ HUF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp. | 0 | 1864009 | 1864009 | 100 | 0 | 1412266 | 1412266 | 100 | 0 |
| e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total shareholding of Promoter (A)** | 0 | 1864009 | 1864009 | 100 | 0 | 1412266 | 1412266 | 100 | 0 |
| B. Public Shareholding | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Sub-total (B)(1):-** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**2. Non-Institutions**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (B)(2):- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 0 | 1864009 | 1864009 | 100 | 0 | 1412266 | 1412266 | 100 | 0 |

## ii) Shareholding of Promoters

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | COAL INDIA LIMITED | 1864009 | 100 | 0 | 1412266 | 100 | 0 | 0 |

## iii) Change in Promoters' Shareholding ( please specify, if there is no change)

| Sl No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | For Each of the Top 10 Shareholders | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | | | | |
| | Coal India Limited | 1864006 | 99.99 | 1864006 | 99.99 |

| | | | | | |
|---|---|---|---|---|---|
| | Shri A.K. Jha | 1 | 0.00001 | 1 | 0.00001 |
| | Shri S. Bhattacharjee | 1 | 0.00001 | 1 | 0.00001 |
| | Shri S.N. Prasad | 1 | 0.00001 | 1 | 0.00001 |
| 2 | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 0 | 0 | 0 | 0 |
| | Coal India Limited | (451743) | 24.235 | (451743) | 24.235 |
| 3 | At the End of the year (or on the date of separation, if separated during the year) | | | | |
| | Coal India Limited | 1412263 | 99.99 | 1412263 | 99.99 |
| | Shri A.K. Jha | 1 | 0.00001 | 1 | 0.00001 |
| | Shri S. Bhattacharjee | 1 | 0.00001 | 1 | 0.00001 |
| | Shri S.N. Prasad | 1 | 0.00001 | 1 | 0.00001 |

iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | 0 | 0 | 0 | 0 |
| 2 | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 0 | 0 | 0 | 0 |
| 3 | At the End of the year | 0 | 0 | 0 | 0 |

v) **Shareholding of Directors and Key Managerial Personnel:**

| Sl No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | **For Each of the Directors and KMP** | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | | | | |
| | Shri A.K. Jha | 1 | 0.00001 | 1 | 0.00001 |
| 2 | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| 3 | At the End of the year | | | | |
| | Shri A.K. Jha | 1 | 0.00001 | 1 | 0.00001 |

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

*( Figures in ₹ )*

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 0.00 | 7.77 | 0.00 | 7.77 |
| ii) Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii) Interest accrued but not due | 0.00 | 0.00 | 0.00 | 0.00 |
| Total (i+ii+iii) | 0.00 | 7.77 | 0.00 | 7.77 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 1500.00 | 700.00 | 0.00 | 700.00 |
| * Reduction | 0.00 | (1.13) | 0.00 | (1.13) |
| Net Change | 1500.00 | 698.87 | 0.00 | 2198.87 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 1500.00 | 706.64 | 0.00 | 2206.64 |
| ii) Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii) Interest accrued but not due | 0.29 | 0.00 | 0.00 | 0.00 |
| Total (i+ii+iii) | 1500.29 | 706.64 | 0.00 | 2206.93 |

## *VI.* REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. *Remuneration to Managing Director, Whole-time Directors and/or Manager:* ***( Figures in ₹ )***

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|
| 1 | Gross salary | Sri A. K. Jha (CMD) | Sri A. K. Tiwari (WTD) | Sri J. P. Singh (WTD) | Sri K. K. Parida (WTD) | Sri L. N. Mishra (WTD) | Sri O. P. Singh (WTD) | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Rs.) | 39,90,520 | 55,17,790 | 41,96,244 | 46,48,786 | 35,29,195 | 37,35,985 | 2,56,18,520 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (Rs.) | 0 | 0 | 0 | 0 | 0 | | 0 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 (Rs.) | 0 | 0 | 0 | 0 | 0 | | 0 |
| 2 | Stock Option (Rs.) | 0 | 0 | 0 | 0 | 0 | | 0 |
| 3 | Sweat Equity (Rs.) | 0 | 0 | 0 | 0 | 0 | | 0 |
| 4 | Commission<br>- as % of profit<br>- others, specify (Rs.) | 0 | 0 | 0 | 0 | 0 | | 0 |
| 5 | Others, please specify (Rs.) | 0 | 0 | 0 | 0 | 0 | | 0 |
| | Total (A) (Rs.) | 39,90,520 | 55,17,790 | 41,96,244 | 46,48,786 | 35,29,195 | 37,35,985 | 2,56,18,520 |
| | Ceiling as per the Act (Rs.) | - | - | - | - | - | | - |

**B. Remuneration to other directors:** ***( Figures in ₹ )***

| Sl. no. | Particulars of Remuneration | Shri H.S. Pati | Dr. Rajib Mall | Total Amount |
|---|---|---|---|---|
| 1 | Independent Directors | | | |
| | Fee for attending board committee meetings | 5,05,000 | 4,40,000 | 9,45,000 |
| | Commission | 0 | 0 | 0 |
| | Others, please specify | 0 | 0 | 0 |
| | Total (1) | 5,05,000 | 4,40,000 | 9,45,000 |
| 2 | Other Non-Executive Directors | 0 | 0 | 0 |
| | Fee for attending board committee meetings | 0 | 0 | 0 |
| | Commission | 0 | 0 | 0 |
| | Others, please specify | 0 | 0 | 0 |
| | Total (2) | 0 | 0 | 0 |
| | Total (B)=(1+2) | 5,05,000 | 4,40,000 | 9,45,000 |
| | Total ManagerialRemuneration | 0 | 0 | 0 |
| | Overall Ceiling as per the Act | - | - | - |

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/WTD

*( Figures in ₹ )*

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | |
|---|---|---|---|
| | | Company Secretary | Total |
| 1 | Gross salary (Rs.) | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3346304 | 3346304 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2 | Stock Option (Rs.) | - | - |
| 3 | Sweat Equity (Rs.) | - | - |
| 4 | Commission (Rs.) | - | - |
| | - as % of profit | - | - |
| | others, specify… | - | - |
| 5 | Others, please specify (Rs.) | - | - |
| | Total | 3346304 | 3346304 |

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| **B. DIRECTORS** | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |

**ANNEXURE-VI**

# MAHANADI COALFIELDS LTD.
# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## A. INDUSTRY STRUCTURE AND DEVELOPMENT:

**Coal - primary source of Energy:**

Coal is the dominant, sustainable and reliable source of energy. Globally, use of coal for commercial energy has been going down since 1950, largely because of environmental considerations and availability of cheap oil and gas. However, in India the scenario is totally different. Here coal is likely to play a dominant role in power generation because of its abundant reserve and cheap availability coupled with limited oil reserve within the country.

**Coal Reserve:**

Coal accounts for 97% of the fossil resources in our country .The National Coal Inventory places the hard coal resources at 308.801 Billion Tonne (BT) upto 1200 meter depth in 68 different coalfields as on 01.04.2016, details are as below:

| SL NO | STATE | NO. OF CF | COAL RESERVE (BT) | % OF INDIA |
|---|---|---|---|---|
| 1 | JHARKHAND | 12 | 81.172 | 26.29% |
| 2 | ODISHA | 2 | 75.896 | 24.58% |
| 3 | CHHATTISGARH | 13 | 56.036 | 18.15% |
| 4 | WEST BENGAL | 4 | 31.529 | 10.21% |
| 5 | M.P. | 8 | 26.907 | 8.71% |
| 6 | TELENGANA | 1 | 21.415 | 6.93% |
| 7 | MAHARASHTRA | 5 | 11.436 | 3.70% |
| 8 | NE STATE | 20 | 1.608 | 0.52% |
| 9 | A.P. | 1 | 1.581 | 0.51% |
| 10 | U.P. | 1 | 1.062 | 0.34% |
| 11 | BIHAR | 1 | 0.160 | 0.05% |
| | TOTAL | 68 | 308.802 | 100.00% |

Odisha stands 2nd to Jharkhand in the reserve position in India. Total coal reserve of Odisha as on 1st April 2016 is estimated to be 75.896 Billion Tonnes which is around 24.58 % of the total National coal reserve. The two coalfields of Odisha, namely Talcher and Ib-valley coalfield are under its command area of MCL, Talcher being the largest coalfield (51.065 BT) and Ib-valley being the 2nd largest (24.831 BT) coalfield of India. Out of 75.896 Billion Tonnes of coal reserve, the proved coal reserve is 34.2945 BT (45.18 %).

Talcher and Ib-valley coalfields of Odisha are the store house of huge thermal grade non-coking coal having most favorable quariability prospects. Demand of coal for thermal plants of existing and proposed ones of southern and western India is in a growing trend.

**Coal off-take and dispatch:**

Off-take programme for CIL the year 2016-17 has been planned for 598.60 Mt out of which share of MCL is 167.00 Mt (27.90 %).

**Sector-wise actual coal off-take of MCL for XI Plan, XII Plan & Projection for 2017-18**

*(Fig. in Million Tonne)*

| | XI Plan | | | | | XII Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2007-08 Actual | 2008-09 Actual | 2009-10 Actual | 2010-11 Actual | 2011-12 Actual | 2012-13 Actual | 2013-14 Actual | 2014-15 Actual | 2015-16 Actual | 2016-17 Actual | 2017-18 (BE) |
| Power | 68.09 | 70.47 | 70.88 | 74.73 | 77.11 | 88.16 | 78.223 | 87.717 | 91.173 | 98.550 | 129.493 |
| Cement | 0.19 | 0.17 | 0.26 | 0.27 | 0.23 | 0.348 | 0.340 | 0.432 | 0.24 | 0.257 | 0.260 |
| Fertilizer | - | - | - | 0.02 | 0.026 | 0.060 | 0.0367 | 0.024 | 0.004 | 0.00 | 0.06 |
| Others | 15.35 | 20.06 | 27.01 | 27.07 | 25.16 | 23.396 | 35.742 | 34.828 | 48.797 | 44.204 | 20.187 |
| Total | 83.63 | 91.30 | 98.15 | 102.09 | 102.52 | 111.964 | 114.342 | 123.001 | 140.214 | 143.011 | 150.00 |

**Mode-wise actual coal movement of MCL for XI Plan,XII Plan & Projection for 2017-18**

*(Fig. in Million Tonne)*

| | XI Plan | | | | | XII Plan | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2007-08 Actual | 2008-09 Actual | 2009-10 Actual | 2010-11 Actual | 2011-12 Actual | 2012-13 Actual | 2013-14 Actual | 2014-15 Actual | 2015-16 Actual | 2016-17 Actual | 2017-18 (BE) |
| Rail | 51.68 | 54.18 | 55.84 | 59.24 | 60.310 | 68.727 | 72.2246 | 81.260 | 89.079 | 90.776 | 95.16 |
| Road | 12.16 | 18.68 | 23.35 | 25.12 | 25.623 | 25.219 | 24.506 | 25.152 | 34.515 | 38.210 | 40.34 |
| MGR | 18.59 | 17.08 | 17.37 | 16.11 | 14.797 | 16.191 | 15.745 | 15.166 | 15.231 | 12.611 | 13.50 |
| Others | 1.20 | 1.36 | 1.59 | 1.62 | 1.791 | 1.819 | 1.866 | 1.423 | 1.389 | 1.410 | 1.00 |
| Total | 83.63 | 91.30 | 98.15 | 102.09 | 102.521 | 111.959 | 114.342 | 123.001 | 140.214 | 143.007 | 150.00 |

**Coal Availability:**

The actual coal production in the XII th plan period.i.e 2012-13, 2013-14,2014-15,2015-16, 2016-17 and production projection during 2017-18 from existing mines,completed projects and on-going projects in MCL, is given below.

*(Fig. in Million Tonne)*

| | 2008-09 Actual | 2009-10 Actual | 20010-11 Actual | 2011-12 Actual | 2012-13 Actual | 2013-14 Actual | 2014-15 Actual | 2015-16 Actual | 2016-17 (Actual) | 2017-18 |
|---|---|---|---|---|---|---|---|---|---|---|
| Existing Mines | 1.32 | 1.35 | 1.32 | 1.333 | 0.967 | 0.778 | 1.127 | 0.981 | 0.8936 | 0.930 |
| Completed Projects | 64.85 | 71.19 | 73.27 | 66.645 | 67.344 | 59.988 | 70.906 | 76.220 | 77.5699 | 83.845 |
| On-Going & New Projects | 30.17 | 31.54 | 25.69 | 35.140 | 39.584 | 49.674 | 49.346 | 60.70 | 60.7549 | 65.230 |
| Total | 96.34 | 104.08 | 100.28 | 103.118 | 107.895 | 110.440 | 121.379 | 137.901 | 139.2084 | 150.00 |
| Existing Mines | 1.32 | 1.35 | 1.32 | 1.333 | 0.967 | 0.778 | 1.127 | 0.981 | 0.8936 | 0.930 |

**Productivity:**

In MCL the major share of coal production from OCPs is done contractually and OBR is done departmentally. In few projects OBR has also been outsourced. The OMS position of MCL is as below:

| | 2008-09 Actual | 2009-10 Actual | 20010-11 Actual | 2011-12 Actual | 2012-13 Actual | 2013-14 Actual | 2014-15 Actual | 2015-16 Actual | 2016-17 (Actual) | 2017-18 BE |
|---|---|---|---|---|---|---|---|---|---|---|
| UG | 1.25 | 1.29 | 1.25 | 1.24 | 0.97 | 0.84 | 0.77 | 0.67 | 0.65 | 0.65 |
| OC | 23.05 | 18.89 | 20.50 | 20.38 | 21.34 | 22.16 | 22.11 | 24.24 | 25.72 | 31.87 |
| OVERALL | 16.59 | 14.66 | 15.37 | 15.36 | 16.07 | 16.69 | 17.10 | 18.88 | 20.08 | 23.81 |

## B. SWOT ANALYSIS

**Strength:**

- 2nd Largest Coal Producer among subsidiaries of CIL.
- Strong track record of growth in terms of Coal production, productivity & revenues.
- Good work culture- Skilled, experienced and dedicated Work force.
- Strong Capabilities of exploration & mine planning
- Mining Operations spread across the coal mining region in the states of Odisha and serving major consumers in the country.

**Weakness:**

- Loss making UG operations
- Evacuation of coal largely dependent on external agencies & lack of evacuation infrastructure facilities in growing coalfields.
- Dominance of low grade coal in available resources.

**Opportunities:**

- Huge demand of coal in the country especially for power generation.
- Huge potentiality of coal mining in MCL
- Power Plants located in the northern India are also linked to MCL.
- To formulate a sound marketing strategy& Long term agreement with Consumers, Railways and Shippers.
- To set up washeries
- Diversification to power
- JV for coal gasification and coal to liquid (oil).

**Threat:**

- Coal amenable to opencast mining - requirement of more land.
- Land acquisition and consequent social displacement.
- Rehabilitation and resettlement issues.
- Proneness of opencast mining to Environmental pollution.
- Inadequacy of Railways in coal transportation.
- Majority of consumers are far away from coalfields i.e. increase in rail freight means high landed cost to the consumers.
- The Coastal based TPPs have option to use imported coal.
- Captive Mining – allotment of blocks to MCLs consumers, some Central PSUs and State PSUs, for power generation and coal mining by State Govt. companies for sale of coal in the market.

**C. PERFORMANCE:**

Covered in the main report

**D. OUT LOOK**

Members may be aware that at present, there are 35 completed projects in MCL with rated capacity of 102.58 Mt (Including capacity of exhausted mines), out of which 02 projects with rated capacity of 1.60 Mt have been exhausted during XI Plan period. There are 16 On-going projects under implementation (as on March 2016) with rated capacity of 121.83 Million tonne. Production from these On-going projects during 2016-17 is 60.699 Million tonne.

Basundhara Area (known as Gopalpur Tract) of Ib-valley coalfield has enough potentiality, but the only bottleneck is coal evacuation arrangement. Your company has planned and approved a 52 Km long railway line from Basundhara Area to Jharsuguda Rly station. Two MOUs have been signed between MCL and SE Rly for land acquisition and construction of the railway line. Land acquisition work is in progress and construction work has been started. The scheduled date of completion of the railway line is 36 months to be reckoned from 09.03.09.Now the project is delayed due to acquisition of forest land which is pending for want of NOC under FRA- 2006, and also construction of one major bridge over Ib river is under execution.

Similarly, in Talcher coalfield, construction of Kalinga-Angul link railway line is going on. Once this segment is completed, there will be unidirectional movement of empty rail rakes from Angul side and the loaded rakes will be evacuated through Talcher side. This will increase the rake movement capacity of Talcher coalfield by double.

**E. RISKS AND CONCERNS:**

Mining is site specific and location of a mine can not be changed. Following risks and concerns are involved:

- Delay in obtaining forestry clearance and environmental clearance.
- High cost of Rehabilitation and resettlement
- Demand of employment beyond the prescribed norms resulting in frequent law and order problem and obstruction of mining and coal transportation operation.
- Long lead time to procure HEMMs and other E&M items.

**E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**:

Covered in the main report.

**F. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

Covered in the main report.

**G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

Covered in the main report.

**H. ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENTS, FOREIGN EXCHANGE CONSERVATION.**

Covered in the main report.

**I. CORPORATE SOCIAL RESPONSIBILITY**

Covered in the main report.

## ANNEXURE-VII

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHANADI COALFIELDS LIMITED (STANDALONE) FOR THE YEAR ENDED 31 MARCH, 2017.

The preparation of financial statements of Mahanadi Coalfields Limited (standalone) for the year ended 31 March, 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent Audit in accordance with the standards on Auditing prescribed under Section 143(10) of the Act.. This is stated to have been done by them vide their Audit Report dated 27.05.2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6) (a) of the Act of the financial statements of Mahanadi Coalfields Limited (standalone) for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comments upon or supplement to statutory auditors' report.

**For and on behalf of the Comptroller &**
**Auditor General of India**

**Sd/-**
**(Praveer Kumar)**
**Pr. Director of Commercial Audit &**
**Ex-officio Member, Audit Board-II**
**Kolkata**

Place: Kolkata
Dated: 12.07.2017

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHANADI COALFIELDS LIMITED FOR THE YEAR ENDED 31 MARCH, 2017.

The preparation of consolidated financial statements of Mahanadi Coalfields Limited for the year ended 31 March, 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129 (4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent Audit in accordance with the standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27.05.2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) read with Section 129 (4) of the Act of the consolidated financial statements of Mahanadi Coalfields Limited for the year ended 31 March 2017. We conducted a Supplementary Audit of the financial statements of Mahanadi Coalfields Limited and its subsidiary Companies as listed in the Annexure for the year ended on that date. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company Personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comments upon or supplement to statutory auditors' report.

**For and on behalf of the Comptroller & Auditor General of India**

**Sd/-**
**(Praveer Kumar)**
**Pr. Director of Commercial Audit &**
**Ex-officio Member, Audit Board-II**
**Kolkata**

Place: Kolkata
Dated: 18.07.2017

| Name of the Subsidiary Companies | Details of Supplementary Audit for the year 2016-17 |
|---|---|
| Mahanadi Coal Railway Limited | Conducted Supplementary Audit and issued nil comments certificate. |
| MJSJ Coal Limited | No Review certificate issued. |
| MNH Shakti Limited | No Review certificate issued. |
| Mahanadi Basin Power Limited | Conducted Supplementary Audit conducted by the O/o the Pr. DCA, MAB-I, Kolkata and issued nil comments certificate. |

# INDEPENDENT AUDITORS' REPORT

To

**The Members,**
**Mahanadi Coalfields Limited**
**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Mahanadi Coalfields Limited ( "the Company"), which comprise the Balance Sheet as at 31st March 2017, the statement of profit and loss (including Other Comprehensive Income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS financial statements"). These Financial Statements include figures in respect of Six mines area and one Central work shop of Talcher Field audited by Branch Auditors.

**Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

The Board of Directors of the company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone Ind AS financial statements by the Directors of the Company, as aforesaid.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company, as at 31st March 2017 and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year then ended.

**Other Matters**

(a) We did not audit the financial statements/ information of six mines area and one Central work shop of Talcher Field audited by Branch Auditors included in the standalone Ind AS financial statements of the company, reflecting total asset of Rs. 1247331.21 Lakh as at 31st March 2017 and total revenues of Rs.813289.43 Lakh for the year ended on that date. The financial statements/ information of these branches have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

(b) Without qualifying our report, it is to state that the company has not disclosed its mining right as an intangible asset as per the requirement under Schedule III to the Companies Act , 2013 ( IND AS compliant financial statement format), as because it is of the opinion that at present there is no measuring yard stick prescribed in Ind AS to assign a value to it.

Our opinion is not modified in respect of these matters.

**We have placed reliance on**

(a) The technical data submitted by the Management in respect of Advance Stripping, Coal Exposed, Average/Standard Ratio, Current Ratio, Ratio Variance etc., in the matter of Over Burden Accounting including adjustment for variation between standard ratio and current ratio of OBR cost;

(b) The mine closure plan prepared by the Central Mine Planning & Design institute limited (CMPDIL) and approved by the Management of the Company for the purpose of making provision towards Mine Closer expenses.

(c) The Management's evaluation/estimates, whether technical or otherwise for making the provision towards impairment of fixed assets.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order,2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, in the "Annexure B" on the directions issued by the Comptroller & Auditor General of India.

3. As required by Section 143(3) of the Act, we report, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS financial statements have been kept so far as it appears from our examination of those books.

(c) The reports on the accounts of the six mines area and one Central work shop of Talcher Field audited under section 143(8) of the Act by the branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

(d) The balance sheet, the statement of profit and loss, the statement of cash flows and statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Ind AS financial statements.

(e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(f) We are informed that the provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the company, being a Government company in terms of notification no. G.S.R. 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure C”.

(h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements vide point 5 of Note 38;

ii. the company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company.

**For Singh Ray Mishra & Co.**
*Chartered Accountants*
FRN: 318121E

Place: Sambalpur
Date:27/05/2017

**Sd/-**
**Jiten Kumar Mishra**
*Partner*
M. No.: 052796

# Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed asset.

(b) As per information available the Fixed assets of the company have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. However for 58.984 acres of leasehold land in Anand Vihar and Jagruti Vihar in possession of the company, the company has deposited the premium and applied for sanctioning the land in its favour.

(ii) As explained to us stocks of coal have been physically verified by the Management at reasonable intervals and stock of stores and spare parts (excluding stock in transit and/or under inspection with suppliers/contractors) have been physically verified by the Management in accordance with the phased programme. The discrepancies between physical stocks and book records, arising out of physical verification, have been properly dealt with in the books of accounts.

(iii) According to the information and explanations given to us and on the basis of the examination of record:

We notice that short term interest bearing Current Account balance are maintained with Coal India Limited, the holding company and Mahanadi Basin Power Limited, MJSJ Coal Limited, MNH Shakti Limited, Mahanadi Coal Railway Limited, the subsidiaries companies. We also found that the Company has granted an unsecured loans of Rs. 1500 Crore to CCL Limited a body corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') .

(a) On the basis of the examination of record and on the basis of the information and explanation available we report that the terms and conditions of the loans are not prima facie prejudicial to the interest of the company.

(b) The receipts of interest are regular on current account balance with Coal India Limited, the holding company and for Subsidiary Companies MCL is charging interest which is at par the interest rate of current deposit with Coal India Limited and the same is accepted and with accounted for by subsidiaries company.

Since the loans to CCL has been granted at the end of the financial year which is repayable on quarterly basis over period of five years hence no principal and interest has been fallen due.

(c) Therefore in our opinion and according to the information and explanations given to us, there is no overdue amount in respect of Current Account maintained with Mahanadi Basin Power Limited, MJSJ Coal Limited, MNH Shakti Limited, Mahanadi Coal Railway Limited, the subsidiaries companies as the repayment period is not stipulated, and in respect of loan granted to CCL on 31st March 2017, there is no overdues.

(iv) According to the information and explanations given to us, the provisions of section 185 and 186 of the Act, have been complied with in respect of the loan, investment and securities. However, post facto approval from the Ministry of Coal dated 25th May 2017 has been obtained.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.

(vi) An independent cost audit is being carried out by the company we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2014, prescribed by the Central Government under Section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained.

(vii) (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other Statutory dues as applicable, with the appropriate authorities during the year. There are no outstanding dues as of the last date of financial year for a period more than six months from the date they became payable.

(b) According to the records of the company and the information and explanations given to us, details of disputed dues in respect of Income Tax, Sales tax, duty of excise, service tax, water tax, Entry Tax and Cess as at 31st March 2017 are given below:

| Sl. No. | Name of the Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relate | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Income Tax Act | Income Tax | 78,815.22 | 2014-15 | CIT (A), Sambalpur |
| 2 | Income Tax Act | Income Tax | 36,784.48 | 08-09, 09-10, 10-11, 11-12, 12-13, 13-14 | ITAT, Cuttack |
| 3 | Income Tax Act | Income Tax | 6909.33 | 97-98, 98-99, 05-06, 06-07 & 07-08 | High Court, Orissa |

**Basundhara**

| Sl. No. | Name of the Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relate | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Excise ACT | Excise Duty | 654.11 | 2011 to 2014 | CESTAT KOLKATA |
| 2 | Finance Act,1994 | Service Tax | 6.02 | 2009 | Commsioner Appeals |

**Orient**

| Sl. No. | Name of the Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relate | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Excise ACT | Excise Duty | 5.09 | 2011 to 2016 | CESTAT KOLKATA |

**IB Valley**

| Sl. No. | Name of the Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relate | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Excise ACT | Excise Duty | 843.24 | 2011-12 | CESTAT KOLKATA |
| 2 | Central Excise ACT | Excise Duty | 1,015.06 | 2012-13 | CESTAT KOLKATA |
| 3 | Central Excise ACT | Excise Duty | 793.79 | 2013-14 | CESTAT KOLKATA |
| 4 | Central Excise ACT | Excise Duty | 1,145.92 | 2014 | CESTAT KOLKATA |
| 5 | Central Excise ACT | Excise Duty | 243.89 | 2014-15 | CESTAT KOLKATA |
| 6 | Finance Act 1994 | service Tax | 1.50 | 2008-09 | Commissioner CBEC |
| 7 | Finance Act 1994 | service Tax | 17.72 | 2010-11 to 2014-15 | Commissioner CBEC |
| 8 | Finance Act 1994 | service Tax | 1.70 | 2014-15 | Commissioner CBEC |
| 9 | Odisha Vat | Sales Tax | 123.93 | 2005-06 | Commissioner Sales Tax |
| 10 | Odisha Vat | Sales Tax | 683.12 | 2006-07 | Commissioner Sales Tax |
| 11 | Odisha Vat | Sales Tax | 2.68 | 2009-11 | Commissioner Sales Tax |
| 12 | Odisha Vat | Sales Tax | 86.30 | 2013-14 | Commissioner Sales Tax |
| 13 | Odisha Vat | Sales Tax | 4,261.04 | 2014-15 | Commissioner Sales Tax |
| 14 | Odisha Vat | Sales Tax | 6,694.67 | 2015-16 | Commissioner Sales Tax |

**Lingaraj**

| Sl. No. | Name of the Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relate | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Excise ACT | Excise Duty | 1.42 | 2013-14 | CESTAT KOLKATA |
| 2 | Finance Act 1994 | Service Tax | 2.26 | 2007-08 to 2014-15 | Assisstant Commissioner, Angul |
| 3 | Finance Act 1994 | Service Tax | 6.81 | 2012-13 | Assisstant Commissioner, Angul |
| 4 | ODISHA VAT | CST | 1.16 | 1998-99 | ACCT, Cuttack II Range |
| 5 | ODISHA VAT | CST | 0.06 | 2001-2002 | Commissioner Cuttack |
| 6 | ODISHA VAT | CST | 16.14 | 2000-2001 | Commissioner Cuttack |
| 7 | ODISHA VAT | CST | 1.13 | 2004-2005 | ACCT, Cuttack II Range |
| 8 | OET ACT | Entry Tax | 52.07 | 1999-2000 | Asst. Commissioner , Angul |
| 9 | OET ACT | Entry Tax | 4.93 | 2003-2004 | High Court, Odisha |
| 10 | OET ACT | Entry Tax | 4.52 | 2004-2005 | High Court, Odisha |

**Bharatpur**

| Sl. No. | Name of the Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relate | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Excise Act 1944 | Central Excise Duty | 87.60 | 2011-12 to 2014-15 | Addl. Commissioner, Central Excise, Customs & Service Tax, Rourkela Commissionerate |
| 2 | Central Excise Act 1944 | Clean Energy Cess | 171.31 | 2010-11 to 2014-15 | Asst. Commissioner Central Excise Customs & Service Tax, Sambalpur II Division. |
| 3 | Service Tax Act 1994 | Service Tax | 889.59 | 01.04.03 to 31.12.07 | CESTAT KOLKATA |
| 4 | Service Tax Act 1994 | Service Tax | 427.31 | Jan 08 to June 09. | CESTAT KOLKATA |
| 5 | Service Tax Act 1994 | Service Tax | 135.32 | July 2009 to Jan 2010 | CESTAT KOLKATA |
| 6 | Service Tax Act 1994 | Service Tax | 114.06 | Feb 2010 to July 2010 | CESTAT KOLKATA |
| 7 | Service Tax Act 1994 | Service Tax | 103.26 | August 2010 to March 2011 | CESTAT KOLKATA |
| 8 | Service Tax Act 1994 | Service Tax | 78.46 | April 2011 to Dec 2011 | CESTAT KOLKATA |
| 9 | Service Tax Act 1994 | Service Tax | 93.75 | January 12 to Nov 12 | Commissioner(Appeals), Central Excise, Customs and Service Tax, BBSR-I |
| 10 | Service Tax Act 1994 | Service Tax | 58.17 | December 12 to March 14 | Commissioner, Central Excise, Customs & S.Tax, Bhubaneswar -II Commissionerate |
| 11 | Service Tax Act 1994 | Service Tax | 8.84 | 1st June 2007 to 31st March 2012 | Asst. Commissioner, Central Excise, Customs & Service Tax, Angul Division, Angul |
| 12 | Service Tax Act 1994 | Service Tax | 7,462.35 | 2006-07 to Feb 2011 | CESTAT KOLKATA |
| 13 | Service Tax Act 1994 | Service Tax | 20.14 | 01.01.05 to 15.03.06 | CESTAT KOLKATA |

**Jagannath**

| Sl. No. | Name of the Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relate | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Excise Act | Excise Duty | 0.72 | 2013-14 & 2014-15 | Commissioner(Appeals) |
| 2 | Central Excise Act | Excise Duty | 1.51 | 2011-12 to 2013-14 | Commissioner(Appeals) |
| 3 | Central Excise Act | Excise Duty | 49.23 | 2013-14 | Commissioner(Appeals) |
| 4 | Central Excise Act | Excise Duty | 8.86 | 01.03.2011 to 31.03.2015 | CESTAT KOLKATA |

| | | | | | |
|---|---|---|---|---|---|
| 5. | Central Excise Act | Excise Duty | 203.81 | Mar-11 | CESTAT KOLKATA |
| 6. | Central Excise Act | Excise Duty | 3,436.17 | 2010-11 to 2014-15 | High Court |
| 7. | Clean Energy cess act & rules | Clean Energy Cess | 4,558.90 | 2010-11 to 2014-15 | High Court |
| 8. | Sales Tax | Sales Tax | 5.25 | 2004-05 | Jt. Commissioner (A) , Cuttack |
| 9. | Sales Tax | Sales Tax | 2,000.00 | 2005-2007 | Orissa High Court |
| 10. | Sales Tax | Sales Tax | 209.80 | 01.04.2008 to 31.01.2012 | Addl. Commissioner (Appeals) , Cuttack |
| 11. | Sales Tax | Sales Tax | 25.92 | 01.04.2012 to 31.03.2014 | Addl. Commissioner (Appeals) , Cuttack |
| 12. | Sales Tax | Sales Tax | 27.20 | 1985-86 | Sales Tax Tribunal, Cuttack |
| 13. | Sales Tax | Sales Tax | 1.60 | 1987-88 | Sales Tax Tribunal, Cuttack |
| 14. | Sales Tax | Sales Tax | 190.16 | 1993-94 | Addl. Commissioner, Cuttack |
| 15. | Sales Tax | Sales Tax | 4.10 | 1994-95 | Sales Tax Tribunal, Cuttack |
| 16. | Sales Tax | Sales Tax | 18.01 | 1995-96 | Sales Tax Tribunal, Cuttack |
| 17. | Sales Tax | Sales Tax | 7.90 | 1996-97 | Sales Tax Tribunal, Cuttack |
| 18. | Sales Tax | Sales Tax | 0.13 | 2001-02 | Addl. Commissioner, Cuttack |
| 19. | Sales Tax | Sales Tax | 14.76 | 2003-04 | Addl. Commissioner, Cuttack |
| 20. | Sales Tax | Sales Tax | 31.56 | 2005-2006 | Addl. Commissioner, Cuttack |
| 21. | Sales Tax | Sales Tax | 4,881.48 | 01.04.2009 to 30.09.2011 | Addl. Commissioner (Appeals) , Cuttack |
| 22. | Sales Tax | Sales Tax | 104.61 | 01.04.2012 to 31.03.2014 | Addl. Commissioner (Appeals) , Cuttack |
| 23. | Sales Tax | Sales Tax | 0.33 | 01.09.2011 to 31.03.2012 | Joint.Commissioner (Appeals) , Angul |
| 24. | Sales Tax | Sales Tax | 2.46 | 1989-90 to | Addl. Commissioner, Cuttack |
| 25. | Sales Tax | Sales Tax | 1.30 | 1991-92 | Sales Tax Tribunal, Cuttack |
| 26. | Sales Tax | Sales Tax | 74.12 | 1992-93 | Sales Tax Tribunal, Cuttack |
| 27. | Sales Tax | Sales Tax | 1.37 | 2001-02 | Addl. Commissioner, Cuttack |
| 28. | Sales Tax | Sales Tax | 532.82 | 01.04.2009 to 30.09.2011 | Addl. Commissioner (Appeals) , Cuttack |
| 29. | Sales Tax | Sales Tax | 7.22 | 01.04.2012 to 31.03.2014 | Addl. Commissioner (Appeals) , Cuttack |
| 30. | Finance Act 1994 | Service Tax | 0.22 | 2013-14 | Commissioner(Appeals) |
| 31. | Finance Act 1994 | Service Tax | 1.39 | 2012-13 | Commissioner(Appeals) |

**Lakhanpur**

| Sl. No. | Name of the Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relate | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Excise Act | Clean Energy Cess | 2,488.00 | 2010-11 to 2014-15 | Filling of Appeal is in process at Hon'ble High Court of Orissa |
| 2 | Sales Tax | Sales tax | 39.33 | 2000-01 to 2001-02 | Hon'ble High Court of Orissa |

**Talcher**

| Sl. No. | Name of the Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relate | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Excise Act | Excise Duty | 36.54 | 2010-11 to 2014-15 | Filling of Appeal is in process at Hon'ble High Court of Orissa |
| 2 | Central Excise Act | Clean Energy Cess | 0.10 | 2010-11 to 2014-15 | Filling of Appeal is in process at Hon'ble High Court of Orissa |
| 3 | Sales Tax | Sales Tax | 8.61 | 1991-94 | High Court |

**Hingula**

| Sl. No. | Name of the Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which the amount relate | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Excise ACT | Excise Duty | 8,081.31 | 2010-11 to 2014-15 | High Court |
| 2 | Central Excise ACT | Clean Energy Cess | 8,294.82 | 2010-11 to 2014-15 | High Court |
| 3 | Odisha Entry Tax | OET | 208.61 | 1993-96 & 2001-05 | Sales Tax Tribunal |
| 4 | Finance Act | Service Tax | 13.95 | 2011-12& 2014-16 | Commisioner Appeals |

Out of the above an amount of Rs. 43.86 Crore has been deposited against Sales Tax under protest, an amount of Rs. 632.54 Crore has been deposited against Income Tax under protest, an amount of Rs. 2.88 Crore has been deposited against Central Excise Duty under Protest and an amount of Rs. 0.26 Crore has been deposited against Service Tax under protest.

(viii) As per information and explanations given by the Management, the Company has not in default in repayment of dues to any loans or borrowings from any financial institution, banks, or government during the year. The Company has not issued debentures.

(ix) As per information and explanations given to us the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(X) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) The company being a State Controlled enterprise and having related party transactions has disclosed relevant particulars as required under clause 26 of Ind AS-24.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. As the company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review, the compliance requirement of Section 42 of the Companies Act, 2013 with respect to the amount raised have been used for the purpose for which the funds were raised, is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Singh Ray Mishra & Co.**
*Chartered Accountants*
FRN: 318121E

**Sd/-**
**Jiten Kumar Mishra**
*Partner*
M. No.: 052796

Place: Sambalpur
Date:27/05/2017

**ANNEXURE – "B(i)"**

COMPANY: **MAHANADI COALFIELDS LIMITED**
**JAGRUTI VIHAR, BURLA, SAMBALPUR**

FINANCIAL YEAR **2016-17**

## Report pursuant to revised directions issued by office of C & AG u/s 143(5) of the Companies Act, 2013 applicable from the year 2016-17 accounts

| Sl.No. | Direction | Statutory Auditor's Reply |
|---|---|---|
| 1. | Whether the company has clear title/ lease deeds for freehold and leasehold respectively? if not, please state the area of freehold and leasehold land for which title/lease deeds are not available? | The company has cleared title/lease deeds for freehold and leasehold lands. However for 58.984 acres of leasehold land in Anand Vihar and Jagruti Vihar in possession of the company, the company has deposited the premium and applied for sanctioning the land in its favour. Conveyance deed is yet to be executed. |
| 2. | Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved. | As per information given to us, there was no case of waiver of debt/loans/interest etc during the year of audit. |
| 3. | Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. Or other authorities. | Proper records wherever necessary are maintained for inventories lying with third parties. As informed to us the Company has not received of any gift from Govt. Or authorities. |

COMPANY **ANNEXURE – "B(ii)"**

# MAHANADI COALFIELDS LIMITED

**JAGRUTI VIHAR, BURLA, SAMBALPUR**

FINANCIAL YEAR **2016-17**

## Report pursuant to Additional directions issued by office of C & AG u/s 143(5) of the Companies Act, 2013 to Statutory Auditors appointed for audit of Coal India Limited and its subsidiaries for the year 2016-17

| Sl.No. | Direction | Statutory Auditor's Reply |
|---|---|---|
| 1. | Whether coal stock measurement was done keeping in view the contour map. Whether physical stock measurement report are accompanied by contour map in all case? Whether new heap, if any, created during the year has got the approval of the competent authority? | Yes the stock measurement has been done keeping in view of the contour map and the physical stock measurement reports are accompanied by contour map in all cases. New heap, if any, created during the year has been approved by the competent authority. |
| 2. | Whether the company conducted physical verification exercise of assets and properties at the time of merger/split/ restructure of an area. If so, whether the concerned subsidiary followed the requisite procedure. | As per information, during the year under audit, there was no merger/split/ restructure. However it is the practice of the company to conduct physical verification of assets by independent Chartered Accountant Firms. |
| 3. | Whether uniform treatment of land acquisition entries as well as interest on delayed payment of land compensation to the Project Affected Persons (PAPs) across the subsidiaries have been considered during the preparation of Annual Account for the year 2016-17 | Yes, uniform treatment of land acquisition entries as well as interest on delayed payment of land compensation to the Project Affected Person (PAPs) across the subsidiary have been considered during the preparation of Annual Account for the year 2016-17 |
| 4. | Whether disputes, if any, as to GCV ranges as a result of sampling have been duly examined. | As per stipulated guidelines of FSA if any consumer submits the analysis result of coal samples collected jointly in times and not accepted by MCL, then the result are being protested and the referee part are being sent to Govt. Independent coal analysis laboratory for analysis. The result so obtain shall be binding for both seller and buyer. |

# Annexure - C to the Auditors' Report

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the**

**Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of

Mahanadi Coalfields Limited ("the Company") as of that date.

**Management's Responsibility for Internal Financial Controls**

The Respective Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For Singh Ray Mishra & Co.**
*Chartered Accountants*
FRN: 318121E

**Sd/-**
**Jiten Kumar Mishra**
*Partner*
M. No.: 052796

Place: Sambalpur
Date:27/05/2017

# MAHANADI COALFIELDS LIMITED

(A Subsidiary of Coal India Limited)

**FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules,2014)

**Statement containing salient features of the financial statement of subsidiaries**

**Part"A" : Subsidiaries**

(₹ in crore)

| SI No. | Particulars | Name of the Subsidiary Companies | | | |
|---|---|---|---|---|---|
| | | MJSJ Ltd. | MNH Shakti Ltd. | MCRL | MBP Ltd. |
| 1 | Reporting Period | 01.04.16 to 31.03.17 | 01.04.16 to 31.03.17 | 01.04.16 to 31.03.17 | 01.04.16 to 31.03.17 |
| 2 | Reporting Currency | Rupees | Rupees | Rupees | Rupees |
| 3 | Share Capital | 95.10 | 85.10 | 0.05 | 0.05 |
| 4 | Reserves & Surplus | (1.01) | (0.52) | (0.01) | (0.04) |
| 5 | Total Assets | 103.09 | 85.92 | 14.23 | 19.32 |
| 6 | Total Liabilities | 103.09 | 85.92 | 14.23 | 19.32 |
| 7 | Investments | 0.00 | 0.00 | 0.00 | 0.00 |
| 8 | Turnover | 0.00 | 0.00 | 0.00 | 0.00 |
| 9 | Profit before Taxation | 0.00 | 0.00 | (0.01) | (0.01) |
| 10 | Provision for Taxation | 0.00 | 0.00 | 0.00 | 0.00 |
| 11 | Profit after Taxation | 0.00 | 0.00 | (0.01) | (0.01) |
| 12 | Proposed Dividend | 0.00 | 0.00 | 0.00 | 0.00 |
| 13 | % of Share holding as on 31.03.2017 | 60.00 | 70.00 | 64.00 | 100.00 |

# Part"B" : Associates and Joint Ventures

**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Joint ventures**

| S.No | Particulars | Name of the Joint Venture: Neelanchal Power Transmission Company Pvt. Ltd. |
|---|---|---|
| 1 | Latest audited Balance Sheet Date | - |
| 2 | Shares of Associate/Joint Ventures held by the company as on 31.03.17 | - |
| | No. | - |
| | Amount of Investment in Associates/Joint Venture | - |
| | Extend of Holding % | - |
| 3 | Description of how there is significant influence | - |
| 4 | Reason why the associate/joint venture is not consolidated | Yet to start operation. |
| 5 | Net worth attributable to Shareholding as per latest audited Balance Sheet | - |
| 6 | Profit / Loss for the year ended on 31.03.17 | - |
| | i. Considered in Consolidation | - |
| | ii. Not Considered in Consolidation | - |

Sd/-
**A. K. Singh**
Company Secretary

Sd/-
**V.V.K. Raju**
General Manager (Finance)

**For SINGH RAY MISHRA & CO.**
**Chartered Accountants**

Sd/-
**K.K. Parida**
Director (Finance)

**Sd/-**
**(CA J. K. MISHRA)**
**Partner**
**(Membership No.052796)**

Sd/-
**A.K. Jha**
Chairman-cum-Managing Director

Place: Sambalpur
Date: 25.05.2017


# Annual Accounts

2016-17 (Standalone)

MCL produces over 92% of Coal by eco-friendly Surface Miner

SILO under construction at Bharatpur Area

A picture of Bharatpur OCP

Coal Handling Plant Lingaraj

Dragline

# BALANCE SHEET

## As at 31st March, 2017

( ₹ in Crores )

| | Note No. | As at 31-03-2017 | 31-03-2016 Restated | 01-04-2015 Restated |
|---|---|---|---|---|
| **ASSETS** | | | | |
| (A) **Non-Current Assets** | | | | |
| (a) Property, Plant & Equipments | 3 | 3,937.85 | 3,533.73 | 3,411.79 |
| (b) Capital Work in Progress | 4 | 1,864.74 | 813.66 | 617.00 |
| (c) Exploration and Evaluation Assets | 5 | 111.12 | 114.27 | 106.74 |
| (d) Other Intangible Assets | 6 | 5.44 | 5.38 | 4.91 |
| (e) Intangible Assets under Development | | - | - | - |
| (f) Investment Property | | - | - | - |
| (g) Financial Assets | | | | |
| (i) Investments | 7 | 1,075.41 | 1,075.41 | 1,075.38 |
| (ii) Loans | 8 | 1,201.06 | 1.23 | 1.73 |
| (iii) Other Financial Assets | 9 | 732.24 | 698.32 | 593.83 |
| (h) Deferred Tax Assets (net) | | - | - | - |
| (i) Other non-current assets | 10 | 382.50 | 940.56 | 653.33 |
| **Total Non-Current Assets (A)** | | 9,310.36 | 7,182.56 | 6,464.71 |
| (B) **Current Assets** | | | | |
| (a) Inventories | 12 | 322.13 | 425.59 | 471.50 |
| (b) Financial Assets | | | | |
| (i) Investments | 7 | 202.00 | 1,345.00 | 247.70 |
| (ii) Trade Receivables | 13 | 1,066.49 | 1,107.61 | 448.85 |
| (iii) Cash & Cash equivalents | 14 | 372.36 | 216.00 | 175.82 |
| (iv) Other Bank Balances | 15 | 14,662.95 | 11,199.47 | 10,141.57 |
| (v) Loans | 8 | 0.32 | 0.47 | 0.44 |
| (vi) Other Financial Assets | 9 | 999.28 | 897.88 | 1,171.32 |
| (c) Current Tax Assets (Net) | | 706.54 | 379.73 | 224.31 |
| (d) Other Current Assets | 11 | 1,024.36 | 1,738.74 | 2,490.77 |
| **Total Current Assets (B)** | | 19,356.43 | 17,310.49 | 15,372.28 |
| **Total Assets (A+B)** | | **28,666.79** | **24,493.05** | **21,836.99** |

**BALANCE SHEET Contd....**

( ₹ in Crores )

| EQUITY AND LIABILITIES | Note No. | As at 31-03-2017 | 31-03-2016 Restated | 01-04-2015 Restated |
|---|---|---|---|---|
| **(A) Equity** | | | | |
| (a) Equity Share Capital | 16 | 141.23 | 186.40 | 186.40 |
| (b) Other Equity | 17 | 3,244.15 | 4,276.68 | 4,411.98 |
| **Equity attributable to equityholders of the company** | | 3,385.38 | 4,463.08 | 4,598.38 |
| Non-Controlling Interests | | - | - | - |
| **Total Equity (A)** | | 3,385.38 | 4,463.08 | 4,598.38 |
| **Liabilities** | | | | |
| **(B) Non-Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 18 | 6.13 | 7.21 | 6.90 |
| (ii) Trade Payables | | - | - | - |
| (iii) Other Financial Liabilities | 20 | 40.19 | 43.47 | 28.47 |
| (b) Provisions | 21 | 16,740.31 | 15,506.52 | 12,999.09 |
| (c) Deferred Tax Liabilities (net) | | 201.82 | 183.60 | 122.90 |
| (d) Other Non-Current Liabilities | 22 | 176.83 | 167.83 | 133.31 |
| **Total Non-Current Liabilities (B)** | | 17,165.28 | 15,908.63 | 13,290.67 |
| **(C) Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 18 | 2,200.00 | - | - |
| (ii) Trade payables | 19 | 420.52 | 303.29 | 277.22 |
| (iii) Other Financial Liabilities | 20 | 342.02 | 284.93 | 220.30 |
| (b) Other Current Liabilities | 23 | 4,123.32 | 2,904.72 | 2,875.35 |
| (c) Provisions | 21 | 1,030.27 | 628.40 | 575.07 |
| (d) Current Tax Liabilities (net) | | | | |
| **Total Current Liabilities (C)** | | 8,116.13 | 4,121.34 | 3,947.94 |
| **Total Equity and Liabilities (A+B+C)** | | **28,666.79** | **24,493.05** | **21,836.99** |

The Accompanying Notes form an integral part of Financial Statements.

Sd/-
**A. K. Singh**
Company Secretary

As per our report annexed
For **SINGH RAY MISHRA & CO.**
Chartered Accountants
Firm Regn No.318121E

Sd/-
**V.V.K. Raju**
General Manager (Finance)

Sd/-
**K.K. Parida**
Director (Finance)
DIN-07015077

**(CA J K Mishra)**
Partner
**Membership No. 052796**

Sd/-
**A.K. Jha**
Chairman-cum-Managing Director
DIN- 06645361

Date: 25.05.2017
Place: Sambalpur

# STATEMENT OF PROFIT & LOSS

For the year ended 31st March, 2017

( ₹ in Crores )

| | | Note No. | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|---|---|
| A | Sales (Net) | 24 | 14,164.45 | 13,933.66 |
| B | Other Operating Revenue (Net) | | 817.53 | 747.66 |
| **(I)** | **Revenue from Operations (A+B)** | | 14,981.98 | 14,681.32 |
| (II) | Other Income | 25 | 1,486.31 | 1,346.28 |
| **(III)** | **Total Income (I+II)** | | **16,468.29** | **16,027.60** |
| **(IV)** | EXPENSES | | | |
| | Cost of Materials Consumed | 26 | 583.60 | 542.75 |
| | Purchases of Stock-in-Trade | | | |
| | Changes in inventories of finished goods/work in progress and Stock in trade | 27 | 97.52 | 38.67 |
| | Excise Duty | | 1,005.06 | 1,224.73 |
| | Employee Benefits Expense | 28 | 2,372.25 | 2,096.29 |
| | Power & Fuel | | 124.69 | 123.53 |
| | Corporate Social Responsibility Expense | 29 | 166.60 | 184.62 |
| | Repairs | 30 | 118.57 | 121.05 |
| | Contractual Expense | 31 | 2,286.94 | 1,973.14 |
| | Finance Costs | 32 | 57.55 | 48.06 |
| | Depreciation/Amortization/ Impairment expense | | 354.06 | 329.99 |
| | Provisions | 33 | 180.96 | (0.93) |
| | Write off | 34 | - | 0.10 |
| | Other Expenses | 35 | 952.48 | 628.49 |
| | Stripping Activity Adjustment | | 1,313.29 | 2,452.00 |
| | **Total Expenses (IV)** | | **9,613.57** | **9,762.49** |
| **(V)** | **Profit before exceptional items and Tax (III-IV)** | | **6,854.72** | **6,265.11** |
| (VI) | Exceptional Items | | - | - |
| **(VII)** | **Profit before Tax (V-VI)** | | 6,854.72 | 6,265.11 |
| (VIII) | Tax expense | 36 | 2,362.71 | 2,069.35 |
| **(IX)** | **Profit for the period from continuing operations (VII-VIII)** | | **4,492.01** | **4,195.76** |
| (X) | Profit/(Loss) from discontinued operations | | - | - |
| (XI) | Tax exp of discontinued operations | | - | - |
| (XII) | Profit/(Loss) from discontinued operations (after Tax) (X-XI) | | - | - |
| (XIII) | Share in JV's/Associate's profit/(loss) | | - | - |
| **(XIV)** | **Profit for the Period (IX+XII+XIII)** | | **4,492.01** | **4,195.76** |

( ₹ in Crores )

| | | Note No. | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|---|---|
| | **Other Comprehensive Income** | 37 | | |
| | A (i) Items that will not be reclassified to profit or loss | | (1.40) | 18.33 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | (0.48) | 6.34 |
| | B (i) Items that will be reclassified to profit or loss | | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| **(XV)** | **Total Other Comprehensive Income** | | **(0.92)** | **11.99** |
| **(XVI)** | **Total Comprehensive Income for the period (XIV+XV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)** | | **4,491.09** | **4,207.75** |
| | **Profit attributable to:** | | | |
| | Owners of the company | | **4,492.01** | **4,195.76** |
| | Non-controlling interest | | | |
| | | | **4,492.01** | **4,195.76** |
| | **Other Comprehensive Income attributable to:** | | | |
| | Owners of the company | | **(0.92)** | **11.99** |
| | Non-controlling interest | | | |
| | | | **(0.92)** | **11.99** |
| | **Total Comprehensive Income attributable to:** | | | |
| | Owners of the company | | **4,491.09** | **4,207.75** |
| | Non-controlling interest | | **-** | **-** |
| | | | **4,491.09** | **4,207.75** |
| **(XVII)** | **Earnings per equity share (for continuing operation):** | | | |
| | (1) Basic | | **31,800.60** | **22,573.66** |
| | (2) Diluted | | **31,800.60** | **22,573.66** |
| **(XVIII)** | **Earnings per equity share (for discontinued operation):** | | | |
| | (1) Basic | | **-** | **-** |
| | (2) Diluted | | **-** | **-** |
| **(XIX)** | **Earnings per equity share (for discontinued & continuing operation):** | | | |
| | (1) Basic | | **31,800.60** | **22,573.66** |
| | (2) Diluted | | **31,800.60** | **22,573.66** |

The accompanying Notes form an integral part of Financial Statements.

Sd/-
**A. K. Singh**
Company Secretary

Sd/-
**K.K. Parida**
Director (Finance)
DIN-07015077

Date: 25.05.2017
Place: Sambalpur

As per our report annexed
For **SINGH RAY MISHRA & CO.**
Chartered Accountants
Firm Regn No.318121E

Sd/-
**(CA J K Mishra)**
Partner
**Membership No. 052796**

Sd/-
**V.V.K. Raju**
General Manager (Finance)

Sd/-
**A.K. Jha**
Chairman-cum-Managing Director
DIN- 06645361

# STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31.03.2017

**A. EQUITY SHARE CAPITAL**

( ₹ in Crores )

| Particulars | Balance as at 01.04.2015 | Changes In Equity Share Capital During The Year | Balance as at 31.03.2016 | Balance as at 01.04.2016 | Changes In Equity Share Capital During The Yearat | Balance as 31.03.2017 |
|---|---|---|---|---|---|---|
| 1412266 Equity Shares of Rs.1000/- each fully paid up in cash | 186.40 | 0.00 | 186.40 | 186.40 | (45.17) | 141.23 |

**Note: Reason for changes in Equity**

**B. OTHER EQUITY**

| | Equity portion of Preference Share Capital | Other Reserves | | | | General Reserve | Retained Earnings | Total | Non-Controlling Interests | Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Capital Redemption reserve | Capital Reserve | CSR Reserve | Sustainable Development Reserve | | | | | |
| **Balance as at 01.04.2015** | - | 204.18 | - | - | - | 3,261.08 | 825.91 | 4,291.17 | - | - |
| Changes in accounting policy | - | - | - | - | - | - | 109.16 | 109.16 | - | - |
| Prior period errors | - | - | - | - | - | - | 11.65 | 11.65 | - | - |
| **Restated balance as at 01.04.2015** | - | 204.18 | | - | - | 3,261.08 | 946.72 | 4,411.98 | - | - |
| Additions during the year | - | - | | - | - | - | | - | - | - |
| Adjustments during the year | - | - | - | - | - | - | | - | - | - |
| Total comprehensive income during the year | - | - | - | - | - | - | 4,207.75 | 4,207.75 | - | - |
| <u>Appropriations</u> | - | - | - | - | - | - | | - | - | - |
| Transfer to General Reserve | - | - | - | - | - | 209.24 | (209.24) | - | - | - |
| Transfer to / from Other reserves | - | - | - | - | - | - | | - | - | - |
| Interim Dividend | - | - | - | - | - | - | (3,608.45) | (3,608.45) | - | - |
| Final Dividend | - | - | - | - | - | - | | - | - | - |
| Corporate Dividend tax | - | - | - | - | - | - | (734.60) | (734.60) | - | - |
| Pre-operative expenses | - | - | - | - | - | - | | - | - | - |
| **Balance as at 31.03.2016** | - | **204.18** | - | - | - | **3,470.32** | **602.18** | **4,276.68** | - | - |
| **Balance as at 01.04.2016** | - | **204.18** | - | - | - | **3,470.32** | **602.18** | 4,276.68 | - | - |
| Additions during the period | - | **45.17** | - | - | - | - | - | 45.17 | - | - |
| Adjustments during the period | - | - | - | - | - | (1,617.06) | - | (1,617.06) | - | - |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | - | - | - | 4,491.09 | 4,491.09 | - | - |
| <u>Appropriations</u> | - | - | - | - | - | - | - | - | - | - |
| Transfer to / from General reserve | - | - | - | - | - | **224.55** | (224.55) | - | - | - |
| Transfer to / from Other reserves | - | - | - | - | - | - | - | - | - | - |
| Interim Dividend | - | - | - | - | - | - | (2,982.00) | (2,982.00) | - | - |
| Final Dividend | - | - | - | - | - | - | - | - | - | - |
| Corporate Dividend tax | - | - | - | - | - | - | (607.06) | (607.06) | - | - |
| Adjustment of Pre-operative expenses | - | - | - | - | - | - | - | - | - | - |
| Buy Back Distribution tax | - | - | - | - | - | - | (362.67) | (362.67) | - | - |
| **Balance as at 31.03.2017** | - | **249.35** | - | - | - | **2,077.81** | **916.99** | **3,244.15** | - | - |

## Notes to the financial statements

### NOTE : 1
### CORPORATE INFORMATION

Mahanadi Coalfields Limited (MCL), a Miniratna Company with headquarters at Sambalpur, Odisha was incorporated on 3rd April, 1992 as a 100% Subsidiary of Coal India Limited (CIL) upon taking over of assets and liabilities of South Eastern Coalfields Limited in respect of mines in the State of Odisha.

The Company is mainly engaged in mining and production of Coal. The major consumers of the Company are power and steel sectors. Consumers from other sectors include cement, fertilisers, brick kilns etc.

MCL has four subsidiaries & one joint venture Company in Odisha. All the subsidiaries are in development stage. Information of the Group structure is provided in Note no. 38.

### NOTE : 2
### SIGNIFICANT ACCOUNTING POLICIES

**2.1 Basis of preparation of financial statements**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules,2015.

For all periods up to and including the year ended 31stMarch 2016, the CIL Consolidated (hereinafter referred as "Company")prepared its financial statements in accordance withAccounting Standards (AS) notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and in accordance with companies (Accounting Standards), Rules 2006. These financial statements for the year ended 31st March 2017 are the first financial statements of the Company prepared in accordance with Ind AS. Refer to Note no.38.6for information on first time adoption of Ind AS.

The financial statements have been prepared on historical cost basis of measurement, except for

- certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments in para 2.15);
- Defined benefit plans- plan assets measured at fair value;
- Inventories at Cost or NRV whichever is lower (refer accounting policy in para no. 2.21).

**2.1.1 <u>Rounding of amounts</u>**

Amounts in these financial statements have, unless otherwise indicated, have been rounded off to 'rupees in crore' upto two decimal points.

## 2.2 Basis of consolidation

### 2.2.1 Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date when control ceases.

The acquisition method of accounting is used to account for business combinations by the Company.

The Company combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, cash flows, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses between companies are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. All the companies within the CIL Consolidated normally uses accounting policies as adopted by the CIL Consolidated for like transactions and events in similar circumstances. In case of significant deviations of a particular constituent company within CIL Consolidated, appropriate adjustments are made to the financial statement of such constituent company to ensure conformity with the CIL Consolidated accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

### 2.2.2 Associates

Associates are all entities over which the Company has significant influence but no control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost, except when the investment, or a portion thereof, classified as held for sale, in which case it is accounted in accordance with Ind AS 105.

The Company impairs its net investment in the associates on the basis of objective evidence.

### 2.2.3 Joint arrangements

Joint arrangements are those arrangements where the Company is having joint control with one or more other parties.

Joint control is the contractually agreed sharing of control of the arrangement which exist only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint Arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

#### 2.2.3.1 Joint Operations

Joint operations are those joint arrangements whereby the Company is having rights to the assets and obligations for the liabilities relating to the arrangements.

Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

**2.2.3.2 Joint ventures**

Joint ventures are those joint arrangements whereby the Company is having rights to the net assets of the arrangements.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Investments in Joint venture are accounted for using the equity method of accounting, after initially being recognized at cost, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted in accordance with Ind AS 105.

The Company impairs its net investment in the joint venture on the basis of objective evidence.

**2.2.4 Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit and loss, and the Company's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

**2.2.5 Changes in ownership interests**

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any fair value of consideration paid or received is recognised within equity

When the Company ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**2.3 Current and non-current Classification**

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current by the Company when:

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is treated as current by the Company when:

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

**2.4 Revenue recognition**

**2.4.1 Revenue from sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

(a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b)the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;

(d)it is probable that the economic benefits associated with the transaction will flow to the Company; and

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes, levies or duties collected on behalf of the government/ other statutory bodies.

Advances received from the customers are reported as customer's deposits unless the above conditions for revenue recognition are met.

However, based on the educational material on Ind AS 18 issued by The Institute of Chartered Accountants of India, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not.

Since the recovery of excise duty flows to the Company on its own account, gross revenue includes excise duty.

However, other taxes, levies or duties are not considered to be received by the Company on its own account and are excluded from net revenue.

**2.4.2 Interest**

Interest income is recognised using the Effective Interest Method.

**2.4.3 Dividend**

Dividend income from investments is recognised when the rights to receive payment is established.

**2.4.4 Other Claims**

Other claims (including interest on delayed realization from customers) are accounted for, when there is certainty of realisation and can be measured reliably.

**2.4.5 Rendering of Services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised with reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

**(a)** the amount of revenue can be measured reliably;

**(b)** it is probable that the economic benefits associated with the transaction will flow to the Company;

**(c)** the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

**(d)** the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**2.5 Grants from Government**

Government Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attached to them and that there is reasonable certainty that grants will be received.

Government grants are recognised in Statement of Profit & Loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate.

Government Grants/assistance related to assets are presented in the balance sheet by setting up the grant as deferred income and are recognised in Statement of Profit and Loss on systematic basis over the useful life of asset.

Grants related to income (i.e. grant related to other than assets) are presented as part of statement of profit and loss under the head ‘Other Income’.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs, is recognised in profit or loss of the period in which it becomes receivable.

The Government grants or in the nature of promoters contribution are recognised directly in “Capital Reserve” which forms part of the “Shareholders fund”.

**2.6 Leases**

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

**2.6.1 Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease.

**2.6.1.1 Finance leases** are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**2.6.1.2 Operating lease**- Lease payments under an operating lease is recognised as an expense on a straight-line basis over the lease term unless either:

(a) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or

(b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

**2.6.2 Company as a lessor**

**Operating leases:**Lease income from operating leases (excluding amounts for services such as insurance and maintenance) is recognised in income on a straight-line basis over the lease term, unless either:

(a) another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished, even if the payments to the lessors are not on that basis; or

(b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary according to factors other than inflation, then this condition is not met.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the initial lease term on the same basis as lease income.

**Finance leases** Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## 2.7 Non-current assets held for sale

The Company classifies non-current assets and (or disposal groups) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely those significant changes to the plan will be made or that the plan will be withdrawn.

## 2.8 Property, Plant and Equipment (PPE)

Land is carried at historical cost. Historical cost includes expenditure which are directly attributable to the acquisition of the land like, rehabilitation expenses, resettlement cost and compensation in lieu of employment incurred for concerned displaced persons etc.

After recognition, an item of allother Property, plant and equipment are carried at its cost less any accumulated depreciation and any accumulated impairment losses under Cost Model. The cost of an item of property, plant and equipment comprises:

(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item depreciated separately. However, significant part(s) of an item of PPE having same useful life and depreciation method are grouped together in determining the depreciation charge.

Costs of the day to-day servicing described as for the ‘repairs and maintenance’ are recognised in the statement of profit and loss in the period in which the same are incurred.

Subsequent cost of replacing parts significant in relation to the total cost of an item of property, plant and equipment are recognised in the carrying amount of the item, if it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised in accordance with the derecognition policy mentioned below.

When major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised.

An item of Property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of assets. Any gain or loss arising on such derecognition of an item of property plant and equipment is recognised in profit and Loss.

Depreciation on property, plant and equipment, except freehold land, is provided as per cost model on straight line basis over the estimated useful lives of the asset as follows:

| | |
|---|---|
| Other Land (incl. Leasehold Land) | : Life of the project or lease term whichever is lower |
| Building | : 3-60 years |
| Roads | : 3-10 years |
| Telecommunication | : 3-9 years |
| Railway Sidings | : 15 years |
| Plant and Equipment | : 5-15 years |
| Computers and Laptops | : 3 Years |
| Office equipment | : 3-6 years |
| Furniture and Fixtures | : 10 years |
| Vehicles | : 8-10 years |

Based on technical evaluation, the management believes that the useful lives given above best represents the period over which the management expects to use the asset. Hence the useful lives of the assets may be different from useful lives as prescribed under Part C of schedule II of companies act, 2013.

The estimated useful life of the assets is reviewed at the end of each financial year.

The residual value of Property, plant and equipment is considered as 5% of the original cost of the asset except some items of assets such as, Coal tub, winding ropes, haulage ropes, stowing pipes & safety lamps etc. for which the technically estimated useful life has been determined to be one year with nil residual value.

Depreciation on the assets added / disposed of during the year is provided on pro-rata basis with reference to the month of addition / disposal.

Value of "Other Land" includes land acquired under Coal Bearing Area (Acquisition & Development) (CBA) Act, 1957, Land Acquisition Act, 1894, Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLAAR) Act, 2013, Long term transfer of government land etc., which is amortised on the basis of the balance life of the project; and in case of Leasehold land such amortisation is based on lease period or balance life of the project whichever is lower.

Fully depreciated assets, retired from active use are disclosed separately as surveyed off assets at its residual value under Property, plant Equipment and are tested for impairment.

Capital Expenses incurred by the company on construction/development of certain assets which are essential for production, supply of goods or for the access to any existing Assets of the company are recognised as Enabling Assets under Property, Plant and Equipment.

**Transition to Ind AS**

The company elected to continue with the carrying value as per cost model (for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP.

**2.9 Mine Closure, Site Restoration and Decommissioning Obligation**

The company's obligation for land reclamation and decommissioning of structures consists of spending at both surface and underground mines in accordance with the guidelines from Ministry of Coal, Government of India. The company estimates its obligation for Mine Closure, Site Restoration and Decommissioning based upon detailed calculation and technical assessment of the amount and timing of the future cash spending to perform the required work. Mine Closure expenditure is provided as per approved Mine Closure Plan. The estimates of expenses are escalated for inflation, and then discounted at a discount rate that reflects current market assessment of the time value of money and the risks, such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The company records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding assets are recognised in the period in which the liability is incurred. The asset representing the total site restoration cost (as estimated by Central Mine Planning and Design Institute Limited) as per mine closure plan is recognised as a separate item in PPE and amortised over the balance project/mine life.

The value of the provision is progressively increased over time as the effect of discounting unwinds; creating an expense recognised as financial expenses.

Further, a specific escrow fund account is maintained for this purpose as per the approved mine closure plan.

The progressive mine closure expenses incurred on year to year basis forming part of the total mine closure obligation is initially recognised as receivable from escrow account and thereafter adjusted with the obligation in the year in which the amount is withdrawn after the concurrence of the certifying agency.

**2.10 Exploration and Evaluation Assets**

Exploration and evaluation assets comprise capitalised costs which are attributable to the search for coal and related resources, pending the determination of technical feasibility and the assessment of commercial viability of an identified resource which comprises inter alia the following:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geo chemical and geo physical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements;
- Conducting market and finance studies.

The above includes employee remuneration, cost of materials and fuel used, payments to contractors etc.

As the intangible component represents an insignificant/indistinguishable portion of the overall expected tangible costs to be incurred and recouped from future exploitation, these costs along with other capitalised exploration costs are recorded as exploration and evaluation asset.

Exploration and evaluation costs are capitalised on a project by project basis pending determination of technical feasibility and commercial viability of the project and disclosed as a separate line item under non-current assets. They are subsequently measured at cost less accumulated impairment/provision.

Once proved reserves are determined and development of mines/project is sanctioned, exploration and evaluation assets are transferred to “Development” under capital work in progress. However, if proved reserves are not determined, the exploration and evaluation asset is derecognised.

**2.11 Development Expenditure**

When proved reserves are determined and development of mines/project is sanctioned, capitalised exploration and evaluation cost is recognised as assets under construction and disclosed as a component of capital work in progress under the head “Development”. All subsequent development expenditure is also capitalised. The development expenditure capitalised is net of proceeds from the sale of coal extracted during the development phase.

<u>Commercial Operation</u>

The project/mines are brought to revenue; when commercial readiness of a project/mine to yield production on a sustainable basis is established either on the basis of conditions specifically stated in the project report or on the basis of the following criteria:

(a) From beginning of the financial year immediately after the year in which the project achieves physical output of 25% of rated capacity as per approved project report, or

(b) 2 years of touching of coal, or

(c) From the beginning of the financial year in which the value of production is more than total, expenses.

Whichever event occurs first;

On being brought to revenue, the assets under capital work in progress are reclassified as a component of property, plant and equipment under the nomenclature “Other Mining Infrastructure”. Other Mining Infrastructure are amortised from the year when the mine is brought under revenue in 20 years or working life of the project whichever is less.

**2.12 Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition,intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the statement of profit and loss and other comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

An intangible asset with an indefinite useful life is not amortised but is tested for impairment at each reporting date.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss

Exploration and Evaluation assets attributable to blocks identified for sale or proposed to be sold to outside agencies (i.e. for blocks not earmarked for CIL) are however, classified as Intangible Assets and tested for impairment.

Cost of Software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or three years, whichever is less; with a nil residual value.

**2.13 Impairment of Assets (other than financial assets)**

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.Company considers individual mines as separate cash generating units for the purpose of test of impairment.

If the recoverable amount of an asset is estimated to be less than its carrying amount,the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in the Statement of Profit and Loss.

**2.14 Investment Property**

Property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both, rather than for, use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of businesses are classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

**2.15 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**2.15.1 Financial assets**

**2.15.1 Initial recognition and measurement**

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**2.15.2 Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**2.15.2.1 Debt instruments at amortised cost**

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**2.15.2.2 Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**2.15.2.3 Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**2.15.2.4 Equity investments in subsidiaries, associates and Joint Ventures**

In accordance of Ind AS 101 (First time adoption of Ind AS), the carrying amount of these investments as per previous GAAP as on the date of transition is considered to be the deemed cost. Subsequently Investment in subsidiaries, associates and joint ventures are measured at cost.

In case of consolidated financial statement, Equity investments in associates and joint ventures are accounted as per equity method as prescribed in para 10 of Ind AS 28.

**2.15.2.5 Other Equity Investment**

All other equity investments in scope of Ind AS 109 are measured at fair value through profit or loss.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**2.15.2.6 Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement~ and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**2.15.2.7 Impairment of financial assets (other than fair value)**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt

securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from

transactions that are within the scope of Ind AS 11 and Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

## 2.15.3 Financial liabilities

### 2.15.3.1 Initial recognition and measurement

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### 2.15.3.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

### 2.15.3.3 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

### 2.15.3.4 Financial liabilities at amortised cost

After initial recognition, these are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

### 2.15.3.5 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

**2.15.4 Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for

| Original classification | Revised classification | Accounting treatment |
|---|---|---|
| Amortised cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L. |
| FVTPL | Amortised Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount. |
| Amortised cost | FVTOCI | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification. |
| FVTOCI | Amortised cost | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL | FVTOCI | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required. |
| FVTOCI | FVTPL | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date. |

**2.15.5 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.16. Borrowing Costs**

Borrowing costs are expensed as and when incurred except where they are directly attributable to the acquisition, construction or production of qualifying assets i.e. the assets that necessarily takes substantial period of time to get ready for its intended use, in which case they are capitalised as part of the cost of those asset up to the date when the qualifying asset is ready for its intended use.

**2.17 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Taxable profit differs from “profit before income tax” as reported in the statement of profit and loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**2.18 Employee Benefits**

**2.18.1 Short-term Benefits**

All short term employee benefits are recognized in the period in which they are incurred.

**2.18.2 Post-employment benefits and other long term employee benefits**

**2.18.2.1 Defined contributions plans**

A defined contribution plan is a post-employment benefit plan for Provident fund and Pension under which the company pays fixed contribution into fund maintained by a separate statutory body (Coal Mines Provident Fund) constituted under an enactment of law and the company will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which services are rendered by employees.

**2.18.2.2 Defined benefits plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity, leave encashment are defined benefit plans (with ceilings on benefits). The company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return of their service in the current and prior periods. The benefit is discounted to determine its present value and reduced by the fair value of plan assets, if any. The discount rate is based on the prevailing market yields of Indian Government securities as at the reporting date that have maturity dates approximating the terms of the company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The application of actuarial valuation involves making assumptions about discount rate, expected rates of return on assets, future salary increases, mortality rates etc. Due to the long term nature of these plans, such estimates are subject to uncertainties. The calculation is performed at each balance sheet by an actuary using the projected unit credit method. When the calculation results in to the benefit to the company, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reduction in future contributions to the plan. An economic benefit is available to the company if it is realisable during the life of the plan, or on settlement of plan liabilities.

Re-measurement of the net defined benefit liability, which comprise actuarial gain and losses considering the return on plan assets (excluding interest) and the effects of the assets ceiling (if any, excluding interest) are recognised immediately in the other comprehensive income. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss. When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognised as expense immediately in the statement of profit and loss."

**2.18.3 Other Employee benefits**

Certain other employee benefits namely benefit on account of LTA, LTC, Life Cover scheme, Group personal Accident insurance scheme, settlement allowance, post-retirement medical benefit scheme and compensation to dependents of deceased in mine accidents etc., are also recognised on the same basis as described above for defined benefits plan. These benefits do not have specific funding.

**2.19 Foreign Currency**

The company's reported currency and the functional currency for majority of its operations is in Indian Rupees (INR) being the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are converted into the reported currency of the company using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies outstanding at the end of the reporting period are translated at the exchange rates prevailing as at the end of reporting period. Exchange differences arising on the settlement of monetary assets and liabilities or on translating monetary assets and liabilities at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in statement of profit and loss in the period in which they arise.

Non-monetary items denominated in foreign currency are valued at the exchange rates prevailing on the date of transactions.

**2.20 Stripping Activity Expense/Adjustment**

In case of opencast mining, the mine waste materials ("overburden") which consists of soil and rock on the top of coal seam is required to be removed to get access to the coal and its extraction. This waste removal activity is known as 'Stripping'.In opencast mines, the company has to incur such expenses over the life of the mine (as technically estimated).

Therefore, as a policy, in the mines with rated capacity of one million tonnes per annum and above, cost of Stripping is charged on technically evaluated average stripping ratio (OB: COAL) at each mine with due adjustment for stripping activity asset and ratio-variance account after the mines are brought to revenue.

Net of balances of stripping activity asset and ratio variance at the Balance Sheet date is shown as Stripping Activity Adjustment under the head Non - Current Provisions / Other Non-Current Assets as the case may be.

The reported quantity of overburden as per record is considered in calculating the ratio for OBR accounting where the variance between reported quantity and measured quantity is within the lower of the two alternative permissible limits, as detailed hereunder:-

| Annual Quantum of OBR Of the Mine | Permissible limits of variance | |
|---|---|---|
| | I | II |
| | % | Quantum (in Mill. Cu. Mtr.) |
| Less than 1 Mill. CUM | +/- 5% | 0.03 |
| Between 1 and 5 Mill. CUM | +/- 3% | 0.20 |
| More than 5 Mill. CUM | +/- 2% | |

However, where the variance is beyond the permissible limits as above, the measured quantity is considered.

In case of mines with rated capacity of less than one million tonne, the above policy is not applied and actual cost of stripping activity incurred during the year is recognised in Statement of Profit and Loss.

**2.21 Inventories**

**2.21.1 Stock of Coal**

Inventories of coal/coke are stated at lower of cost and net realisable value. Cost of inventories are calculated using the First in First out method. Net realisable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Book stock of coal is considered in the accounts where the variance between book stock and measured stock is upto +/- 5% and in cases where the variance is beyond +/- 5% the measured stock is considered. Such stock are valued at net realisable value or cost whichever is lower. Coke is considered as a part of stock of coal.

Coal & coke-fines are valued at lower of cost or net realisable value and considered as a part of stock of coal.

Slurry (coking/semi-coking), middling of washeries and by products are valued at net realisable value and considered as a part of stock of coal.

**2.21.2 Stores & Spares**

The Stock of stores & spare parts (which also includes loose tools) at central & area stores are considered as per balances appearing in priced stores ledger and are valued at cost calculated on the basis of weighted average method. The inventory of stores & spare parts lying at collieries / sub-stores / drilling camps/ consuming centres are considered at the year end only as per physically verified stores and are valued at cost.

Provisions are made at the rate of 100% for unserviceable, damaged and obsolete stores and spares and at the rate of 50% for stores & spares not moved for 5 years.

**2.21.3 Other Inventories**

Workshop jobs including work-in-progress are valued at cost. Stock of press jobs (including work in progress) and stationary at printing press and medicines at central hospital are valued at cost.

However, Stock of stationery (other than lying at printing press), bricks, sand, medicine (except at Central Hospitals), aircraft spares and scraps are not considered in inventory considering their value not being significant.

**2.22 Provisions, Contingent Liabilities &Contingent Assets**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the company, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent Assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

**2.23 Earnings per share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per shares is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per shares and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**2.24 Judgements, Estimates and Assumptions**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and the amount of revenue and expenses during the reported period. Application of accounting policies involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimate are recognised in the period in which the estimates are revised and, if material, their effects are disclosed in the notes to the financial statements.

**2.24.1 Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**2.24.1.1 Formulation of Accounting Policies**

Accounting policies are formulated in a manner that result in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

In the absence of an Ind AS that specifically applies to a transaction, other event or condition, management has used its judgement in developing and applying an accounting policy that results in information that is:

a) relevant to the economic decision-making needs of users and
b) reliable in that financial statements:
   (i) represent faithfully the financial position, financial performance and cash flows of the Company; (ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form; (iii) are neutral, i.e. free from bias; (iv) are prudent; and (v) are complete in all material respects on a consistent basis

In making the judgement management refers to, and considers the applicability of, the following sources in descending order:

(a) the requirements in Ind ASs dealing with similar and related issues; and
(b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

In making the judgement, management considers the most recent pronouncements of International Accounting Standards Board and in absence thereof those of the other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources in above paragraph.

The Company operates in the mining sector (a sector where the exploration, evaluation, development production phases are based on the varied topographical and geomining terrain spread over the lease period running over decades and prone to constant changes), the accounting policies whereof have evolved based on specific industry practices supported by research committees and approved by the various regulators owing to its consistent application over the last several decades. In the absence of specific accounting literature, guidance and standards in certain specific areas which are in the process of evolution. The Company continues to strive to develop accounting policies in line with the development of accounting literature and any development therein shall be accounted for prospectively as per the procedure laid down above more particularly in Ind AS 8.

The financial statements are prepared on going concern basis using accrual basis of accounting.

**2.24.1.2 Materiality**

Ind AS applies to items which are material. Management uses judgement in deciding whether individual items or groups of item are material in the financial statements. Materiality is judged by reference to the size and nature of the item. The deciding factor is whether omission or misstatement could individually or collectively influence the economic decisions that users make on the basis of the financial statements. Management also uses judgement of materiality for determining the compliance requirement of the Ind AS. In particular circumstances either the nature or the amount of an item or aggregate of items could be the determining factor. Further the Company may also be required to present separately immaterial items when required by law.

**2.24.1.3 Operating lease**

Company has entered into lease agreements. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

**2.24.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**2.24.2.1 Impairment of non-financial assets**

There is an indication of impairment if, the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Company considers individual mines as separate cash generating units for the purpose of test of impairment. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other mining infrastructures. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in respective notes.

**2.24.2.2 Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**2.24.2.3 Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables of the country. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate.

**2.24.2.4 Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using generally accepted valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk, volatility and other relevant input /considerations. Changes in assumptions and estimates about these factors could affect the reported fair value of financial instruments.

**2.24.2.5 Intangible asset under development**

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a project report is formulated and approved.

**2.24.2.6 Provision for Mine Closure, Site Restoration and Decommissioning Obligation**

In determining the fair value of the provision for Mine Closure, Site Restoration and Decommissioning Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of site restoration and dismantling and the expected timing of those costs. The Company estimates provision using the DCF method considering life of the project/mine based on

➢ Estimated cost per hectare as specified in guidelines issued by ministry of Coal, Government of India

➢ The discount rate (pre tax rate) that reflect current market assessments of the time value of money and the risks specific to the liability.

**2.25 Abbreviation used:**

| | | |
|---|---|---|
| a. | CGU | Cash generating unit |
| b. | DCF | Discounted Cash Flow |
| c. | FVTOCI | Fair value through Other Comprehensive Income |
| d. | FVTPL | Fair value through Profit & Loss |
| e. | GAAP | Generally accepted accounting principle |
| f. | Ind AS | Indian Accounting Standards |
| g. | OCI | Other Comprehensive Income |
| h. | P&L | Profit and Loss |
| i. | PPE | Property, Plant and Equipment |
| j. | SPPI | Solely Payment of Principal and Interest |
| k. | EIR | Effective Interest Rate |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3 : PROPERTY, PLANT AND EQUIPMENTS

(₹ in Crore)

| | Free-hold Land | Other Land | Land Reclamation/ Site Restoration Costs | Building (including water supply, roads and culverts) | Plant and Equip-ments | Telecom-munica-tion | Railway Sidings | Furniture and Fixtures | Office Equip-ments | Vehicles | Aircraft | Other Mining Infra-structure | Surveyed off Assets | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | | | | | | | | | | | | |
| As at 1 April 2015 | 30.29 | 1,785.65 | 318.67 | 315.67 | 682.62 | 19.89 | 57.79 | 11.30 | 7.63 | 13.26 | - | 161.26 | 7.76 | - | 3,411.79 |
| Additions | - | 287.85 | - | 14.73 | 100.38 | 3.41 | 27.14 | 2.58 | 4.60 | 2.41 | - | 8.17 | 1.08 | - | 452.35 |
| Deletions/Adjustments | - | -3.22 | - | -2.35 | -5.19 | -0.01 | -0.07 | -0.56 | -0.82 | -0.17 | - | -0.11 | -1.05 | - | -13.55 |
| **As at 31 March 2016** | 30.29 | 2,070.28 | 318.67 | 328.05 | 777.81 | 23.29 | 84.86 | 13.32 | 11.41 | 15.50 | - | 169.32 | 7.79 | - | 3,850.59 |
| As at 1 April 2016 | 30.29 | 2,070.28 | 318.67 | 328.05 | 777.81 | 23.29 | 84.86 | 13.32 | 11.41 | 15.50 | - | 169.32 | 7.79 | - | 3,850.59 |
| Additions | 0.03 | 510.34 | | 52.86 | 139.56 | 1.81 | 16.54 | 2.55 | 3.82 | 0.63 | | 46.04 | 9.42 | - | 783.60 |
| Deletions/Adjustments | - | | | -0.02 | -8.48 | | | 0.04 | -0.13 | | | 0.45 | -0.82 | - | -8.96 |
| **As at 31 March 2017** | 30.32 | 2,580.62 | 318.67 | 380.89 | 908.89 | 25.10 | 101.40 | 15.91 | 15.10 | 16.13 | - | 215.81 | 16.39 | - | 4,625.23 |
| **Accumulated Depreciation and Impairment** | | | | | | | | | | | | | | | |
| As at 1 April 2015 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Charge for the year | - | 77.20 | 41.01 | 9.69 | 160.23 | 4.74 | 6.75 | 1.83 | 3.17 | 2.09 | - | 14.16 | 0.62 | - | 321.49 |
| Impairment | - | - | - | - | - | - | - | - | - | - | - | 0.43 | | - | 0.43 |
| Deletions/Adjustments | - | -1.24 | - | -0.14 | -1.59 | -0.01 | - | -0.30 | -0.52 | -0.03 | - | -1.14 | -0.09 | - | -5.06 |
| **As at 31 March 2016** | - | 75.96 | 41.01 | 9.55 | 158.64 | 4.73 | 6.75 | 1.53 | 2.65 | 2.06 | - | 13.45 | 0.53 | - | 316.86 |
| As at 1 April 2016 | - | 75.96 | 41.01 | 9.55 | 158.64 | 4.73 | 6.75 | 1.53 | 2.65 | 2.06 | - | 13.45 | 0.53 | - | 316.86 |
| Charge for the year | - | 94.82 | 41.01 | 16.27 | 160.17 | 4.40 | 9.10 | 1.80 | 4.04 | 2.29 | | 15.59 | 5.62 | - | 355.11 |
| Impairment | - | | | | 1.60 | | | | | | | 0.56 | | - | 2.16 |
| Deletions/Adjustments | - | | | 0.02 | 12.96 | 0.22 | 0.01 | 0.76 | -1.20 | 0.01 | | 0.47 | | - | 13.25 |
| **As at 31 March 2017** | - | 170.78 | 82.02 | 25.84 | 333.37 | 9.35 | 15.86 | 4.09 | 5.49 | 4.36 | - | 30.07 | 6.15 | - | 687.38 |
| **Net Carrying Amont** | | | | | | | | | | | | | | | |
| **As at 31 March 2017** | 30.32 | 2,409.84 | 236.65 | 355.05 | 575.52 | 15.75 | 85.54 | 11.82 | 9.61 | 11.77 | - | 185.74 | 10.24 | - | 3,937.85 |
| **As at 31 March 2016** | 30.29 | 1,994.32 | 277.66 | 318.50 | 619.17 | 18.56 | 78.11 | 11.79 | 8.76 | 13.44 | - | 155.87 | 7.26 | - | 3,533.73 |
| **As at 1 April 2015** | 30.29 | 1,785.65 | 318.67 | 315.67 | 682.62 | 19.89 | 57.79 | 11.30 | 7.63 | 13.26 | - | 161.26 | 7.76 | - | 3,411.79 |

### Reconciliation of Carrying value as per Ind AS and Previous GAAP as on 01.04.2015

| | Free-hold Land | Other Land | Land Reclamation/ Site Restoration Costs | Building (including water supply, roads and culverts) | Plant and Equip-ments | Telecom-munica-tion | Railway Sidings | Furniture and Fixtures | Office Equip-ments | Vehicles | Aircraft | Other Mining Infra-structure | Surveyed off Assets | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | | | | | | | | | | | | |
| As at 1 April 2015 | 30.29 | 2,227.98 | 460.69 | 511.30 | 2,455.36 | 36.50 | 164.51 | 38.65 | 37.57 | 32.37 | - | 486.91 | 19.40 | - | 6,501.53 |
| **Accumulated Depreciation and Impairment** | | | | | | | | | | | | | | | |
| As at 1 April 2015 | - | 442.33 | 142.02 | 195.63 | 1,772.74 | 16.61 | 106.72 | 27.35 | 29.94 | 19.11 | - | 325.65 | 11.64 | - | 3,089.74 |
| Net carrying amount | 30.29 | 1,785.65 | 318.67 | 315.67 | 682.62 | 19.89 | 57.79 | 11.30 | 7.63 | 13.26 | - | 161.26 | 7.76 | - | 3,411.79 |

Note:

1. Land- Others also includes Land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1984.
2. Lease hold land includes land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1894, Orissa Government Land Settlement Act 1962. Lease hold land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 has been capitalized on the basis of notification transferring the ownership of land to the extent for which sanction / approval has been received. Land acquired under Land Acquisition Act, 1894, Orissa Government Land Settlement Act 1962 has been capitalized on the basis of possession certified by State Authorities.
3. Conveyance deed of land in favour of the company is pending for execution in most of the cases.
4. .Depreciation has been provided as per Schedule II of the Companies Act, 2013. However, pending completion of technical assessment to segregate the value of certain assets embedded within a different class of asset, depreciation has been provided on these assets on the basis of useful life applicable as per Schedule II of the Companies Act, 2013 for the un-segregated class of asset.
5. During the current financial year impairment in respect of property, plant and equipment amounting ₹ 2.16 crore has been charged to the Statement of Profit & Loss.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4 : CAPITAL WIP

( ₹ in Crores )

| | Building (including water supply, roads and culverts) | Plant and Equipments | Railway Sidings | Development | Others | Total |
|---|---|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | | | |
| As at 1 April 2015 | 146.92 | 262.94 | 40.97 | 166.17 | - | 617.00 |
| Additions | 112.71 | 126.91 | 1.36 | 61.81 | - | 302.79 |
| Capitalisation/ Deletions | -15.01 | -40.39 | -3.54 | -35.31 | - | -94.25 |
| **As at 31 March 2016** | 244.62 | 349.46 | 38.79 | 192.67 | - | 825.54 |
| As at 1 April 2016 | 244.62 | 349.46 | 38.79 | 192.67 | - | 825.54 |
| Additions | 93.19 | 196.90 | 29.56 | 912.61 | - | 1,232.26 |
| Capitalisation/ Deletions | -84.09 | -91.28 | -5.04 | 1.62 | - | -178.79 |
| **As at 31 March 2017** | 253.72 | 455.08 | 63.31 | 1,106.90 | - | 1,879.01 |
| **Provision and Impairment** | | | | | | |
| As at 1 April 2015 | - | - | - | - | - | - |
| Charge for the year | - | 2.02 | - | - | - | 2.02 |
| Impairment | - | 9.87 | - | - | - | 9.87 |
| Deletions/Adjustments | - | -0.01 | - | - | - | -0.01 |
| **As at 31 March 2016** | - | 11.88 | - | - | - | 11.88 |
| As at 1 April 2016 | - | 11.88 | - | - | - | 11.88 |
| Charge for the year | - | 0.77 | - | - | - | 0.77 |
| Impairment | - | 2.88 | - | - | - | 2.88 |
| Deletions/Adjustments | - | -1.26 | - | - | - | -1.26 |
| **As at 31 March 2017** | - | 14.27 | - | - | - | 14.27 |
| **Net Carrying Amont** | | | | | | |
| **As at 31 March 2017** | 253.72 | 440.81 | 63.31 | 1,106.90 | - | 1,864.74 |
| **As at 31 March 2016** | 244.62 | 337.58 | 38.79 | 192.67 | - | 813.66 |
| **As at 1 April 2015** | 146.92 | 262.94 | 40.97 | 166.17 | - | 617.00 |

### Reconciliation of Carrying value as per Ind AS and Previous GAAP as on 01.04.2015

| | Building (including water supply, roads and culverts) | Plant and Equipments | Railway Sidings | Development | Others | Total |
|---|---|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | | | |
| As at 1 April 2015 | 147.01 | 275.66 | 40.97 | 166.17 | - | 629.81 |
| **Provision and Impairment** | | | | | | |
| As at 1 April 2015 | 0.09 | 12.72 | - | - | - | 12.81 |
| **Net Carrrying amount** | 146.92 | 262.94 | 40.97 | 166.17 | - | 617.00 |

1. In case of items of Plant & Machinery, which are kept in plant pending installation and at store, provision equivalent to depreciation is made followed by action for formal write-off where necessary. If any such item of plant & machinery is put to use afterwards i.e., after provisions have already been made, depreciation charged in first year of use is depreciation for the year plus provision already made against the item with due accounting adjustments between depreciation & such provision. During the year ended on 31st March 2017, an amount of ₹ 0.77 crore has been provided on this account.
2. The above heads include Enabling assets viz railway track under Othe Mining Infrastructure amounting to ₹ 821.01 crore.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5 : EXPLORATION AND EVALUATION ASSETS

( ₹ in Crores )

| | Exploration and Evaluation Costs |
|---|---|
| **Gross Carrying Amount:** | |
| As at 1 April 2015 | 106.74 |
| Additions | 10.12 |
| Deletions/Adjustments | -2.59 |
| **As at 31 March 2016** | 114.27 |
| As at 1 April 2016 | 114.27 |
| Additions | 5.22 |
| Deletions/Adjustments | -8.37 |
| **As at 31 March 2017** | 111.12 |
| **Provision and Impairment** | |
| As at 1 April 2015 | - |
| Charge for the year | - |
| Impairment | - |
| Deletions/Adjustments | - |
| **As at 31 March 2016** | - |
| As at 1 April 2016 | - |
| Charge for the year | - |
| Impairment | - |
| Deletions/Adjustments | - |
| **As at 31 March 2017** | - |
| **Net Carrying Amont** | |
| **As at 31 March 2017** | 111.12 |
| **As at 31 March 2016** | 114.27 |
| **As at 1 April 2015** | 106.74 |

**Reconciliation of Carrying value as per Ind AS and Previous GAAP as on 01.04.2015**

| | |
|---|---|
| **Gross Carrying Amount:** | |
| As at 1 April 2015 | 106.74 |
| **Provision and Impairment** | |
| As at 1 April 2015 | - |
| **Net Carrrying amount** | 106.74 |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6 : OTHER INTANGIBLE ASSETS

( ₹ in Crores )

| | Computer Software | Coal Blocks meant for sale | Others | Total |
|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | |
| As at 1 April 2015 | - | 4.91 | - | 4.91 |
| Additions | 0.38 | - | - | 0.38 |
| Deletions/Adjustments | - | - | - | - |
| **As at 31 March 2016** | 0.38 | 4.91 | - | 5.29 |
| As at 1 April 2016 | 0.38 | 4.91 | - | 5.29 |
| Additions | 0.22 | - | - | 0.22 |
| Deletions/Adjustments | - | - | - | - |
| **As at 31 March 2017** | 0.60 | 4.91 | | 5.51 |
| **Amortisation and Impairment** | | | | |
| As at 1 April 2015 | - | - | - | - |
| Charge for the year | -0.09 | - | - | -0.09 |
| Impairment | - | - | - | - |
| Deletions/Adjustments | - | - | - | - |
| **As at 31 March 2016** | -0.09 | - | - | -0.09 |
| As at 1 April 2016 | -0.09 | - | - | -0.09 |
| Charge for the year | 0.16 | - | - | 0.16 |
| Impairment | - | - | - | - |
| Deletions/Adjustments | - | - | - | - |
| **As at 31 March 2017** | 0.07 | - | - | 0.07 |
| **Net Carrying Amont** | | | | |
| **As at 31 March 2017** | 0.53 | 4.91 | - | 5.44 |
| **As at 31 March 2016** | 0.47 | 4.91 | - | 5.38 |
| **As at 1 April 2015** | - | 4.91 | - | 4.91 |
| **Reconciliation of Carrying value as per Ind AS and Previous GAAP as on 01.04.2015** | | | | |
| **Gross Carrying Amount:** | | | | |
| As at 1 April 2015 | 2.67 | 4.91 | - | 7.58 |
| **Provision and Impairment** | | | | |
| As at 1 April 2015 | 2.67 | - | - | 2.67 |
| **Net Carrrying amount** | - | 4.91 | - | 4.91 |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE - 7 : (I) INVESTMENTS

**Non-Current**

( ₹ in Crores )

| | Percentage (%) holding | Number of shares current year/ (previous year) | Face value per share current year/ (previous year) | As at 31.03.2017 | As at 31.03.2016 (Reatated) | As at 01.04.2015 (Restated) |
|---|---|---|---|---|---|---|
| **Investment in Shares** | | | | | | |
| Equity Shares in Subsidiary Companies | | | | | | |
| MNH Shakti LTD. | 70% | 59570000/ (59570000) | 10.00 | 59.57 | 59.57 | 59.57 |
| MJSJ Coal LTD. | 60% | 57060000/ (57060000) | 10.00 | 57.06 | 57.06 | 57.06 |
| MBPL | 100% | 50000/ (50000) | 10.00 | 0.05 | 0.05 | 0.05 |
| MCRL | 64% | 32000/ (32000) | 10.00 | 0.03 | 0.03 | - |
| **Non-Trade ( Quoted)** | | | | | | |
| In Secured Bonds | | | | | | |
| 7.55 % Secured Non convertible IRFC Tax free 2021 series 79 bonds | 0% | 20000/ (20000) | 100000/ (100000) | 200.00 | 200.00 | 200.00 |
| 8% Secured Non convertible IRFC bonds Tax free | 0% | 1087537/ (1087537) | 1000/ (1000) | 108.75 | 108.75 | 108.75 |
| 7.22 % Secured Non convertible IRFC bond Tax free | 0% | 4999/ (4999) | 1000100/ (1000100) | 499.95 | 499.95 | 499.95 |
| 7.22 % Secured Redeemable REC bond Tax free | 0% | 1500000/ (1500000) | 1000/ (1000) | 150.00 | 150.00 | 150.00 |
| **Total :** | | | | **1075.41** | **1075.41** | **1075.38** |

| | 31.03.2017 | 31.03.2016 | 01.04.2015 |
|---|---|---|---|
| Aggregate amount of unquoted investments: | **116.71** | **116.71** | **116.68** |
| Aggregate amount of quoted investments: | **958.70** | **958.70** | **958.70** |
| Market value of quoted investments: | **995.19** | **993.69** | **978.68** |
| Aggregate amount of impairment in value of investments: | - | - | - |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE - 7 (II) INVESTMENTS

**Current** ( ₹ in Crores )

| | Number of units current year/ (previous year) | NAV (In ₹) | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|---|---|
| **TRADE (Unquoted)** | | | | | |
| **Mutual Fund Investment** | | | | | |
| Canara Robeco Liquid Fund | 69617.11/ (666335.16) | 1005.50 | 7.00 | 67.00 | 25.00 |
| SBI Premier Liquid Fund | 1026663.34/ (8871168.70) | 1003.25 | 103.00 | 890.00 | 101.00 |
| UTI Money Market Fund | 902451.20/ (3462666.06) | 1019.45 | 92.00 | 353.00 | 79.00 |
| Union KBC | 0/ (349772.44) | 1000.65 | - | 35.00 | 20.00 |
| **TRADE ( Unquoted)** | | | | | |
| Maharashtra State Electricity Board | | | - | - | 11.38 |
| West Bengal State Electricity Board | | | - | - | 11.32 |
| **Total :** | | | **202.00** | **1,345.00** | **247.70** |
| Aggregate of Quoted Investment: | | | - | - | |
| Aggregate of unquoted investments: | | | 202.00 | 1,345.00 | 247.70 |
| Market value of unquoted Investment: | | | 202.04 | 1,346.31 | 225.60 |
| Aggregate amount of impairment in value of investments: | | | - | - | - |

Note: The NAV per unit of the Trade (unquoted) Mutual Fund are equal to Face Value as specified above.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE - 8 : LOANS

( ₹ in Crores )

| | As at 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) | |
|---|---|---|---|---|---|---|
| **Non-Current** | | | | | | |
| **Loans to Related parties** | | | | | | |
| - Secured, considered good | - | | - | | - | |
| - Unsecured, considered good | 1,200.00 | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | | 1200.00 | | | | |
| **Loans to Employees** | | | | | | |
| - Secured, considered good | 1.06 | | 1.23 | | 1.73 | |
| - Unsecured, considered good | - | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | | 1.06 | | 1.23 | | 1.73 |
| **Other Loans (to be specified in note)** | | | | | | |
| - Secured, considered good | - | | - | | - | |
| - Unsecured, considered good | - | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | | 0.00 | | | | |
| **TOTAL** | | **1,201.06** | | **1.23** | | **1.73** |
| CLASSIFICATION | | | | | | |
| Secured, considered good | | 1.06 | | 1.23 | | 1.73 |
| Unsecured, Considered good | | - | | - | | - |
| Doubtful | | - | | - | | - |
| Less: Provision for doubtful loans | | - | | - | | - |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE - 8 : LOANS

( ₹ in Crores )

| | As at 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) | |
|---|---|---|---|---|---|---|
| **Current** | | | | | | |
| **Loans to Related parties** | | | | | | |
| - Secured, considered good | - | | - | | - | |
| - Unsecured, considered good | - | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | | 0.00 | | | | |
| **Loans to Employees** | | | | | | |
| - Secured, considered good | 0.32 | | 0.47 | | 0.44 | |
| - Unsecured, considered good | - | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | | 0.32 | | 0.47 | | 0.44 |
| **Other Loans (to be specified in note)** | | | | | | |
| - Secured, considered good | - | | - | | - | |
| - Unsecured, considered good | - | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | | | | | | |
| **TOTAL** | | **0.32** | | **0.47** | | **0.44** |
| CLASSIFICATION | | | | | | |
| Secured, considered good | | 0.32 | | 0.47 | | 0.44 |
| Unsecured, Considered good | | - | | - | | - |
| Doubtful | | - | | - | | - |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE - 9 : OTHER FINANCIAL ASSETS

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | | 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) |
| **Non Current** | | | | | | |
| Bank deposits | | 2.56 | | 139.69 | | 139.56 |
| Deposits with bank under - Mine Closure Plan | | 696.75 | | 529.63 | | 425.42 |
| Receivable from Escrow Account for Mine Closure Expenses | | 0.57 | | - | | - |
| Other deposits (to be specified in note) | 32.36 | | 29.00 | | 28.85 | |
| Less : Provision for doubtful deposits | - | 32.36 | - | 29.00 | - | 28.85 |
| Other receivables | 0.16 | | 0.16 | | 0.16 | |
| Less: Provision | 0.16 | - | 0.16 | - | 0.16 | - |
| **TOTAL** | | **732.24** | | **698.32** | | **593.83** |

Note:

1. Deposits in Escrow Accounts for mine closure with Scheduled Banks with maturity exceeding 3 months for ₹ 696.75 crore made as per guidelines issued by Ministry of Coal, Government of India and after agreement with Coal Controller.
2. Bank Deposits of ₹ 1.79 crore including accrued interest of ₹ 1.21 crore being special term deposit made out of money recovered through the Hon'ble District Court Sundargarh against defalcation of cash by an officer, which is under lien to the Court pending finalization of the case.
3. Bank Deposits includes ₹ 0.03 crore made for issue of BG for obtaining license for captive mobile radio trunking service from Deptt of Telecommunication, Govt of India in connection with OITDS
4. Bank Deposits includes ₹ 0.74 crore for issue of BG in favour of TAMDA for obtaining approval of Institutional Building Plan for MIMSR.

( ₹ in Crores )

| | 31.03.2017 | 31.03.2016 | 01.04.15 |
|---|---|---|---|
| Others (non Current) | | | |
| Electricity supply undertakings | 31.66 | 28.20 | 28.05 |
| Security & Other deposits | 0.06 | 0.14 | 0.14 |
| P&T dept | 0.03 | 0.03 | 0.03 |
| Deposit with gas co & others | 0.61 | 0.63 | 0.63 |
| | 32.36 | 29.00 | 28.85 |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE - 9 : OTHER FINANCIAL ASSETS

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | | **31.03.2017** | | **31.03.2016 (Restated)** | | **01.04.2015 (Restated)** |
| **Current** | | | | | | |
| Surplus Fund with CIL | | 53.94 | | 347.81 | | 556.36 |
| Receivable from Escrow Account for Mine Closure Expenses | | - | | - | | - |
| Current Account with Subsidiaries | | 38.24 | | 26.69 | | 20.07 |
| Current Maturities of Long Term loan | | 300.00 | | | | |
| Interest accrued on | | | | | | |
| - Investments | | 31.29 | | 33.17 | | 33.29 |
| - Bank Deposits | | 569.96 | | 485.64 | | 557.85 |
| - Others | | 2.78 | | 2.17 | | 2.59 |
| Other deposits (to be specified in note) | - | | - | | - | |
| Less : Provision for doubtful deposits | - | - | - | - | - | - |
| Claims receivables | 0.30 | | 0.03 | | 0.03 | |
| Less : Provision for doubtful claims | - | 0.30 | - | 0.03 | - | 0.03 |
| Other receivables | 2.77 | | 2.37 | | 1.13 | |
| Less : Provision for doubtful claims | - | 2.77 | - | 2.37 | - | 1.13 |
| **TOTAL** | | **999.28** | | **897.88** | | **1,171.32** |

( ₹ in Crores )

Note:

| | 31.03.2017 | 31.03.2016 | 01.04.15 |
|---|---|---|---|
| 2.Int accrued on deposits- others Electricity undertakings | 2.77 | 2.17 | 2.59 |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 10 : OTHER NON-CURRENT ASSETS

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | | 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) |
| **(i) Capital Advances** | 374.46 | | 933.46 | | 646.25 | |
| Less : Provision for doubtful advances | 0.55 | 373.91 | 0.55 | 932.91 | 0.55 | 645.70 |
| **(ii) Advances other than capital advances** | | | | | | |
| (a) Security Deposit for utilities | - | | - | | - | |
| Less :Provision for doubtful deposits | - | - | - | - | - | - |
| (b) Other Deposits (to be specified in note) | 8.59 | | 7.65 | | 7.63 | |
| Less :Provision for doubtful deposits | - | 8.59 | 0.00 | 7.65 | 0.00 | 7.63 |
| (c) Advances to related parties | | - | | - | | - |
| (d) Advance for Revenue | - | | - | | - | |
| Less :Provision for doubtful advances | - | - | - | - | - | - |
| (e) Exploratory drilling work | - | | - | | - | |
| Less: Provision | - | - | - | - | - | - |
| (f) Prepaid Expenses | | | | | | |
| (g) Others | | | | | | |
| **TOTAL** | | 382.50 | | 940.56 | | 653.33 |

Note

**CLASSIFICATION**

| | | | | |
|---|---|---|---|---|
| Unsecured | - Considered Good | 381.95 | 940.01 | 652.78 |
| | - Considered Doubtful | 0.55 | 0.55 | 0.55 |

Other Deposits includes ₹ 6.33 crore i.e. deposits with courts and ₹ 2.26 crore i.e.deposits with govt authority.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE -11 : OTHER CURRENT ASSETS

( ₹ in Crores )

| | As at 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) | |
|---|---|---|---|---|---|---|
| (a) Advance for Revenue | 225.86 | | 334.92 | | 197.46 | |
| Less : Provision for doubtful advances | 2.16 | 223.70 | 2.10 | 332.82 | 2.10 | 195.36 |
| (b) Advance payment of statutory dues | 27.99 | | 48.29 | | 13.22 | |
| Less : Provision for doubtful advances | - | 27.99 | - | 48.29 | - | 13.22 |
| (c) Advance to Related Parties | | - | | - | | - |
| (d) Advance to Employees | 5.64 | | 48.52 | | 65.39 | |
| Less : Provision for doubtful advances | 0.03 | 5.61 | - | 48.52 | - | 65.39 |
| (e) Advance- Others | - | | - | | - | |
| Less : Provision for doubtful claims | - | - | - | - | - | - |
| (f) Deposit for utilities | - | | - | | - | |
| Less: Provision | - | - | - | - | - | - |
| (g) Deposits- Others | 679.58 | | 1258.58 | | 2174.14 | |
| Less: Provision | - | 679.58 | - | 1258.58 | - | 2174.14 |
| (h) CENVAT CREDIT receivable | | 74.62 | | 34.17 | | 27.86 |
| (i) MAT CREDIT ENTITLEMENT | | - | | - | | - |
| (j) Prepaid Expenses | | 12.86 | | 16.36 | | 14.80 |
| (k) Receivables- Others | - | | - | | - | |
| Less: Provision | - | 0.00 | - | 0.00 | - | 0.00 |
| **TOTAL** | | **1,024.36** | | **1,738.74** | | **2,490.77** |

Note:

Deposit others:

| | 31.03.2017 | 31.03.2016 | 01.04.2015 |
|---|---|---|---|
| Sales Tax deposit under protest | 43.86 | 43.60 | 27.46 |
| Deposit of Central Excise Duty under protest | 2.88 | 2.87 | 142.80 |
| Deposit of Service Tax & interest thereon under protest | 0.26 | 0.26 | 0.26 |
| Deposit on Penalty on Stax under protest | 0.04 | 0.04 | 0.04 |
| Deposit of Water cess/charge under protest | - | 50.24 | 50.24 |
| Income Tax Deposit under protest | 632.54 | 1,161.57 | 1,953.34 |
| | 679.58 | 1,258.58 | 2,174.14 |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE - 12 : INVENTORIES

( As taken, valued and certified by the Management)

( ₹ in Crores )

| | | As at | | | | | |
|---|---|---|---|---|---|---|---|
| | | | 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) |
| (a) | Stock of Coal | 254.70 | | 346.82 | | 386.79 | |
| | Coal under Development | - | | - | | - | |
| | | 254.70 | | 346.82 | | 386.79 | |
| | Less : Provision | - | | - | | - | |
| | Stock of Coal (Net) | | 254.70 | | 346.82 | | 386.79 |
| (b) | Stock of Stores & Spares (at cost) | 78.54 | | 83.08 | | 89.84 | |
| | Add: Stores-in-transit | 0.96 | | 2.12 | | 0.85 | |
| | Less : Provision | 19.89 | | 19.12 | | 17.47 | |
| | Net Stock of Stores & Spares (at cost) | | 59.61 | | 66.08 | | 73.22 |
| (c) | Stock of Medicine at Central Hospital | | 1.11 | | 0.59 | | 0.69 |
| (d) | Workshop Jobs: | | | | | | |
| | Work-in-progress and Finished Goods | 6.71 | | 12.10 | | 10.80 | |
| | Less: Provision | - | | - | | - | |
| | Net Stock of Workshop Jobs | | 6.71 | | 12.10 | | 10.80 |
| (e) | Press Jobs: | | | | | | |
| | Work-in-progress and Finished Goods | | - | | - | | - |
| | | | **322.13** | | **425.59** | | **471.50** |

1. During the year , no shortage / excess is reported in respect of physical verification of stores / spares. The cumulative provision as at 31.03.2017 stands at ₹ 0.98 crore (as at 31.03.2016 ₹ 0.90 crore).
2. In respect of stores and spares obsolete / unserviceable items and items which have not moved for more than five years, a provision of 100 % & 50% respectively are made as per Accounting Policy. The cumulative provision as at 31.03.2017 stands at ₹ 18.68 crore (as at 31.03.2016 ₹ 17.99 crore).
3. Provision includes ₹ 0.23 crore made for Loss of assets as at 31.03.2017 (as at 31.03.2016 ₹ 0.23 crore).
4. Valuation of stores and spares has been done on weighted average method as per accounting policy of the company . The comparison of cost so arrived, with net realizable value is neither made nor adjusted in the account due to difficulty in ascertainment of net realizable value.

# ANNEXURE TO NOTE - 12

## (Qty in lakh tonnes) ( value in lakh ₹)

**Table:A**

**Reconciliation of closing stock adopted in Account with Book stock as at the end of the year**

| | OVERALL STOCK | | NON-VENDABLE STOCK | | VENDABLE STOCK | |
|---|---|---|---|---|---|---|
| | Qty. | Value | Qty. | Value | Qty. | Value |
| 1. (A) Opening stock as on 01.04.16 | 101.92 | 36752.43 | - | - | 101.92 | 36752.43 |
| (B) Shortage beyond 5% | 1.26 | 2,070.08 | - | - | 1.26 | 2,070.08 |
| Stock adopted in Accounts Opening | 100.66 | 34,682.35 | | | 100.66 | 34682.35 |
| 2. Production for the Period | 1,392.08 | 1,312,301.32 | - | - | 1392.08 | 1312301.32 |
| 3. Sub-Total ( 1A+2) | 1,494.00 | 1,349,053.75 | - | - | 1,494.00 | 1,349,053.75 |
| 4. Off- Take for the Year | | | | | | |
| (A) Outside Despatch | 1,430.08 | 1,321,309.25 | - | - | 1430.08 | 1321309.25 |
| (B) Coal feed to Washeries | - | - | - | - | - | - |
| (C) Own Consumption | 0.05 | 90.33 | - | - | 0.05 | 90.33 |
| TOTAL(A) | 1,430.13 | 1,321,399.58 | - | - | 1430.13 | 1321399.58 |
| 5. Derived Stock | 63.87 | 27,654.17 | - | - | 63.87 | 27654.17 |
| 6. Measured Stock | 61.76 | 25,112.45 | - | - | 61.76 | 25112.45 |
| 7. Difference (5-6) | 2.11 | 2,541.72 | - | - | 2.11 | 2,541.72 |
| 8. Break-up of Difference: | | | | | | |
| (A) Excess within 5% | - | 0.98 | - | - | 0.00 | 0.98 |
| (B) Shortage within 5% | 0.92 | 358.16 | - | - | 0.92 | 358.16 |
| (C ) Excess beyond 5% | - | - | - | - | - | - |
| (D ) Shortage beyond 5% | 1.19 | 2,184.54 | - | - | 1.19 | 2,184.54 |
| 9. Closing stock adopted in A/c.( 6-8A+8B) | 62.68 | 25,469.63 | - | - | 62.68 | 25469.63 |

**Summary of Closing Stock of Coal**

**Table : B**

| | Raw Coal | | | | Washed / Deshaled Coal | | | | Other Products | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Coking | | Non-Coking | | Coking | | Non-Coking | | | | | |
| | Qty. | Value | Qty. | Value | Qty. | Value | Qty. | Value | Qty. | Value | Qty. | Value |
| Opening Stock (Audited) | - | - | 101.92 | 36,752.43 | - | - | - | - | - | - | 101.92 | 36,752.43 |
| Shortage beyond 5% | | | 1.26 | 2,070.08 | | | | | | | 1.26 | 2,070.08 |
| Less: Non-vendable Coal | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjusted Opening Stock ( Vendable) | - | - | 100.66 | 34,682.35 | - | - | - | - | - | - | 100.66 | 34,682.35 |
| Production | - | - | 1,392.08 | 1,312,301.32 | - | - | - | - | - | - | 1,392.08 | 1,312,301.32 |
| Offtake | | | | | | | | | | | | |
| (A) Outside Despatch | - | - | 1,430.08 | 1,321,309.25 | - | - | - | - | - | - | 1,430.08 | 1,321,309.25 |
| (B) Coal feed to Washeries | - | - | - | - | - | - | - | - | - | - | - | - |
| (C) Own Consumption | - | - | 0.05 | 90.33 | - | - | - | - | - | - | 0.05 | 90.33 |
| Closing Stock derived | - | - | 63.87 | 27,654.17 | - | - | - | - | - | - | 63.87 | 27,654.17 |
| Less: Shortage | - | - | 1.19 | 2,184.54 | - | - | - | - | - | - | 1.19 | 2,184.54 |
| Closing Stock | - | - | 62.68 | 25,469.63 | - | - | - | - | - | - | 62.68 | 25,469.63 |

Internal survey measurement teams have physically verified closing stock of coal. In some areas the same has also been verified by outside teams. The Shortage / surplus found on physical verification of coal stock within +/- 5% over book stock (mine/ colliery wise), is ignored pursuant to Accounting Policy.

The details of shortage beyond 5% are as under:-

| AREA | MINES | Book Stock (Qty. in LTe) | | Measured stock (Qty. in LTe) | | % variance | |
|---|---|---|---|---|---|---|---|
| | | As on 31.03.2017 | As on 31.03.2016 | As on 31.03.2017 | As on 31.03.2016 | As on 31.03.2017 | As on 31.03.2016 |
| Orient | Mine No 3 | 0.20 | 0.19 | 0.08 | 0.07 | 58.98 | 61.74 |
| | HBM- G 9 | 0.30 | 0.70 | 0.00 | 0.40 | 100.00 | 42.88 |
| Talcher | Nandira-G 8 | 0.50 | 1.75 | 0 | 1.19 | 100 | 31.98 |
| | Talcher G5 | 0.75 | 1.54 | 0.48 | 1.26 | 36.45 | 18.63 |
| TOTAL | | **1.75** | **4.18** | **0.56** | **2.92** | **-** | **-** |

In those cases, since the differences are more than +/- 5%, as per policy, measured stocks have been considered in accounts and difference quantity of 1.19 lakh tonnes (1.76 lakh tonnes less 0.56 lakh tonnes) valuing ₹ 21.84 crore as at 31.03.2017-Shortage beyond 5%.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE - 13 : TRADE RECEIVABLES

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) | |
| **Current** | | | | | | |
| Trade receivables | | | | | | |
| - Secured, considered good | | | | | | |
| - Unsecured, considered good | 1066.49 | | 1107.61 | | 448.85 | |
| - Doubtful | 117.90 | | 37.76 | | 41.38 | |
| Less : Provision for bad & doubtful debts | 117.90 | 1066.49 | 37.76 | 1107.61 | 41.38 | 448.85 |
| **Total** | | **1066.49** | | **1107.61** | | **448.85** |
| Note: | | | | | | |
| 1 Debt outstanding for a period less than six months from the due date | 960.92 | | 1013.93 | | 305.67 | |
| 2 Debt outstanding for a period exceeding six months from the due date | 105.57 | | 93.68 | | 143.18 | |
| Doubtful debt | 117.90 | | 37.76 | | 41.38 | |
| | | **1184.39** | | **1145.37** | | **490.23** |

## Note:

1 No Trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a direcor or member.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE - 14 : CASH AND CASH EQUIVALENTS

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| (a) Balances with Banks | | | |
| - in Deposit Accounts (with maturity up to 3 months) | | 13.35 | - |
| - in Current Accounts | 372.36 | 202.61 | 175.43 |
| - in Cash Credit Accounts | - | - | - |
| (b) Bank Balances outside India | - | - | - |
| (c) Cheques, Drafts and Stamps in hand | - | - | - |
| (d) Cash in hand | | 0.04 | 0.04 |
| (e) Cash in hand outside India | - | - | - |
| (f) Others | - | - | 0.35 |
| **Total Cash and Cash Equivalents** | 372.36 | 216.00 | 175.82 |
| Bank Overdraft | - | - | - |
| **Total Cash and Cash Equivalents (net of Bank Overdraft)** | 372.36 | 216.00 | 175.82 |
| Maximum amount outstanding with Banks other than Scheduled Banks at any time during the year | Nil | Nil | Nil |

**Note:**

1 Cash and cash equivalents comprises cash on hand and at bank, sweep accounts and term deposits held with banks with original maturities of three months or less.

2

| Particulars | SBN | OTHER DENOMINATION NOTES | TOTAL Amount in ₹ |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 264,000.00 | 345,518.41 | 609,518.41 |
| (+) Permitted Receipts | 49,000.00 | 71,123,745.64 | 71,172,745.64 |
| (-) Permitted Payments | - | 61,906,372.72 | 61,906,372.72 |
| (-) Amount Deposited in banks | 313,000.00 | 9,331,827.00 | 9,644,827.00 |
| Closing cash in hand as on 30.12.2016 | | 231,064.33 | 231,064.33 |

3 The balance of current accounts includes ₹ 82.76 crores current linked termed deposits which are temporarily transferred from current account.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE - 15 : OTHER BANK BALANCES

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| Balances with Banks | | | |
| - Deposit accounts (with maturity more than 3 months) | 14,662.95 | 11,199.47 | 10141.57 |
| - Mine Closure Plan | - | - | - |
| - Unpaid dividend accounts | - | - | - |
| - Dividend accounts | - | - | - |
| **Total** | **14,662.95** | **11,199.47** | **10,141.57** |
| Balances with banks to the extent held as margin money or security against the borrowings/others | 36.62 | 28.54 | 83.14 |

Note:

1. Other Bank Balances comprise term deposits and other bank deposits which are expected to realise in cash within 12 months after the reporting date.
2. Fixed deposit includes ₹ 0.04 crore made against price difference recovered against explosive rate contracts in the year 2005-06, as per court order.
3. Fixed deposit includes ₹ 0.19 crore made against interim order of Hon'ble High Court for encashment of BG of M/s IRC Logistics Ltd.
4. Fixed deposit includes ₹ 7.89 crore made against BG encashment ( FSA) by the Company in respect of M/S Videocon Industries Ltd as per interim order of Hon'ble High Court , Cuttack .
5. Fixed deposits includes ₹ 0.15 crore made for 40% Tapering money by the Company in respect of M/S Shri Mahavir Ferro Alloys Pvt. Ltd. as per order of Hon'ble High Court , Cuttack till the final outcome of the Writ petition no. 3109 of 2015.
6. Fixed Deposits includes ₹ 5.97 crore made against interim order of Hon'ble High court Cuttack (Odisha) i.e. to be deposited in any nationalized bank for remaining amount of compensation involved in the disputed land.
7. Fixed deposit of ₹ 1.00 crore made as per directives of Hon'ble High Court of Odisha regarding encashment of BG submitted by M/s MCL-KSIPL JV.
8. Fixed Deposit amounting to ₹ 13.35 crore that has been placed under lien of State Bank India for issuing letter of comfort for issuance of Bank Guarantee in favour of President of India to fulfill the terms of allocation of blocks on behalf of subsidiary company. - M/S MJSJ Coal Ltd.
9. Fixed deposit includes ₹ 5.47 crore made against price difference recovered against explosive rate contracts in the year 2005-06, as per court order.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE - 16 : EQUITY SHARE CAPITAL

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 | 01.04.2015 (Restated) |
|---|---|---|---|
| **Authorised** | | | |
| 29,58,200 Equity Shares of ₹1000/- each | 295.82 | 295.82 | 295.82 |
| | **295.82** | **295.82** | **295.82** |
| **Issued, Subscribed and Paid-up** | | | |
| 1412266 Equity Shares of Rs.1000/- each fully paid up in cash | 141.23 | 186.40 | 186.40 |
| | **141.23** | **186.40** | **186.40** |

**Note:**

1 Shares in the Company held by each shareholder holding more than 5% Shares

| Name of Shareholder | No.of Shares held (Face value of ₹1000 each) | % of Total |
|---|---|---|
| Coal India Ltd.(Holding company) & its nominees | 1412266 | 100 |

2 During the year, the Company has not issued any shares. However the Company has bought back its 4,51,743 number of Equity shares of face value of ₹ 1000 each fully paid up through tender offer and extinguished these shares. Post such buy-back, the number of fully paid equity shares as on 31.03.2017 stands at 14,12,266.

3 The Company has only one class of equity shares having a face value ₹ 1000/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meeting of shareholders.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 17 : OTHER EQUITY

( ₹ in Crores )

| | Equity portion of Preference Share Capital | Other Reserves | | | | General Reserve | Retained Earnings | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital Redemption reserve | Capital reserve | CSR Reserve | Sustainable Development Reserve | | | | |
| **Balance as at 01.04.2015** | - | **204.18** | - | - | - | **3,261.08** | **825.91** | | **4,291.17** |
| Changes in accounting policy | - | - | - | - | - | - | 109.16 | | 109.16 |
| Prior period errors | - | - | - | - | - | - | 11.65 | | 11.65 |
| Restated balance as at 01.04.2015 | - | 204.18 | - | - | - | 3,261.08 | 946.72 | - | 4,411.98 |
| Transfer to Retained Earnings | - | - | - | - | - | - | - | | - |
| Transfer from Other reserves/ Retained earnings | - | - | - | - | - | - | - | | - |
| Total comprehensive income during the year | - | - | - | - | - | - | 4,207.75 | | 4,207.75 |
| Appropriations | - | - | - | - | - | - | | | - |
| Transfer to General reserve | - | - | - | - | - | 209.24 | (209.24) | | - |
| Transfer to Other reserves | - | - | - | - | - | - | | | - |
| Interim Dividend | - | - | - | - | - | - | (3,608.45) | | (3,608.45) |
| Final Dividend | - | - | - | - | - | - | | | - |
| Corporate Dividend tax | - | - | - | - | - | - | (734.60) | | (734.60) |
| Any other change | - | - | - | - | - | - | - | | - |
| **Balance as at 31.03.2016** | - | **204.18** | - | - | - | **3,470.32** | **602.18** | - | **4,276.68** |
| **Balance as at 01.04.2016** | - | 204.18 | - | - | - | 3,470.32 | 602.18 | - | 4,276.68 |
| Additions during the year | - | 45.17 | - | - | - | - | - | | 45.17 |
| Adjustments during the year | - | - | - | - | - | (1,617.06) | - | | (1,617.06) |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | | - |
| Total comprehensive income during the year | - | - | - | - | - | - | 4,491.09 | | 4,491.09 |
| Appropriations | - | - | - | - | - | - | - | | - |
| Transfer to General reserve | - | - | - | - | - | 224.55 | (224.55) | | - |
| Transfer to Other reserves | - | - | - | - | - | - | - | | - |
| Interim Dividend | - | - | - | - | - | - | (2,982.00) | | (2,982.00) |
| Final Dividend | - | - | - | - | - | - | - | | - |
| Corporate Dividend tax | - | - | - | - | - | - | (607.06) | | (607.06) |
| Buy Back Distribution tax | - | - | - | - | - | - | (362.67) | | (362.67) |
| **Balance as at 31.03.2017** | - | **249.35** | - | - | - | **2,077.81** | **916.99** | - | **3,244.15** |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 18: BORROWINGS

(₹ in Crores)

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| **Non-Current** | | | |
| Term Loans | | | |
| -From Banks | 6.13 | 7.21 | 6.90 |
| -From Other Parties | - | - | - |
| Loans from Related Parties | - | - | - |
| Other Loans (to be specified in note) | - | - | - |
| **Total** | 6.13 | 7.21 | 6.90 |
| **CLASSIFICATION** | | | |
| Secured | - | - | - |
| Unsecured | 6.13 | 7.21 | 6.90 |
| **Current** | | | |
| Loans repayable on demand | | | |
| -From Banks | 1,500.00 | - | - |
| -From Other Parties | - | - | - |
| Loans from Related Parties | 700.00 | - | - |
| Other Loans (to be specified in note) | - | - | - |
| **Total** | 2,200.00 | - | - |
| **CLASSIFICATION** | | | |
| Secured | - | - | - |
| Unsecured | - | - | - |

Note:

1. Loans had been arranged through credit agreement with Banque Nationale De Paris and Natexis Banque for the purchase of 4 nos Hydraulic shovels from Liebherr, France.The loan outstanding as on 31.03.2017 (net after repayments) is ₹ 6.64 crore.(As at 31.03.2016 ₹ 7.77 crore).

The details of balance are as under:-

| | Euro | ₹ in crore |
|---|---|---|
| Balance as on 01.04.2016 | 1030851.54 | 7.77 |
| Repayment during the year ended on 31.03.2017 | 74113.58 | 0.54 |
| Translation Difference | - | (0.59) |
| Balance as on 31.03.2017 | 956737.96 | 6.64 |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE - 19 :TRADE PAYABLES

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| **Current** | | | |
| Trade Payables for Micro, Small and Medium Enterprises | 1.26 | 2.19 | 0.61 |
| Other Trade Payables for | | | |
| -Stores and Spares | 41.52 | 29.86 | 37.69 |
| -Power and Fuel | 0.51 | | |
| -Others | 377.23 | 271.24 | 238.92 |
| **TOTAL** | **420.52** | **303.29** | **277.22** |

**Note:**

Others: (major items)

| | | | |
|---|---|---|---|
| Coal Transportation Charges | 144.96 | 108.95 | 96.82 |
| Outstanding Expenses-Revenue | 194.56 | 129.56 | 111.04 |
| CMPDIL | 35.27 | 29.57 | 27.82 |
| | **374.79** | **268.08** | **235.68** |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE - 20 : OTHER FINANCIAL LIABILITIES

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| **Non Current** | | | |
| Security Deposits | **34.76** | **36.29** | **26.09** |
| Earnest Money | - | - | - |
| Others(Security Deposit -Management Trainee) | **5.43** | **7.18** | 2.38 |
| | **40.19** | **43.47** | **28.47** |
| **Current** | | | |
| Current Account with | | | |
| - Subsidiaries | - | - | - |
| Current maturities of long-term debt | **0.51** | **0.56** | **0.50** |
| Unpaid dividends* | - | - | - |
| Security Deposits | **105.74** | **103.50** | **81.05** |
| Earnest Money | **49.15** | **19.90** | **17.95** |
| Others | **186.62** | **160.97** | **120.80** |
| **TOTAL** | **342.02** | **284.93** | **220.30** |

**Note :**

1.Loan repayment Liebherr France during the year ending on 31.03.2018: 74113.58 euro (Rs. 0.51 crore).

2.Others (Current):-

| Power & fuel | 16.19 | 17.90 | 17.51 |
|---|---|---|---|
| Others- (major items)<br>Repairs & Maintenance - ₹ 45.34 crore,<br>Contractor payment/Bills/OBR jobs - ₹ 12.75 crore<br>Demurrage - ₹ 2.66 crore<br>Elecrticity,Salary,Quarterly Bonus - ₹ 3.37 crore<br>Audit fees and expenses - ₹ 0.53 crore | 67.00 | 72.78 | 44.61 |
| Other liabilities - (major items)<br>Withheld amount of M/s L&T for SILO project (Lingaraj) - ₹ 35.41 crore<br>CISPA - ₹ 6.48 crore<br>Witheld amount of contractor - ₹ 25.74crore<br>Security Deposits (explosive) - ₹ 20.17 crore<br>Stale cheque/return cheque cancelled - ₹ 5.12 crore<br>Deposit against sale of scrap/discard/Survey of assets - ₹ 2.18 crore<br>Pay Roll Deduction - ₹ 0.44 crore | 98.28 | 67.54 | 53.55 |
| Security deposit-MTs | 5.15 | 2.75 | 5.13 |
| Total | **186.62** | **160.97** | **120.80** |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE - 21 : PROVISIONS

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| **Non Current** | | | |
| Employee Benefits | | | |
| - Gratuity | - | - | - |
| - Leave Encashment | 75.55 | 222.64 | 213.53 |
| - Other Employee Benefits | 128.18 | 110.27 | 110.17 |
| | 203.73 | 332.91 | 323.70 |
| Mine Closure | 735.23 | 685.57 | 639.35 |
| Stripping Activity Adjustment | 15,801.35 | 14,488.04 | 12,036.04 |
| Others | - | - | - |
| **TOTAL** | **16,740.31** | **15,506.52** | **12,999.09** |
| **Current** | | | |
| Employee Benefits | | | |
| - Gratuity | 48.41 | 42.10 | 46.00 |
| - Leave Encashment | 21.56 | 21.34 | 19.82 |
| - Ex- Gratia | 109.75 | 100.33 | 81.18 |
| - Performance Related Pay | 138.15 | 277.93 | 271.24 |
| - Other Employee Benefits | 152.26 | 131.28 | 108.71 |
| - NCWA X | 146.36 | - | - |
| - Executive Pay Revision | 9.78 | | |
| | 626.27 | 572.98 | 526.95 |
| Mine Closure | | | |
| Excise Duty on Closing Stock of Coal | 39.32 | 55.42 | 48.01 |
| Others | 364.68 | - | 0.11 |
| **TOTAL** | **1,030.27** | **628.40** | **575.07** |

**Note:-**

1 The Position of various provisions is given below:

| S.No. | Provisions | Opening Balance as on 01.04.2016 | Addition/ Write back during year | Paid/ Adj during Year | Closing Balance as on 31.03.2017 |
|---|---|---|---|---|---|
| i | For Gratuity(Actuarial) | 13.81 | 58.87 | 81.23 | (8.55) |
| | For Gratuity | 28.29 | 28.67 | - | 56.96 |
| ii | For Leave Encashment | 243.98 | 56.70 | 203.57 | 97.11 |
| iii | For Other Employee Benefits | 240.76 | 39.68 | - | 280.44 |
| iv | For OBR Adjustment Account | 14,488.04 | 1,313.31 | - | 15,801.35 |
| v | For Mine Closure Plan | 684.78 | 49.66 | - | 734.44 |
| vi | For Reclamation of land | 0.79 | - | - | 0.79 |

2 Provision for Mine Closure

Following the guidelines from Ministry of Coal, Government of India for preparation of Mine Closure Plan a provision is made in the accounts. Such provision is made as per CMPDIL's (a subsidiary of Coal India Ltd.) technical assessment. The liability for mine closure expenses (as estimated by CMPDIL) of each mine has been discounted @ 8% and capitalized to arrive at the mine closure liability as on 1st year of making of such provision. Thereafter the provision has been reestimated in subsequent year by unwinding the discount to arrive at the provision as on 31.03.2017

3. Provision for Mine Closure Expenses includes ₹ 4.65crore on account of provision taken towards stowing and stabilization of unstable workings of Deulbera colliery after adjusting current period expenditure other than salary and wages of ₹ 0.16 crore against a comprehensive scheme of ₹ 9.44 crore (Excluding departmental salary and wages for ₹ 18.21 crore). The scheme of Stabilization of unstable workings of Deulbera Colliery through sand stowing also includes cost of departmental manpower estimated at ₹ 18.21 crore is not seperately provided for ,as the same forms part of normal Salary & Wages charged to Profit & Loss.( Non Current)

4. Other Empoyee benefits (current) includes ₹ 133.93 crore provided for superannuation benefits @ 9.84% as on 31.03.2017

5. Pending finalisation of National Coal Wage Agreement (NCWA)-X for Non Executives, an estimated lump sum provision @ ₹ 8000/- per employee (Non-Executive) per month, considering total impact of increase in all elememts of salary & wages (including the employer's PF contribution), other employee benefits and all superannuation benefits like Gratuity etc. has been made for the period 01.07.2016 to 31.03.2017 amounting to ₹ 146.36 crore and shown as "NCWA X-Provision" above.(current)

6. Pending finalisation of PSUs' pay revision for executives , an estimated lump sum provision @ ₹ 18000/- per employee (Executive) per month, considering total impact of increase in all elememts of salary (including the employer's PF contribution), other employee benefits and all superannuation benefits like Gratuity etc. has been made for the period 01.01.2017 to 31.03.2017 amounting to ₹ 9.78 crore and shown as ' Executive Pay revision' above.(current)

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE - 22 :OTHER NON CURRENT LIABILITIES

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| Deferred Income (CCDA Grant) | 176.83 | 167.83 | 133.31 |
| **Total** | **176.83** | **167.83** | **133.31** |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE - 23 : OTHER CURRENT LIABILITIES

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | **31.03.2017** | | **31.03.2016 (Restated)** | | **01.04.2015 (Restated)** | |
| Capital Expenditue | | 636.46 | | 615.29 | | 640.62 |
| Salary & Wages | | 168.61 | | 169.13 | | 152.35 |
| **Statutory Dues:** | | | | | | |
| Sales Tax/Vat | 11.02 | | 16.70 | | 2.25 | |
| Provident Fund & Others | 8.62 | | 9.05 | | 8.99 | |
| Central Excise Duty | 6.92 | | 6.63 | | 5.45 | |
| Royalty & Cess on Coal | 51.52 | | 31.71 | | 37.48 | |
| Stowing Excise Duty | 37.7 | | 38.75 | | 32.90 | |
| Clean Energy Cess | 791.77 | | 521.35 | | 126.84 | |
| National Mineral Exploration Trust | 3.2 | | 6.76 | | - | |
| District Mineral Foundation | 46.43 | | 59.72 | | - | |
| Other Statutory Levies | 2.84 | | 1.54 | | - | |
| Income Tax deducted/collected at Source | 3.40 | 963.42 | 2.66 | 694.87 | 3.06 | 216.97 |
| Advance from customers / others | | 2,325.03 | | 1396.93 | | 1837.92 |
| Tax on Dividend Distribution | | - | | - | | - |
| Others liabilities | | 29.80 | | 28.50 | | 27.49 |
| **TOTAL** | | **4,123.32** | | **2,904.72** | | **2,875.35** |

Note:

Other liabilities include Cess on Coal includes principal of ₹ 8.40 crore (net of payments) and interest of ₹ 9.47 crore (net of payments) against receipts from Government of Orissa in the year 2005-06 as per directive of Hon'ble Supreme Court judgement dated 31.7.2001.The money is refundable to the customers. During the current year, the company has provided interest of ₹ 1.01 crore ( for 12 months ended on 31.03.2016 ₹ 1.01 crore) calculated at the rate of 12% for the unpaid principal amount of the Cess liability. The total liability thus included therein becomes ₹ 29.51 crore (as at 31.03.2016 ₹ 28.50 crore) as at 31.03.2017. The Company could not identify the customers / parties to whom the refund is to be made. Finalisation of modalities for refunding the same to the customers / parties is yet to be done.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE - 24 : REVENUE FROM OPERATIONS

( ₹ in Crores )

| | Year ended 31st March 2017 | | Year ended 31st March 2016 (Restated) | |
|---|---|---|---|---|
| **A. Sales of Coal** | | **23450.72** | | **19,827.24** |
| **Less :Other Statutory Levies** | | | | |
| Royalty | 1,663.66 | | 1,694.82 | |
| Cess on Coal | - | | - | |
| Stowing Excise Duty | 143.01 | | 140.23 | |
| Central Sales Tax | 224.06 | | 187.75 | |
| Clean Energy Cess | 5,720.34 | | 3,065.26 | |
| State Sales Tax/VAT | 586.87 | | 499.62 | |
| National Mineral Exploration Trust | 33.37 | | 19.97 | |
| District Mineral Foundation | 846.77 | | 223.80 | |
| Other Levies | 68.19 | | 62.13 | |
| **Total Levies** | | 9,286.27 | | 5,893.58 |
| **Sales (Net) (A)** | | **14,164.45** | | **13,933.66** |
| **B. Other Operating Revenue** | | | | |
| Facilitation charges for coal import | | - | | - |
| Subsidy for Sand Stowing & Protective Works | | 2.24 | | - |
| Loading and additional transportation charges | 840.42 | | 770.27 | |
| Less : Other Statutory Levies | 25.13 | | 22.61 | |
| | | 815.29 | | 747.66 |
| **Other Operating Revenue (Net) (B)** | | **817.53** | | **747.66** |
| **Revenue from Operations (A+B)** | | **14,981.98** | | **14,681.32** |

Note:-

1. Sale of Coal includes DMF for ₹ 354.26 crores and levies includes Central Excise Duty of ₹ 21.36 crore, Central Sales Tax of ₹ 3.53 crore, VAT of ₹ 10.61 crore and Odisha Entry Tax of ₹ 1.38 crores for supplementary bills raised due to notification no G.S.R.837 (E) of Ministry of Coal for change in effective date retrospectively to 12th January 2015 from 20th October 2015.
2. Subsidy for Sand Stowing & Protective Works includes ₹ 2.24 crore received from Ministry of Coal, Government of India in terms of Coal Mines (Conservation & Development) Act, 1974 towards reimbursement of expenditure incurred for the Sand Stowing & Protective Works during the F.Y. 2016-17.
3. Sales of goods including excise duty of ₹ 14164.45 Crores (31.03.2016 ₹ 13933.66 crores) sales of goods net of excise duty is ₹ 13213.09 crores (31.03.2016 ₹ 12750.63 crores)

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 25 : OTHER INCOME

( ₹ in Crores )

| | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| **Interest Income** | | |
| Deposits with Banks | 1088.73 | 1042.62 |
| Investments | 70.53 | 72.37 |
| Loans | - | 0.01 |
| Funds parked within Group | 47.64 | 44.56 |
| Others | 83.94 | 47.41 |
| **Dividend Income** | | |
| Investments in Subsidiaries | - | - |
| Investments in Mutual Funds | 114.45 | 92.29 |
| **Other Non-Operating Income** | | |
| Profit on Sale of Assets | 0.05 | 1.94 |
| Gain on Foreign exchange Transactions | 0.59 | - |
| Exchange Rate Variance | - | - |
| Lease Rent | 1.98 | 1.30 |
| Liability / Provision Write Backs | 0.02 | (0.01) |
| Excise Duty on Decrease in Stock | 16.07 | - |
| Miscellaneous Income | 62.31 | 43.79 |
| **Total** | **1,486.31** | **1,346.28** |

Note:

1 Others:

| | | |
|---|---|---|
| Interest on I.T.Refunds | 71.95 | 42.21 |
| Int. loan/advances to outside parties | 3.35 | 3.31 |
| Interest from subsidiaries | 2.28 | 1.89 |
| Interest earned on Group Leave encashment Scheme | 6.35 | |
| Interest on employee loans | 0.01 | |
| | 83.94 | 47.41 |

2 Miscellaneous income includes ₹ 57.74 crore i.e penalty recovered from customers.

| | |
|---|---|
| Penalty, LD recovered from suppliers | 7.68 |
| Penalty recovered from customers | 36.09 |
| Penalty from Contractors & Others | 13.97 |
| | 57.74 |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 26 : COST OF MATERIALS CONSUMED

( ₹ in Crores )

| | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Explosives | 132.77 | 107.14 |
| Timber | 0.36 | 0.34 |
| Oil & Lubricants | 277.15 | 261.53 |
| HEMM Spares | 120.86 | 116.92 |
| Other Consumable Stores & Spares | 52.46 | 56.82 |
| **Total** | **583.60** | **542.75** |

| NOTE : | Opening | Addition/ adjustments | Closing |
|---|---|---|---|
| Explosives | 1.63 | 133.43 | 2.28 |
| Timber | | 0.51 | 0.15 |
| Oil & Lubricants | 7.83 | 277.64 | 8.33 |
| HEMM Spares | 59.49 | 114.52 | 53.16 |
| Other Consumable Stores & Spares | 14.13 | 52.96 | 14.62 |
| | 83.08 | 579.06 | 78.54 |

## NOTE 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

( ₹ in Crores )

| | | Year ended 31st March 2017 | | Year ended 31st March 2016 (Restated) | |
|---|---|---|---|---|---|
| | Opening Stock of Coal | 346.83 | | 386.79 | |
| | Add: Adjustment of opening stock | - | | - | |
| | Less: Deterioration of Coal | - | 346.83 | - | 386.79 |
| | Less:- | | | | |
| | Closing Stock of Coal | 254.70 | | 346.82 | |
| | Less: Deterioration of Coal | - | 254.70 | - | 346.82 |
| A | Change in Inventory of Coal | | 92.13 | | 39.97 |
| | Opening Stock of Workshop made finished goods and WIP | 12.10 | | 10.80 | |
| | Add: Adjustment of Opening Stock | - | | - | |
| | Less: Provision | - | 12.10 | - | 10.80 |
| | Less: | | | | |
| | Closing Stock of Workshop made finished goods and WIP | 6.71 | | 12.10 | |
| | Less: Provision | - | 6.71 | - | 12.10 |
| B | Change in Inventory of workshop | | 5.39 | | (1.30) |
| | Press Opening Job | | | | |
| | i)Finished Goods | - | | - | |
| | ii)Work in Progress | - | - | - | - |
| | Less: Press Closing Job | | | | |
| | i)Finished Goods | - | | - | |
| | ii)Work in Progress | - | - | - | - |
| C | Change in Inventory of Closing Stock of Press Job | | - | | - |
| | Change in Inventory of Stock in trade (A+B+C) { Decretion / ( Accretion) } | | **97.52** | | **38.67** |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 28 : EMPLOYEE BENEFITS EXPENSES

( ₹ in Crores )

| | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Salary, Wages, Allowances ,Bonus etc. | 1,544.75 | 1,497.23 |
| Provision for National Coal Wages Agreement (NCWA) - X* | 146.01 | - |
| Executive Pay Revision - Provision** | 9.78 | - |
| Ex-Gratia | 112.38 | 111.11 |
| Performance Related Pay | 21.09 | 30.47 |
| Contribution to P.F. & Other Funds | 204.91 | 195.69 |
| Gratuity | 57.38 | 44.52 |
| Leave Encashment | 106.01 | 59.93 |
| VRS | - | 0.27 |
| Workman Compensation | 0.76 | 0.03 |
| Medical Expenses for existing employees | 43.69 | 39.45 |
| Medical Expenses for retired employees | 5.29 | 6.80 |
| Grants to Schools & Institutions | 26.04 | 27.77 |
| Sports & Recreation | 7.95 | 3.84 |
| Canteen & Creche | 1.03 | 1.06 |
| Power - Township | 57.23 | 57.53 |
| Hire Charges of Bus, Ambulance etc. | 3.92 | 3.17 |
| Other Employee Benefits | 24.03 | 17.42 |
| | **2,372.25** | **2,096.29** |

* Refer footnote no.5 in Note. 21

** Refer footnote no. 6 in Note 21

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 29 : CORPORATE SOCIAL RESPONSIBILITY EXPENSE

( ₹ in Crores )

| | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| CSR Expenses | 166.60 | 184.62 |
| **Total** | **166.60** | **184.62** |

### NOTE 30 : REPAIRS

( ₹ in Crores )

| | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Building | 57.91 | 69.68 |
| Plant & Machinery | 57.17 | 47.67 |
| Others | 3.49 | 3.70 |
| **Total** | **118.57** | **121.05** |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 31 : CONTRACTUAL EXPENSES

( ₹ in Crores )

| | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Transportation Charges : | | |
| - Sand | 0.01 | - |
| - Coal | 1,173.56 | 1,049.78 |
| - Stores & Others | | |
| Wagon Loading | 80.37 | 70.53 |
| Hiring of Plant and Equipments | 983.20 | 799.57 |
| Other Contractual Work | 49.80 | 53.26 |
| **Total** | **2,286.94** | **1,973.14** |

## NOTE 32 : FINANCE COSTS

( ₹ in Crores )

| | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| **Interest Expenses** | | |
| Borrowings | 0.09 | 0.09 |
| Unwinding of discounts (Site Restoration) | 49.60 | 46.47 |
| Funds parked within Group | - | - |
| Others | 7.86 | 1.50 |
| **Total** | **57.55** | **48.06** |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 33 : PROVISIONS (NET OF REVERSAL)

( ₹ in Crores )

| | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| **(A) Provision made for** | | |
| Doubtful debts | 80.14 | 0.26 |
| Doubtful Advances & Claims | 0.09 | - |
| Stores & Spares | 0.77 | 1.67 |
| Others | 100.12 | 1.76 |
| **Total(A)** | **181.12** | **3.69** |
| **(B) Provision Reversal** | | |
| Doubtful debts | - | 3.88 |
| Doubtful Advances & Claims | - | - |
| Stores & Spares | - | - |
| Others | 0.16 | 0.74 |
| **Total(B)** | **0.16** | **4.62** |
| **Total (A-B)** | **180.96** | **-0.93** |
| Note: | | |
| Others | | |
| Mine Closure provision | - | - |
| **Less**:Interest on Escrow | | |
| Capital WIP | 0.64 | 2.02 |
| Stowing and stabilization of unstable workings of Deulbera colliery | (0.16) | (0.26) |
| Surveyed off | 4.47 | (0.74) |
| Grade Slippage | 80.76 | |
| Claims receivables | 14.19 | |
| Misc Advance | 0.06 | |
| | 99.96 | 1.02 |

## NOTE 34 : WRITE OFF ( Net of past provisions )

( ₹ in Crores )

| | Year ended 31st March 2017 | | Year ended 31st March 2016 (Restated) | |
|---|---|---|---|---|
| Doubtful debts | | | | |
| Less :- Provided earlier | | - | | - |
| Doubtful advances | | | | |
| Less :- Provided earlier | | - | | - |
| Stock of Coal | | | | |
| Less :- Provided earlier | | - | | - |
| Others | | | 0.10 | |
| Less :- Provided earlier | | - | - | 0.10 |
| **Total** | | **-** | | **0.10** |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 35 : OTHER EXPENSES

( ₹ in Crores )

| | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Travelling expenses | | |
| - Domestic | 14.75 | 19.06 |
| - Foreign | 0.36 | 0.01 |
| Training Expenses | 11.98 | 10.82 |
| Telephone & Postage | 4.25 | 3.68 |
| Advertisement & Publicity | 5.48 | 3.35 |
| Freight Charges | 0.08 | 0.09 |
| Demurrage | 4.70 | 3.07 |
| Donation/Subscription | 0.12 | 0.07 |
| Security Expenses | 66.60 | 60.86 |
| Service Charges of CIL | 70.30 | 69.14 |
| Hire Charges | 35.00 | 34.44 |
| CMPDI Charges | 23.83 | 27.53 |
| Legal Expenses | 1.19 | 1.37 |
| Bank Charges | 0.03 | 0.01 |
| Guest House Expenses | 2.46 | 2.41 |
| Consultancy Charges | 1.60 | 2.37 |
| Under Loading Charges | 16.83 | 30.55 |
| Loss on Sale/Discard/Surveyed of Assets | 0.82 | 0.15 |
| Auditor's Remuneration & Expenses | | |
| - For Audit Fees | 0.30 | 0.20 |
| - For Taxation Matters | - | - |
| - For Other Services | 0.08 | 0.05 |
| - For Reimbursement of Exps. | 0.21 | 0.35 |
| Internal & Other Audit Expenses | 2.49 | 1.85 |
| Rehabilitation Charges | 85.81 | 84.13 |
| Royalty & Cess | 0.19 | 0.20 |
| SBC & KKC on Royalty and Stowing Excise Duty | 21.61 | - |
| Central Excise Duty on closing stock of coal | - | 5.77 |
| Rent | 0.90 | 0.82 |
| Rates & Taxes | 304.49 | 12.25 |
| Insurance | 0.52 | 0.36 |
| Loss on Foreign Exchange Transactions | - | - |
| Loss on Exchange Rate Variance | - | 0.91 |
| Lease Rent | - | 0.02 |
| Rescue/Safety Expenses | 2.39 | 3.06 |
| Dead Rent/Surface Rent | 0.45 | 0.24 |
| Siding Maintenance Charges | 22.34 | 52.78 |
| Land/Crops Compensation | 0.07 | 0.06 |
| R & D expenses | 0.86 | 2.07 |
| Environmental & Tree Plantation Expenses | 17.89 | 12.44 |
| Expenses on Buyback of shares | 0.33 | - |
| Miscellaneous expenses | 231.17 | 181.95 |
| **Total** | **952.48** | **628.49** |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 36 : TAX EXPENSE

( ₹ in Crores )

| | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Current Year | 2325.80 | 2008.65 |
| Deferred tax | 42.36 | 60.70 |
| MAT Credit Entitlement | - | - |
| Earlier Years | (5.45) | - |
| **Total** | **2,362.71** | **2,069.35** |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 37 : OTHER COMPREHENSIVE INCOME

( ₹ in Crores )

| | Year ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| **(A) (i) Items that will not be reclassified to profit or loss** | | |
| Changes in revaluation surplus | - | - |
| Remeasurement of defined benefit plans | (1.40) | 18.33 |
| Equity instrument through OCI | - | - |
| Fair value changes relating to own credit risk of financial liabilities designated at FVTPL | - | - |
| Share of OCI in Joint ventures | - | - |
| | (1.40) | 18.33 |
| **(ii) Income tax relating to items that will not be reclassified to profit or loss** | | |
| Changes in revaluation surplus | - | - |
| Remeasurement of defined benefit plans | (0.48) | 6.34 |
| Equity instrument through OCI | - | - |
| Fair value changes relating to own credit risk of financial liabilities designated at FVTPL | - | - |
| Share of OCI in Joint ventures | - | - |
| | (0.48) | 6.34 |
| **Total (A)** | **(0.92)** | **11.99** |
| **(B) (i) Items that will be reclassified to profit or loss** | | |
| Exchange differences in translating the financial statements of a foreign operation | - | - |
| Debt instrument through OCI | - | - |
| The effective portion of gains and loss on hedging instruments in a cash flow hedge | - | - |
| Share of OCI in Joint ventures | - | - |
| | - | - |
| **(ii) Income tax relating to items that will be reclassified to profit or loss** | | |
| Exchange differences in translating the financial statements of a foreign operation | - | - |
| Debt instrument through OCI | - | - |
| The effective portion of gains and loss on hedging instruments in a cash flow hedge | - | - |
| Share of OCI in Joint ventures | - | - |
| | - | - |
| **Total (B)** | **-** | **-** |
| **Total (A+B)** | **(0.92)** | **11.99** |

## NOTE – 38:

## ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017 (STANDALONE)

### 1. Fair Value measurement

#### (a) Financial Instruments by Category

( ₹ in Crores )

| | 31st March 2017 | | | 31st March 2016 | | | | 1 April 2015 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost | Cost | FVTPL | FVTOCI | Amortised cost |
| **Financial Assets** | | | | | | | | | | |
| **Investments :** | | | | | | | | | | |
| **Secured Bonds** | - | - | 958.70 | - | - | 958.70 | - | - | - | 958.70 |
| **Equity share in Subsidiary Companies** | - | - | 116.71 | - | - | 116.71 | - | - | - | 116.68 |
| **Preference Share in Subsidiary** | - | - | - | - | - | - | - | - | - | - |
| **Mutual Fund** | 202.00 | | | 1345.00 | | | | 247.70 | | |
| **Loans** | - | - | 1201.38 | - | - | 1.70 | - | - | - | 2.17 |
| **Deposits & receivable** | - | - | 1731.52 | - | - | 1596.20 | - | - | - | 1765.15 |
| **Trade receivables** | - | - | 1066.49 | - | - | 1107.61 | - | - | - | 448.85 |
| **Cash & cash equivalents** | - | - | 372.36 | - | - | 216 | - | - | - | 175.82 |
| **Other Bank Balances** | - | - | 14662.95 | - | - | 11199.47 | - | - | - | 10141.57 |
| **Financial Liabilities** | | | | | | | | | | |
| Borrowings | - | - | 2206.13 | - | - | 7.21 | - | - | - | 6.9 |
| Trade payables | - | - | 420.52 | - | - | 303.29 | - | - | - | 277.22 |
| Security Deposit and Earnest money | - | - | 189.65 | - | - | 159.69 | - | - | - | 125.09 |
| Other Liabilities | - | - | 192.56 | - | - | 168.71 | - | - | - | 123.68 |

The company considers that the "Security Deposits" does not include a significant financing component. The milestone payments (security deposits) coincide with the company's performance and the contract requires amounts to be retained for reasons other than the provision of finance. The withholding of a specified percentage of each milestone payment is intended to protect the interest of the company, from the contractor failing to adequately complete its obligations under the contract'. Accordingly transaction cost of Security deposit is considered as fair value at initial recognition and subsequently measured at amortised cost.

**(b) Fair value hierarchy**

Table below shows Judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

| **Financial assets and liabilities measured at fair value – recurring fair value measurement** | **31st March 2017** | | | **31st March 2016** | | | **1 April 2015** | | |
|---|---|---|---|---|---|---|---|---|---|
| | Level I | Level II | Level III | Level I | Level II | Level III | Level I | Level II | Level III |
| **Financial Assets at FVTPL** | | | | | | | | | |
| Investments : | | | | | | | | | |
| Mutual Fund | 202.00 | | | 1345 | | | 247.70 | | |
| **Financial Liabilities** | | | | | | | | | |
| If any item | - | - | - | - | - | - | - | - | - |

| **Financial assets and liabilities measured at amortised cost for which fair values are disclosed at 31st March, 2017** | **31st March 2017** | | | **31st March 2016** | | | **1 April 2015** | | |
|---|---|---|---|---|---|---|---|---|---|
| | Level I | Level II | Level III | Level I | Level II | Level III | Level I | Level II | Level III |
| **Financial Assets at FVTPL** | | | | | | | | | |
| Investments : | | | | | | | | | |
| Equity Shares in JV | | | 116.71 | | | 116.71 | | | 116.68 |
| Mutual Fund | - | | | - | | | - | | |
| **Financial Liabilities** | | | | | | | | | |
| Preference Share | | | - | | | - | | | - |
| Borrowings | | | 2206.13 | | | 7.21 | | | 6.9 |
| Trade payables | | | 420.52 | | | 303.29 | | | 277.22 |
| Security Deposit and Earnest money | | | 189.65 | | | 159.69 | | | 125.09 |
| Other Liabilities | | | 192.56 | | | 168.71 | | | 123.68 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price and are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level

3. This is the case for unlisted equity securities, preference shares borrowings, security deposits and other liabilities taken included in level 3.

Comment: In case Level of Fair valuation hierarchy changes then the same shall be disclosed

**(c) Valuation technique used in determining fair value**

Valuation techniques used to value financial instruments include:

- The use of quoted market prices of instruments
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Fair value measurements using significant unobservable inputs

At present there are no fair value measurements using significant unobservable inputs.

(vi) Fair values of financial assets and liabilities measured at amortised cost

| | 31st March 2017 | | 31st March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial Assets** | | | | | | |
| Loans | 1201.38 | 1201.38 | 1.70 | 1.70 | 2.17 | 2.17 |
| **Financial liabilities** | | | | | | |
| Borrowings | 2206.13 | 2206.13 | 7.21 | 7.21 | 6.90 | 6.90 |
| Security Deposit and Earnest money | 189.65 | 189.65 | 159.69 | 159.69 | 125.09 | 125.09 |

- The carrying amounts of trade receivables, short term deposits, cash and cash equivalents, trade payables are considered to be the same as their fair values, due to their short-term nature.
- Other Financial assets accounted at amortised cost is not carried at fair value only if same is not material.
- The fair values for loans, security deposits and investment in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy.

**Significant estimates**: the fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Company uses its judgement to select a method and makes suitable assumptions at the end of each reporting period.

## 2. RISK ANALYSIS AND MANAGEMENT

### Financial risk management objectives and policies

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that is derived directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk committee that advises,inter alia, on financial risks and the appropriate financial risk governance framework for the Company. The risk committee provides assurance to the Board of Directors that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

The Company is exposed to market risk, credit risk and liquidity risk.This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Cash and Cash equivalents, trade receivables financial asset measured at amortised cost | Ageing analysis | Department of public enterprises (DPE guidelines), diversification of bank deposits credit limits and other securities |
| Liquidity Risk | Borrowings and other liabilities | Periodic cash flows | Availability of committed credit lines and borrowing facilities |
| Market Risk-foreign exchange | Future commercial transactions, recognised financial assets and liabilities not denominated in INR | Cash flow forecast sensitivity analysis | Regular watch and review by senior management and audit committee. |
| Market Risk-interest rate | Cash and Cash equivalents, Bank deposits and mutual funds | Cash flow forecast sensitivity analysis | Department of public enterprises (DPE guidelines), Regular watch and review by senior management and audit committee. |

The Company risk management is carried out by the board of directors as per DPE guidelines issued by Government of India. The board provides written principals for overall risk management as well as policies covering investment of excess liquidity.

**A. Credit Risk**: Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as including outstanding receivables.

**Credit risk management:** Macro - economic information (such as regulatory changes) is incorporated as part of the fuel supply agreements (FSAs) and e-auction terms

**Fuel Supply Agreements**

As contemplated in and in accordance with the terms of the NCDP, we enter into legally enforceable FSAs with our customers or with State Nominated Agencies that in turn enters into appropriate distribution arrangements with end customers. Our FSAs can be broadly categorized into:

- FSAs with customers in the power utilities sector, including State power utilities, private power utilities ("PPUs") and independent power producers ("IPPs");
- FSAs with customers in non-power industries (including captive power plants ("CPPs")); and
- FSAs with State Nominated Agencies.

In addition to the FSA forms discussed above, WCL currently supplies coal under certain "cost plus" coal supply agreements.

**E-Auction Scheme**

The E-Auction scheme of coal has been introduced to provide access to coal for customers who were not able to source their coal requirement through the available institutional mechanisms under the NCDP for various reasons, for example, due to a less than full allocation of their normative requirement under NCDP, seasonality of their coal requirement and limited requirement of coal that does not warrant a long-term linkage. The quantity of coal to be offered under E-Auction is reviewed from time to time by the MoC.

Provision for expected credit loss: The Company provides for expected credit risk loss for doubtful/ credit impaired assets, by lifetime expected credit losses (Simplified approach)

Expected Credit losses for trade receivables under simplified approach

As on 31.03.2017

( ₹ in Crores )

| Ageing | Due for 2 months | Due for 6 months | Due for 1 year | Due for 2 year | Due for 3 year | Due for more than 3 year | Total |
|---|---|---|---|---|---|---|---|
| Gross carrying amount | 559.48 | 401.44 | 96.46 | 77.33 | 1.12 | 48.56 | 1184.39 |
| Expected loss rate | | 2.34% | 73.64% | 2.25% | 96.43% | 71.40% | 9.95% |
| Expected credit losses (Loss allowance provision) | | 9.38 | 71.03 | 1.74 | 1.08 | 34.67 | 117.90 |

As on 31.03.2016

| Ageing | Due for 2 months | Due for 6 months | Due for 1 year | Due for 2 year | Due for 3 year | Due for more than 3 year | Total |
|---|---|---|---|---|---|---|---|
| Gross carrying amount | 748.62 | 280.86 | 44.72 | 25.01 | 25.95 | 20.21 | 1145.37 |
| Expected loss rate | | | 11.34% | 26.67% | 52.79% | 60.96% | 3.30% |
| Expected credit losses (Loss allowance provision) | | | 5.07 | 6.67 | 13.7 | 12.32 | 37.76 |

As on 01.04.2015

| Ageing | Due for 2 months | Due for 6 months | Due for 1 year | Due for 2 year | Due for 3 year | Due for more than 3 year | Total |
|---|---|---|---|---|---|---|---|
| Gross carrying amount | 163.04 | 155.84 | 79.30 | 50.74 | 4.60 | 36.71 | 490.23 |
| Expected loss rate | | | 2.59% | 10.07% | 8.04% | 92.21% | 8.47% |
| Expected credit losses (Loss allowance provision) | | | 2.05 | 5.11 | 0.37 | 33.85 | 41.38 |

Reconciliation of loss allowance provision – Trade receivables

| | |
|---|---|
| **Loss allowance on 01.04.2015** | 41.38 |
| Change in loss allowance | -3.62 |
| **Loss allowance on 31.03.2016** | 37.76 |
| Changes in loss allowance | 80.14 |
| **Loss allowance on 31.03.2017** | 117.90 |

Significant estimates and judgements Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period

**B. Liquidity RisK**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Company in accordance with practice and limits set by the Company.

**(i) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

| | 31.03.2017 | 31.03.2016 | 01.04.2015 |
|---|---|---|---|
| Expiring within one year (Bank overdraft and other facilities) | NIL | NIL | NIL |
| Expiring beyond one year (Bank Loans) | NIL | NIL | NIL |

**(ii) Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

( ₹ in Crores )

| **Contractual maturities of financial liabilities 31.03.2017** | **Less than 3 months** | **3 months to 6 months** | **6 months to 1 year** | **1 year to 2 years** | **2 year to 5 years** | **Total** |
|---|---|---|---|---|---|---|
| Borrowings | 2200.00 | | | 0.51 | 5.62 | 2206.13 |
| Obligation under finance lease | - | - | - | - | - | - |
| Trade payables | 401.89 | 18.22 | 0.41 | - | - | 420.52 |
| Other financial liabilities | 209.32 | 28.91 | 103.79 | 24.25 | 15.94 | 382.21 |
| **Total** | 2811.21 | 47.13 | 104.20 | 24.76 | 21.56 | 3008.86 |

( ₹ in Crores )

| **Contractual maturities of financial liabilities 31.03.2016** | **Less than 3 months** | **3 months to 6 months** | **6 months to 1 year** | **1 year to 2 years** | **2 year to 5 years** | **Total** |
|---|---|---|---|---|---|---|
| Borrowings | - | - | - | 0.60 | 6.61 | 7.21 |
| Obligation under finance lease | - | - | - | - | - | - |
| Trade payables | 303.29 | - | - | - | - | 303.29 |
| Other financial liabilities | 175.59 | 22.28 | 87.06 | 26.23 | 17.24 | 328.40 |
| **Total** | 478.88 | 22.28 | 87.06 | 26.83 | 23.85 | 638.90 |

| Contractual maturities of financial liabilities 01.04.2015 | Less than 3 months | 3 months to 6 months | 6 months to 1 year | 1 year to 2 years | 2 year to 5 years | Total |
|---|---|---|---|---|---|---|
| Borrowings | - | - | - | 0.57 | 6.33 | 6.90 |
| Obligation under finance lease | - | - | - | - | - | - |
| Trade payables | 277.22 | - | - | - | - | 277.22 |
| Other financial liabilities | 135.31 | 17.89 | 67.10 | 17.18 | 11.29 | 248.77 |
| **Total** | 412.53 | 17.89 | 67.10 | 17.75 | 17.62 | 532.89 |

**Market risk**

**a) Foreign currency risk**

The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk in respect of foreign operation is considered to be insignificant. The Company also imports and risk is managed by regular follow up. Company has a policy which is implemented when foreign currency risk becomes significant.

**b) Cash flow and fair value interest rate risk 107(33)(a),**

The Company's main interest rate risk arises from bank deposits with change in interest rate exposes the Company to cash flow interest rate risk. Company policy is to maintain most of its deposits at fixed rate.

Company manages the risk using guidelines from Department of Public Enterprises (DPE), diversification of bank deposits credit limits and other securities.

**Capital Management**

**The Company being a government entity manages its capital as per the guidelines of Department of investment and public asset management under Ministry of Finance.**

**Capital Structure of the Company is as follows:**

( ₹ in Crores )

| | 31.03.2017 | 31.03.2016 | 01.04.2015 |
|---|---|---|---|
| **Equity Share capital** | 141.23 | 186.40 | 186.40 |
| **Preference share capital** | NIL | NIL | NIL |
| **Long term debt** | 6.13 | 7.21 | 6.90 |
| **Current maturities of long-term debt** | 0.51 | 0.56 | 0.50 |

**3. Group Information**:

| Name | Relationship with MCL | Principal activities | Country of Incorporation | % of Equity interest | | |
|---|---|---|---|---|---|---|
| | | | | 01.04.15 | 31.03.16 | 31.03.17 |
| MNH Shakti Ltd | Subsidiary Company | Coal Production | India | 70 | 70 | 70 |
| MJSJ Coal Ltd | Subsidiary Company | Coal Production | India | 60 | 60 | 60 |
| Mahanadi Basin Power Limited | Subsidiary Company | Power Generation | India | 100 | 100 | 100 |
| Mahanadi Coal Railways Limited | Subsidiary Company | Construct & Operate Rail Corridor projects | India | - | 64 | 64 |

**4. Employee Benefits: Recognition and Measurement (Ind AS-19)**

i) Provident Fund:

Company pays fixed contribution towards Provident Fund and Pension Fund at pre-determined rates to a separate trust named Coal Mines Provident Fund (CMPF), which invests the fund in permitted securities. The contribution towards the fund during the year is ₹ 204.91 Crore (₹ 195.69 Crore) has been recognized in the Statement of Profit & Loss (Note 28).

ii) The Company operates some defined benefit plans as follows which are valued on actuarial basis:

(a) Funded-

- Gratuity
- Leave Encashment

(b) Unfunded

- Life Cover Scheme
- Settlement Allowance
- Group Personal Accident Insurance
- Leave Travel Concession
- Medical Benefits
- Compensation to dependent on Mine Accident Benefits

Total liability as on 31.03.2017 based on valuation made by the Actuary, details of which are mentioned below is ₹ 1165.15 Crores.

The actuarial liability as on 31.03.2017:

( ₹ in Crores )

| Head | Opening Actuarial Liability as on 01.04.2016 | Incremental Liability during the Year | Closing Actuarial Liability as on 31.03.2017 |
|---|---|---|---|
| Gratuity | 686.00 | 32.74 | 718.74 |
| Earned Leave | 202.92 | 42.74 | 245.66 |
| Half Pay Leave | 41.06 | 13.96 | 55.02 |
| Life Cover Scheme | 5.26 | 0.42 | 5.68 |
| Settlement Allowance Executives | 3.80 | 0.81 | 4.61 |
| Settlement Allowance Non-executives | 8.28 | 0.41 | 8.69 |
| Group Personal Accident Insurance Scheme | 0.11 | 0.01 | 0.12 |
| Leave Travel Concession | 33.82 | 8.41 | 42.23 |
| Medical Benefits Executives | 62.38 | 8.03 | 70.41 |
| Medical Benefits Non-Executives | 0.11 | 0.39 | 0.50 |
| Compensation to dependents in case of mine accidental death | 12.99 | 0.50 | 13.49 |
| **Total** | 1056.73 | 108.42 | 1165.15 |

iii) **Disclosure as per Actuary's Certificate**

The disclosures as per actuary's certificate for employee benefits for Gratuity (funded) and Leave Encashment (funded) are given below: -

## ACTUARIAL VALUATION OF GRATUITY LIABILITY AS AT 31.03.2017

## CERTIFICATES AS PER IND AS 19 (2015)

( ₹ in Crores )

| Changes in Present Value of defined benefit obligations | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Present Value of obligation at beginning of the period | 686.00 | 679.69 |
| Current Service Cost | 56.85 | 49.08 |
| Interest Cost | 46.68 | 51.31 |
| Actuarial (Gain) / Loss on obligations due to change in financial assumption | 43.54 | 0.00 |
| Actuarial (Gain) / Loss on obligations due to unexpected experience | (30.24) | (17.37) |
| Benefits Paid | 84.10 | 76.71 |
| Present Value of obligation at end of the period | 718.74 | 686.00 |

( ₹ in Crores )

| Changes in Fair Value of Plan Assets | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Fair Value of Plan Asset at beginning of the period | 669.61 | 665.69 |
| Interest Income | 48.55 | 53.26 |
| Employer Contributions | 81.24 | 26.41 |
| Benefits Paid | 84.10 | 76.71 |
| Return on Plan Assets excluding Interest income | 11.90 | 0.96 |
| Fair Value of Plan Asset as at end of the period | 727.20 | 669.61 |

( ₹ in Crores )

| Statement showing reconciliation to Balance Sheet | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Funded Status | 8.46 | (16.39) |
| Unrecognized actuarial (gain) / loss at end of the period | - | - |
| Fund Asset | 727.20 | 669.61 |
| Fund Liability | 718.74 | 686.00 |

| Statement showing Plan Assumptions: | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Discount Rate | 7.25% | 8.00% |
| Expected Return on Plan Asset | 7.25% | 8.00% |
| Rate of Compensation Increase (Salary Inflation) | 9.00% for Executives and 6.50% for Non-Executives | 6.25% |
| Average Expected Future Service (Remaining Working Life) | 11 | 11 |
| Average Duration of Liabilities | 11 | 11 |
| Mortality Table | IALM 2006-2008 ULTIMATE | |
| Superannuation at Age | 60 | 60 |
| Early Retirement and Disablement | 1.00% | 1.00% |

( ₹ in Crores )

| Expense Recognized in Statement of Profit / Loss | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Current Service Cost | 56.85 | 49.08 |
| Net Interest Cost | (1.86) | (1.95) |
| Benefit Cost (Expense recognised in Statement of Profit/Loss) | 54.99 | 47.13 |

| Statement Showing Benefit Information Estimated Future payments (Past Service) | |
|---|---|
| Year | ₹ in Crore |
| 1 | 81.39 |
| 2 | 77.03 |
| 3 | 71.33 |
| 4 | 69.09 |
| 5 | 67.22 |
| 6 to 10 | 362.25 |
| More than 10 years | 676.10 |
| Total Undiscounted Payments Past and Future Service | - |
| Total Undiscounted Payments related to Past Service | 1404.41 |
| Less Discount For Interest | 685.67 |
| Projected Benefit Obligation | 718.74 |

| Statement Showing Cash Flow Information | ₹ in Crore |
|---|---|
| Next Year Total (Expected) | 55.23 |
| Minimum Funding Requirements | 29.59 |
| Company's Discretion | |

( ₹ in Crores )

| Other Comprehensive Income | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Actuarial (Gain) / Loss on obligations due to change in financial assumption | 43.54 | |
| Actuarial (Gain) / Loss on obligations due to unexpected experience | (30.24) | (17.37) |
| Total Actuarial (Gain) / Loss | 13.30 | (17.37) |
| Return on Plan Asset, excluding Interest Income | 11.90 | 0.96 |
| Balance at the end of the period | 1.40 | 18.33 |
| Net (Income) / Expense for the period recognised in Other Comprehensive Income | 1.40 | 18.33 |

| Mortality Table | |
|---|---|
| Age | Mortality (Per Annum) |
| 25 | 0.000984 |
| 30 | 0.001056 |
| 35 | 0.001282 |
| 40 | 0.001803 |
| 45 | 0.002874 |
| 50 | 0.004946 |
| 55 | 0.007888 |
| 60 | 0.011534 |
| 65 | 0.0170085 |
| 70 | 0.0258545 |

( ₹ in Crores )

| Sensitivity Analysis | Increase | Decrease |
|---|---|---|
| Discount Rate (-/+ 0.5%) | 692.54 | 746.69 |
| % Change Compared to base due to sensitivity | -3.64% | 3.89% |
| Salary Growth (-/+ 0.5%) | 727.22 | 709.75 |
| % Change Compared to base due to sensitivity | 1.18% | -1.25% |
| Attrition Rate (-/+ 0.5%) | 719.53 | 717.94 |
| % Change Compared to base due to sensitivity | 0.11% | -0.11% |
| Mortality Rate (-/+ 10%) | 723.62 | 713.85 |
| % Change Compared to base due to sensitivity | 0.68% | -0.68% |

| Statement Showing Cash Flow Information | ₹ in Crore |
|---|---|
| Current service Cost (Employer portion Only) Next period | 58.80 |
| Interest Cost next period | 49.16 |
| Expected Return on Plan Asset | 52.72 |
| Benefit Cost | 55.24 |

( ₹ in Crores )

| Statement Showing expected return on Plan Asset at end Measurement | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Current liability | 78.59 | 87.56 |
| Non-Current Liability | 640.15 | 598.44 |
| Net Liability | 718.74 | 686.00 |

**ACTUARIAL VALUATION OF LEAVE ENCASHMENT BENEFIT (EL/HPL) AS AT 31.03.2017**

**CERTIFICATES AS PER IND AS 19 (2015)**

( ₹ in Crores )

| Changes in Present Value of defined benefit obligations | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Present Value of obligation at beginning of the period | 243.98 | 232.52 |
| Current Service Cost | 61.21 | 36.00 |
| Interest Cost | 16.84 | 17.57 |
| Actuarial (Gain) / Loss on obligations due to change in financial assumption | 49.02 | - |
| Actuarial (Gain) / Loss on obligations due to unexpected experience | (46.90) | (16.47) |
| Benefits Paid | 23.47 | 25.64 |
| Present Value of obligation at end of the period | 300.68 | 243.98 |

( ₹ in Crores )

| Changes in Fair Value of Plan Assets | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Fair Value of Plan Asset at beginning of the period | - | - |
| Interest Income | 6.69 | - |
| Employer Contributions | 220.69 | - |
| Benefits Paid | 23.47 | - |
| Return on Plan Assets excluding Interest income | (0.34) | - |
| Fair Value of Plan Asset as at end of the period | 203.57 | - |

( ₹ in Crores )

| Statement showing reconciliation to Balance Sheet | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Funded Status | (97.11) | (243.98) |
| Unrecognized actuarial (gain) / loss at end of the period | | |
| Fund Asset | 203.57 | - |
| Fund Liability | 300.68 | 243.98 |

( ₹ in Crores )

| Statement showing Plan Assumptions: | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Discount Rate | 7.25% | 8.00% |
| Expected Return on Plan Asset | 7.25% | NA |
| Rate of Compensation Increase (Salary Inflation) | 9.00% for Executives and 6.50% for Non-Executives | 6.25% |
| Average Expected Future Service (Remaining Working Life) | 11 | 11 |
| Mortality Table | IALM 2006-2008 ULTIMATE | |
| Superannuation at Age | 60 | 60 |
| Early Retirement and Disablement | 1.00% | 1.00% |
| Voluntary Retirement | Ignored | Ignored |

( ₹ in Crores )

| Expense Recognized in Statement of Profit / Loss | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Current Service Cost | 61.22 | 36.00 |
| Net Interest Cost | 10.14 | 17.58 |
| Net Actuarial Gain / Loss | 2.46 | -16.47 |
| Benefit Cost (Expense recognised in Statement of Profit/Loss) | 73.82 | 37.10 |

| Sensitivity Analysis | Increase | Decrease |
|---|---|---|
| Discount Rate (-/+ 0.5%) (₹) | ₹ 287.63 Crore | ₹ 314.75 Crore |
| % Change Compared to base due to sensitivity | -4.34% | 4.68% |
| Salary Growth (-/+ 0.5%) (₹) | ₹ 314.57 Crore | ₹ 287.69 Crore |
| % Change Compared to base due to sensitivity | 4.62% | -4.32% |
| Attrition Rate (-/+ 0.5%) (₹) | 301.01 Crore | 300.35 Crore |
| % Change Compared to base due to sensitivity | 0.11% | -0.11% |
| Mortality Rate (-/+ 10%) (₹) | 302.52 Crore | 298.85 Crore |
| % Change Compared to base due to sensitivity | 0.61% | -0.61% |

| Mortality Table | |
|---|---|
| Age | Mortality (Per Annum) |
| 25 | 0.000984 |
| 30 | 0.001056 |
| 35 | 0.001282 |
| 40 | 0.001803 |
| 45 | 0.002874 |
| 50 | 0.004946 |
| 55 | 0.007888 |
| 60 | 0.011534 |
| 65 | 0.0170085 |
| 70 | 0.0258545 |

| **Statement Showing Benefit Information Estimated Future payments (Past Service)** | |
|---|---|
| **Year** | **₹ in Crore** |
| 1 | 22.33 |
| 2 | 24.64 |
| 3 | 21.52 |
| 4 | 21.06 |
| 5 | 22.20 |
| 6 to 10 | 156.73 |
| More than 10 years | 385.40 |
| Total Undiscounted Payments Past and Future Service | - |
| Total Undiscounted Payments related to Past Service | 653.88 |
| Less Discount For Interest | 353.20 |
| Projected Benefit Obligation | 300.68 |

( ₹ in Crores )

| Statement Showing expected return on Plan Asset at end Measurement | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Current liability | 21.56 | 20.26 |
| Non-Current Liability | 279.12 | 223.71 |
| Net Liability | 300.68 | 243.98 |

**5. Unrecognised items:**

**a) Contingent Liabilities**

Claims against the Company not acknowledged as debts (including interest, wherever applicable)

( ₹ in Crores )

| | Claims against the company not acknowledged as debt | | |
|---|---|---|---|
| | | **31.03.2017** | **31.03.2016** |
| 1 | **Central Govt.** | | |
| | Central Excise | 166.08 | 119.33 |
| | Income Tax | 1306.29 | 1161.57 |
| | Clean Energy Cess | 155.12 | 31.40 |
| | Service Tax | 94.43 | 64.64 |
| | Others | 5.41 | 19.56 |
| 2 | **State Govt. and Local authorities** | | |
| | Sales Tax | 201.93 | 104.65 |
| | Royalty | 2448.12 | 2423.18 |
| | Others | 103.57 | 850.74 |
| 3 | **Central Public Sector Enterprises** | | |
| | Suit against the company under litigation | 313.75 | - |
| 4 | **Others** | 227.76 | 171.88 |
| | **Total** | **5022.46** | **4946.95** |

**b) Commitments**

Estimated amount of contracts remaining to be executed on

Capital account and not provided for : ₹ 427.76 crores

Others (Revenue Commitment) : ₹ 2815.04 crores

**c) Guarantee**

The Company has not provided any guarantee on behalf of any other Company.

**d) Letter of Credit :**

As on 31.03.2017 outstanding letters of credit is ₹ 26.77 crores (₹ 4.36 crores) and bank guarantee issued is ₹ 29.17 Crore (₹ 13.38 Crore).

## 6. Other Information

### a) Government Assistance

Subsidy received from Coal Controller Development Authority for ₹ 176.83 crore on account of infrastructural development has been shown as deferred income under Note-22 against the advance paid to railway authorities and subsidy for Sand Stowing & Protective Works includes ₹ 2.24 crore received from Ministry of Coal, Government of India in terms of Coal Mines (Conservation Development) Act, 1974 towards reimbursement of expenditure incurred for the Sand Stowing & Protective Works during the F.Y. 2016-17(Note-24).

### b) Provisions

The position and movement of various provisions except those relating to employee benefits which are valued actuarially, as on 31.03.2017are given below:

( ₹ in Crores )

| Provisions | Opening Balance as on 1.04.2016 | Addition during the year | Write back/ Adj. during the year | Unwinding of discounts | Closing Balance as on 31.03.2017 |
|---|---|---|---|---|---|
| **Note 3:-Property, Plant and Equipment:**<br>Depreciation & Impairment of Assets : | 316.86 | 357.27 | 13.25 | - | 687.38 |
| **Note 4:- Capital Work in Progress :**<br>Against CWIP : | 11.88 | 3.65 | (1.26) | - | 14.27 |
| **Note 5:- Exploration And Evaluation Assets :**<br>Provision and Impairment: | 0 | 0 | 0 | - | 0 |
| **Note 6:- Other Intangible Assets**<br>Provision : | (0.09) | 16.00 | 0 | - | 0.07 |
| **Note 8:- Loans :**<br>Other Loans : | 0 | 0 | 0 | - | 0 |
| **Note 9:- Other Financial Assets:**<br>Current Account with Subsidiaries : | 0 | 0 | 0 | - | 0 |
| Claim receivables : | 0 | 0 | 0 | - | 0 |
| Other Receivables : | 0.16 | 0 | 0 | - | 0.16 |
| **Note 10:- Other Non-Current Assets :**<br>Capital Advances : | 0.55 | 0 | 0 | - | 0.55 |
| Against Security Deposit for Utilities: | 0 | 0 | 0 | - | 0 |

( ₹ in Crores )

| | | | | | |
|---|---|---|---|---|---|
| **Note 11:- Other Current Assets :** | | | | | |
| Advances for Revenue : | 2.10 | 0.06 | 0 | - | 2.16 |
| Advance Payment Against Statutory Dues: | 0 | 0 | 0 | - | 0 |
| Advance to employees: | 0 | 0.03 | 0 | - | 0.03 |
| Other Deposits: | 0 | 0 | 0 | - | 0 |
| Other Receivables: | 0 | 0 | 0 | - | 0 |
| **Note 12:-Inventories :** | | | | | |
| Stock of Coal : | 0 | 0 | 0 | - | 0 |
| Stock of Stores & Spares : | 19.12 | 0.77 | 0 | - | 19.89 |
| **Note 13:-Trade Receivables :** | | | | | |
| Provision for bad & doubtful debts : | 37.76 | 80.14 | 0 | - | 117.90 |
| **Note 21 :- Non-Current & Current Provision :** | | | | | |
| Performance related pay : | 277.93 | 17.51 | (237.43) | - | 138.15 |
| NCWA-X: | 0 | 146.36 | 0 | - | 146.36 |
| Executive Pay Revision: | 0 | 9.78 | 0 | - | 9.78 |
| Mine Closure: | 685.57 | 0 | 0 | - | 735.23 |
| Others: | | | | | |
| Ex-Gratia | 100.33 | 109.75 | (100.33) | - | 109.75 |
| Terminal benefits | 114.01 | 19.92 | 0 | - | 133.93 |
| Grade Slippage | 0 | 80.76 | 0 | - | 80.76 |
| Claim Receivable | 0 | 14.19 | 0 | - | 14.19 |
| Clean Energy Cess & Excise Duty | 0 | 269.73 | 0 | - | 269.73 |

**c) Segment Reporting**

In accordance with the provisions of Ind AS 108 ‘operating segment’, the operating segment used for presenting segment information are identified based on internal reports used by BOD to allocate resources to the segments and assess their performance. The BOD is the group of Chief operating decision maker within the meaning of Ind AS 108.

The Board of directors consider a business from a prospect of significant product offerings and have decided that presently there is one single reportable segment being sale of Coal. Information of financial performance and net asset is presented in the consolidated information of p/L and Balance sheet.

Revenue by destination is a follows

| India | Other countries |
|---|---|
| ₹ 14161.94 Crore | Nil |

Revenue by customer is as follows

| Name of each parties having more than 10% of Net sales value | Amount (in Crores) | Country |
|---|---|---|
| **NTPC** | 2088.43 | India |
| **Vedanta** | 1493.66 | India |
| **TNEB** | 865.50 | India |
| Others | 8765.50 | India |

Net current asset by location are as follows

| India | Other countries |
|---|---|
| ₹12293.83 Crore | Nil |

**d) Earnings per share**

| Sl. No. | Particulars | For the year ended 31.03.2017 | | For the year ended 31.03.2016 | |
|---|---|---|---|---|---|
| | | PAT | OCI | PAT | OCI |
| i) | Net profit after tax attributable to Equity Share Holders (₹ in Crore) | 4492.01 | (0.92) | 4195.76 | 11.99 |
| ii) | Weighted Average no. of Equity Shares Outstanding (in nos.) | 1412266 | 1412266 | 1864009 | 1864009 |
| iii) | Basic and Diluted Earnings per Share in Rupees (Face value Rs.1000/- per share) (₹ ) | 31807.11 | (6.51) | 22509.33 | 64.33 |

**e) Related Party Disclosures**

**(a) Key Managerial Personnel**

Mr. A.K. Jha , Chairman-Cum-Managing Director

Mr. J.P. Singh, Director (Technical/Operation)

Mr. K.K. Parida, Director (Finance)

Mr. L.N. Mishra, Director (Personnel)

Mr. O. P. Singh, Director (Technical/P&P).

Mr. A. K. Singh, Company Secretary

**Independent Directors**

Mr. H. S. Pati

Dr. R. Mall

**Remuneration of Key Managerial Personnel**

( ₹ in Crores )

| Sl. No. | Payment to CMD, Whole Time Directors and Company Secretary | For the year ended 31.03.2017 | For the year ended 31.03.2016 |
|---|---|---|---|
| i) | **Short Term Employee Benefits**<br>Gross Salary<br>Perquisites<br>Medical Benefits | <br>1.49<br>0.00<br>0.04 | <br>1.40<br>0.00<br>0.01 |
| ii) | **Post-Employment Benefits**<br>Contribution to P.F. & other fund | <br>0.16 | <br>0.19 |
| iii) | **Termination Benefits**<br>(Paid at the time of separation)<br>Leave Encashment<br>Gratuity | - | - |
| | **TOTAL** | **1.69** | **1.60** |

Note:

(i) Provision on the basis of actuarial valuation of defined benefits have not been considered in the above Director's remuneration.

(ii) Besides above, whole time Directors have been allowed to use of cars for private journey upto a ceiling of 750 KMs on payment of concessional rate, in accordance with the provisions of Government of India, Ministry of Finance, Bureau of Public Enterprises O.M. No.2 (18)/PC-64 dated 20.11.1964 as amended from time to time.

( ₹ in Crores )

| Sl. No. | Payment to Independent Directors | For the year ended 31.03.2017 | For the year ended 31.03.2016 |
|---|---|---|---|
| i) | Sitting Fees | 0.11 | 0.00 |

**Balances Outstanding as on 31.03.2017**

| Sl. No. | Particulars | As on 31.03.2017 | As on 31.03.2016 |
|---|---|---|---|
| i) | Amount Payable | Nil | Nil |
| ii) | Amount Receivable | Nil | Nil |

**ii. Related Party Transactions within Group**

The Company being a Government related entity is exempt from the general disclosure requirements in relation to related party transactions and outstanding balances with the controlling Government and another entity under same Government.

Mahanadi Coalfields Limited has entered into transactions with its holding Company, co-subsidiaries & subsidiaries which include Apex charges, Rehabilitation charges, CMPDIL Expenses, R&D Expenses, Lease rent, Interest on Surplus Fund, IICM charges and other expenditure incurred by or on behalf of other subsidiaries through current account.

As per Ind AS 24, following are the disclosures regarding nature and amount of significant transactions.

| Name of the Company | Nature of relationship | Amount of transactions during the year (₹ in crore) |
|---|---|---|
| Coal India Limited | 100% Holding Co. | (118.81) |
| Eastern Coalfields Limited | 100% Subsidiary of Holding Co. | (0.10) |
| Bharat Coking Coal Limited | 100% Subsidiary of Holding Co. | (0.05) |
| Central Coalfields Limited | 100% Subsidiary of Holding Co. | (0.41) |
| Western Coalfields Limited | 100% Subsidiary of Holding Co. | 0.06 |
| Northern Coalfields Limited | 100% Subsidiary of Holding Co. | (0.06) |
| South Eastern Coalfields Limited | 100% Subsidiary of Holding Co. | 1.11 |
| CMPDI Limited | 100% Subsidiary of Holding Co. | 48.03 |
| MJSJ Coal Limited | Subsidiary (60% share holding) | 0.60 |
| MNH Shakti Limited | Subsidiary (70% share holding) | 0.11 |
| Mahanadi Basin Power Limited | Subsidiary (100% share holding) | 1.32 |
| Mahanadi Coal Railway Limited | Subsidiary (64% share holding) | 0.26 |

**f) Taxation**

An amount of ₹ 2325.32 crore (₹ 2014.99 crore ) is provided in the accounts during current year towards income tax.

The Company is having a deferred tax liability (net) on the basis of calculation as per Ind AS-12, issued by the Institute of Chartered Accountants of India.

Deferred Tax Asset / (Liability) as at 31st March, 2017 and as at 31st March 2016 is given below:-

( ₹ in Crores )

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| **Deferred Tax Liability**: | | |
| Related to Fixed Assets | **55.95** | **(2.68)** |
| **Deferred Tax Asset**: | | |
| Provision for doubtful Debts, claims, etc. | 36.89 | 9.15 |
| Employee separation and retirement | 34.88 | 83.52 |
| Others | (217.64) | (278.95) |
| Total deferred tax Assets | **(145.87)** | **(186.28)** |
| **Net Deferred Tax Asset/ (Deferred Tax Liability)** | **(201.82)** | **(183.60)** |

- **Relationship between tax expense (income) and accounting profit**

Numerical Reconciliation of difference

| Sl. No. | Nature of Adjustments | Year ended 31.03.2017 |
|---|---|---|
| 1 | Net Profit as per Statement of Profit and Loss (before tax) | 6853.32 |
| 2 | Applicable Tax rate | 34.608% |
| | 1*2 | 2371.80 |
| 3 | Net Profit as per Income Tax | 6719.02 |
| 4 | Tax Expense /(Income) | 2367.68 |
| 5 | **Difference** | 4.12 |

**g) Insurance and escalation claims**

Insurance and escalation claims are accounted for on the basis of admission / final settlement.

**h) Provisions made in the Accounts**

Provisions made in the accounts against slow moving/non-moving/obsolete stores, claims receivable, advances, doubtful debts etc. are considered adequate to cover possible losses.

**i) Current Assets, Loans and Advances etc.**

In the opinion of the Management, assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

**j) Current Liabilities**

Estimated liability has been provided where actual liability could not be measured.

**k) Balance Confirmations**

Balance confirmation/reconciliation is carried out for cash &bank balances, certain loans & advances, long term liabilities and current liabilities. Provision is taken against all doubtful unconfirmed balances.

**l) Value of imports on CIF basis**

| Particulars | For the year ended 31.03.2017 | For the year ended 31.03.2016 |
|---|---|---|
| (i) Raw Material | NIL | NIL |
| (ii) Capital Goods | 28.37 | NIL |
| (iii) Stores, Spares & Components | 0.10 | 0.02 |

**m) Expenditure incurred in Foreign Currency**

( ₹ in Crores )

| Particulars | For the year ended 31.03.2017 | For the year ended 31.03.2016 |
|---|---|---|
| Travelling Expenses | 0.36 | 0.01 |
| Training Expenses | NIL | NIL |
| Consultancy Charges | NIL | NIL |
| Interest | 0.09 | 0.09 |
| Stores and Spares | 0.10 | 0.02 |
| Capital Goods | 28.37 | NIL |
| Others | NIL | NIL |

**n) Earning in Foreign Exchange:**

( ₹ in Crores )

| Particulars | For the year ended 31.03.2017 | For the year ended 31.03.2016 |
|---|---|---|
| Travelling Expenses | NIL | NIL |
| Training Expenses | NIL | NIL |
| Consultancy Charges | NIL | NIL |

**o) Total Consumption of Stores and Spares**

( ₹ in Crores )

| Particulars | For the year ended 31.03.2017 | | For the year ended 31.03.2016 | |
|---|---|---|---|---|
| | Amount | % of total consumption | Amount | % of total consumption |
| (i) Imported Materials | 0.10 | 0.02 | 0.02 | 0.00 |
| (ii) Indigenous | 583.50 | 98.00 | 542.73 | 100.00 |

**p) Statement of Opening Stock, Production, Purchases, Turnover and Closing Stock of Coal**

(₹ in Crore and Quantity in '000 MT)

| Particulars | For the year ended 31.03.2017 | | For the year ended 31.03.2016 | |
|---|---|---|---|---|
| | Qty. | Value | Qty. | Value |
| **Opening Stock** | **10191.73** | **367.52** | **12524.26** | **405.42** |
| Production | 139208.39 | 13123.01 | 137901.13 | 12716.37 |
| Sales | 143008.03 | 13213.09 | 140229.22 | 12752.97 |
| Own Consumption | 4.80 | 0.90 | 4.83 | 1.30 |
| Write Off | - | - | - | - |
| Shortage beyond 5% | 119.40 | 21.85 | 126.23 | 20.70 |
| **Closing Stock** | **6267.89** | **253.33** | **10065.11** | **346.82** |

**q) Details of Loans given, Investments made and Guarantee given covered u/s 186(4) of the Companies Act, 2013**

Loans given and Investments made are given under the respective heads.

| Name of the Company | Relation | Loan/Investment | Amount (₹ in Crores) |
|---|---|---|---|
| MJSJ Coal Limited | Subsidiary | Investment in Shares | 57.06 |
| MNH Shakti Limited | Subsidiary | Investment in Shares | 59.57 |
| Mahanadi Basin Power Limited | Subsidiary | Investment in Shares | 0.05 |
| Mahanadi Coal Railway limited | Subsidiary | Investment in Shares | 0.03 |
| Central Coalfields Limited | Co-Subsidiary | Loan Given | 1500.00 |

No Corporate guarantees given by the Company in respect of any loan as at 31.03.2017

**r) Significant accounting policy**

Significant accounting policy (Note-37) has been suitably modified / re-drafted over previous period, as found necessary to elucidate the accounting policies adopted by the Company in accordance with Indian Accounting Standards (Ind ASs) notified by Ministry of Corporate Affairs (MCA) under theCompanies (Indian Accounting Standards) Rules, 2015.

The impact of change in accounting policy and other changes to comply with Ind AS in Net Profit is stated below:

**Reconciliation of Profit between Ind AS and previous Indian GAAP**

( ₹ in Crores )

| Sl. No. | Nature of Adjustments | Year ended 31.03.2016 |
|---|---|---|
| | Net Profit as per previous Indian GAAP (after tax) | 4184.74 |
| 1 | Remeasurement of Mine Closure Provision as per Ind AS 16 | 47.29 |
| 2 | Actuarial loss/gain on remeasurement of employee defined benefit plan as per Ind AS 19 recognised in “Other Comprehensive Income” (Net of tax) | (11.99) |
| 3 | Effect of adjustments relating to Prior period | (24.28) |
| | **Net Profit as per Ind AS (after tax) attributable to equityshareholders** | **4195.76** |
| | Other Comprehensive Income (after tax) | 11.99 |
| | **Total Comprehensive Income as per Ind AS (after tax) attributable to equityshareholders** | 4207.75 |

**7. First time adoption of Ind AS**

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

**(i) Fair value measurement of financial assets or financial liabilities (Ind AS 101.D20)**

First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transactions, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.

As a first time adopter of Ind AS, the Company has opted to apply Ind AS 109 prospectively.

**(ii) Mine Closure, Site Restoration and Decommissioning Obligation in Property, Plant and Equipment (Ind AS 101.D21)**

Appendix 'A' to Ind AS 16 Changes in Existing Decommissioning, Restoration and Similar Liabilities requires specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to Ind AS. In other words, a first-time adopter will not need to estimate what provision would have been calculated at earlier reporting dates. Instead, the decommissioning liability is calculated at the date of transition and it is assumed that the same liability (adjusted only for the time value of money) existed when the asset was first acquired/ constructed.

As a first time adopter of Ind AS, the Company has calculated the Mine Closure, Site Restoration and Decommissioning Obligation at the date of transition assuming that the same liability (present value) existed when the asset was first acquired/ constructed.

**(iii) Resettlement & Rehabilitation Policy of MCL**

With changing aspirations of Project Affected Persons (PAPs) and for faster acquisition of land, Resettlement & Rehabilitation Policy of MCL was revised in 2012 making it liberal and PAP friendly with more flexibility to the Board of Subsidiary Companies. The Policy provides for conducting baseline socioeconomic survey to identify PAPs enlisted to receive R&R benefits as well as to formulate Rehabilitation Action Plan (RAP) in consultation with PAPs and State Govt. The R&R Policy of Mahanadi Coalfields Ltd. provides for payment of land compensation and solatium, employment or lump sum monetary compensation and annuity, compensation for home-stead, lump sum payment in lieu of alternate house site, subsistence allowance to each affected displaced family etc.

**Environmental Impact Assessment (EIA)/Environmental Management Plan (EMP)**

EIA/EMPs for all the new and expansion projects as per EIA Notification SO 1533 dated 14th September, 2006 of MoEF are prepared for peak and normative capacities and environmental clearance is obtained. During the year 2016-17, CMPDI has prepared a total of 02 nos and formulated Nil Draft EIA/EMPs.02 nos of Environmental clearances were also obtained from MoEF for different Projects/Group of Mines, Washeries and Sand Mine Project of MCL during the year 2016-17.

**8. Other Information**

**a) Interests in Joint Ventures (Ind AS-31)**

On 8th January 2013 a joint venture group named Neelanchal Power Transmission Company Pvt Limited was incorporated by virtue of a joint venture agreement between the group and Odisha Power Transmission Corporation Ltd. Up to 31.03.2017, the group has incurred ₹ 0.02 crore (for previous year ₹ 0.02 crore) for miscellaneous expenses incidental for incorporation and the same has been included in claim receivables (Note -9). There is no investment in the joint venture group upto 31.03.2017.

**Reconciliation of equity as at 1st April, 2015 (date of transition to Ind AS)**

| | Foot Note | Indian GAAP | Adjustment | Ind AS |
|---|---|---|---|---|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| (a) Property, Plant &Equipments | | 3086.61 | 325.18 | 3411.79 |
| (b) Capital Work in Progress | | 617.91 | -0.97 | 617.00 |
| (c) Exploration and Evaluation Assets | | 106.74 | - | 106.74 |
| (d) Investment Property | | | | |
| (e) Intangible Assets | | 4.91 | - | 4.91 |
| (f) Intangible Assets under Development | | - | - | - |
| (g) Non-Current Assets Held for Sale | | - | - | - |
| (h) Financial Assets | | | | |
| (i) Investments | | 1075.38 | - | 1075.38 |
| (ii) Loans | | 1.73 | - | 1.73 |
| (iii) Other Financial Assets | | 593.83 | - | 593.83 |
| (i) Deferred Tax Assets (net) | | - | - | - |
| (j) Other non-current assets | | 654.91 | -1.58 | 653.33 |
| Total Non-Current Assets (A) | | 6142.08 | 322.63 | 6464.71 |
| | | | | |
| Current Assets | | | | |
| (a) Inventories | | 471.50 | | 471.50 |
| (b) Financial Assets | | | | |
| (i) Investments | | 247.70 | - | 247.70 |
| (ii) Trade Receivables | | 447.30 | 1.55 | 448.85 |
| (iii) Cash & Cash equivalents | | 175.82 | - | 175.82 |
| (iv) Other Bank Balances | | 10141.57 | - | 10141.57 |
| (v) Loans | | 0.44 | - | 0.44 |
| (vi) Other Financial Assets | | 1171.32 | - | 1171.32 |
| (c) Current Tax Assets (Net) | | 224.31 | - | 224.31 |
| (d) Other Current Assets | | 2487.71 | 3.06 | 2490.77 |
| Total Current Assets (B) | | 15,367.67 | 4.61 | 15372.28 |
| | | | | |
| Total Assets (A+B) | | 21,509.75 | 327.24 | 21836.99 |

| EQUITY AND LIABILITIES | Foot Note | Indian GAAP | Adjustment | Ind AS |
|---|---|---|---|---|
| Equity | | | | |
| (a) Equity Share Capital | | 186.40 | - | 186.40 |
| (b) Other Equity | | 4291.17 | 120.81 | 4411.98 |
| Equity attributable to equity holders of the company | | 4477.57 | 120.81 | 4598.38 |
| Non-Controlling Interests | | - | - | - |
| Total Equity (A) | | 4477.57 | 120.81 | 4598.38 |
| | | | | |
| Liabilities | Foot Note | Indian GAAP | Adjustment | Ind AS |
| Non-Current Liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | 6.90 | - | 6.90 |
| (ii) Trade Payables | | - | - | - |
| (iii) Other Financial Liabilities | | 28.47 | | 28.47 |
| (b) Provisions | | 12791.00 | 208.09 | 12999.09 |
| (c) Deferred tax Liabilities(net) | | 122.90 | - | 122.90 |
| (d) Other Non-Current Liabilities | | 133.31 | | 133.31 |
| Total Non-Current Liabilities (B) | | 13082.58 | 208.09 | 13290.67 |
| | | | | |
| Current Liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | - | - | - |
| (ii) Trade payables | | 275.14 | 2.08 | 277.22 |
| (iii) Other Financial Liabilities | | 224.04 | -3.74 | 220.30 |
| (b) Other Current Liabilities | | 2875.35 | - | 2875.35 |
| (c) Provisions | | 575.07 | - | 575.07 |
| Total Current Liabilities (C) | | 3949.60 | -1.66 | 3947.94 |
| | | | | |
| Total Equity and Liabilities (A+B+C) | | 21509.75 | 327.24 | 21836.99 |

**Reconciliation of equity as at 31st March, 2016 (date of transition to Ind AS)**

( ₹ in Crores )

| | Foot Note | Indian GAAP | Adjustment | Ind AS |
|---|---|---|---|---|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| (a) Property, Plant &Equipments | | 3258.36 | 275.37 | 3533.73 |
| (b) Capital Work in Progress | | 813.82 | -0.16 | 813.66 |
| (c) Exploration and Evaluation Assets | | 114.27 | - | 114.27 |
| (d) Investment Property | | | | |
| (e) Intangible Assets | | 5.38 | - | 5.38 |
| (f) Intangible Assets under Development | | | | |
| (g) Non-Current Assets Held for Sale | | - | - | - |
| (h) Financial Assets | | - | - | - |
| (i) Investments | | 1075.41 | - | 1075.41 |
| (ii) Loans | | 1.23 | - | 1.23 |
| (iii) Other Financial Assets | | 698.32 | - | 698.32 |
| (i) Deferred Tax Assets (net) | | | | |
| (j) Other non-current assets | | 940.56 | - | 940.56 |
| Total Non-Current Assets (A) | | 6907.35 | 275.21 | 7182.56 |
| | | | | |
| Current Assets | | | | |
| (a) Inventories | | 425.59 | - | 425.59 |
| (b) Financial Assets | | | | |
| (i) Investments | | 1345.00 | - | 1345.00 |
| (ii) Trade Receivables | | 1123.16 | -15.55 | 1107.61 |
| (iii) Cash & Cash equivalents | | 216.00 | - | 216.00 |
| (iv) Other Bank Balances | | 11199.47 | - | 11199.47 |
| (v) Loans | | 0.47 | - | 0.47 |
| (vi) Other Financial Assets | | 897.88 | - | 897.88 |
| (c) Current Tax Assets (Net) | | 379.73 | - | 379.73 |
| (d) Other Current Assets | | 1738.74 | - | 1738.74 |
| Total Current Assets (B) | | 17326.04 | -15.55 | 17326.04 |
| | | | | |
| Total Assets (A+B) | | 24233.39 | 259.66 | 24493.05 |

| EQUITY AND LIABILITIES | Foot Note | Indian GAAP | Adjustment | Ind AS |
|---|---|---|---|---|
| Equity | | | | |
| (a) Equity Share Capital | | 186.40 | - | 186.40 |
| (b) Other Equity | | 4136.03 | 140.65 | 4276.68 |
| Equity attributable to equity holders of the company | | 4322.43 | 140.65 | 4463.08 |
| Non-Controlling Interests | | - | - | - |
| Total Equity (A) | | 4322.43 | 140.65 | 4463.08 |
| | | | | |
| Liabilities | | | | |
| Non-Current Liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | 7.21 | - | 7.21 |
| (ii) Trade Payables | | - | - | - |
| (iii) Other Financial Liabilities | | 43.47 | - | 43.47 |
| (b) Provisions | | 15387.07 | 119.45 | 15506.52 |
| (c) Deferred Tax Liabilities | | 183.60 | - | 183.60 |
| (d) Other Non-Current Liabilities | | 167.83 | - | 167.83 |
| Total Non-Current Liabilities (B) | | 15789.18 | 119.45 | 15908.63 |
| | | | | |
| Current Liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | - | - | - |
| (ii) Trade payables | | 304.18 | -0.89 | 303.29 |
| (iii) Other Financial Liabilities | | 284.93 | - | 284.93 |
| (b) Other Current Liabilities | | 2904.27 | 0.45 | 2904.72 |
| (c) Provisions | | 628.40 | - | 628.40 |
| Total Current Liabilities (C) | | 4121.78 | -0.44 | 4121.34 |
| | | | | |
| Total Equity and Liabilities (A+B+C) | | 24233.39 | 259.66 | 24493.05 |

## Reconciliation of profit or Loss for the year ended 31.03.2016

( ₹ in Crores )

| | Foot Note | Indian GAAP | Adjustments | Ind AS |
|---|---|---|---|---|
| Revenue from Operations | | | | |
| Sales (Net) | | 13936.00 | -2.34 | 13933.66 |
| Other Operating Revenue (Net) | | 747.66 | - | 747.66 |
| Revenue from Operations (A+B) | | **14683.66** | **-2.34** | **14681.32** |
| Other Income | | 1346.08 | 0.20 | 1346.28 |
| Total Income (I+II) | | **16029.74** | **-2.14** | **16027.60** |
| EXPENSES | | | | |
| Cost of Materials Consumed | | 542.75 | - | 542.75 |
| Changes in inventories of finished goods/work in progress and Stock in trade | | 38.67 | - | 38.67 |
| Excise Duty | | 1224.73 | - | 1224.73 |
| Employee Benefits Expense | | 2077.96 | 18.33 | 2096.29 |
| Power Expense | | 123.53 | - | 123.53 |
| Corporate Social Responsibility Expense | | 184.64 | -0.02 | 184.62 |
| Repairs | | 121.26 | -0.21 | 121.05 |
| Contractual Expense | | 1974.05 | -0.91 | 1973.14 |
| Finance Costs | | 1.59 | 46.47 | 48.06 |
| Depreciation/Amortization/ Impairment expense | | 289.50 | 40.49 | 329.99 |
| Provisions | | 132.57 | -133.50 | (0.93) |
| Write off | | 0.10 | - | 0.10 |
| Stripping Activity Adjustment | | 2452.00 | - | 2452.00 |
| Other Expenses | | 628.49 | - | 628.49 |
| Total Expenses (IV) | | **9791.84** | **-29.35** | **9762.49** |
| Profit before Tax (V-VI) | | **6237.90** | **27.21** | **6265.11** |
| Tax expense | | 2063.01 | 6.34 | 2069.35 |
| Profit for the Period (IX+XII+XIII) | | **4174.89** | **20.87** | **4195.76** |
| Other Comprehensive Income | | | | |
| A (i) Items that will not be reclassified to profit or loss | | - | 18.33 | 18.33 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | -6.34 | -6.34 |
| B (i) Items that will be reclassified to profit or loss | | - | - | - |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - | - |
| Total Other Comprehensive Income | | | **11.99** | **11.99** |
| Total Comprehensive Income for the period (XIV+XV) (Comprising Profit (Loss) and Other Comprehensive Income for the period) | | **4174.89** | **32.86** | **4207.75** |

**Others :**

a) Previous period's figures have been restated as per Ind AS and regrouped and rearranged wherever considered necessary.

b) Previous period's figures in Note No. 1 to 38 are in brackets.

c) Note 1 represents Corporate Information, Note 2 refers to Significant Accounting Policies. Note 3 to 23 form part of the Balance Sheet as at 31$^{st}$ March, 2017 and 24 to 37 form part of Statement of Profit & Loss for the year ended on that date. Note – 38 represents Additional Notes to the Financial Statements.

Signature to Note 1 to 38.

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**For and on behalf of the Board**

**Sd/-**
**A. K. Singh**
Company Secretary

**Sd/-**
**V.V.K. Raju**
General Manager (Finance)

**Sd/-**
**K.K. Parida**
Director (Finance)
DIN-07015077

**Sd/-**
**A.K. Jha**
Chairman-cum-Managing Director
DIN- 06645361

As per our report annexed

For **SINGH RAY MISHRA & CO.**
Chartered Accountants

Firm Regn No.318121E

**Sd/-**
**(CA J K Mishra)**
Partner
Membership No. 052796

Place: Sambalpur
Date: 25.05.2017

**Cashflow Statement for the Year ended on 31.03.2017**

( ₹ in Crores )

| | | For the year ended 31.03.2017 | For the year ended 31.03.2016 restated |
|---|---|---|---|
| **A** | **CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| | **Net Profit before tax and extraordinary items** | **6,853.32** | **6,283.44** |
| | Adjustment for : | | |
| | Depreciation & Impairment | 370.68 | 326.64 |
| | Exchange Rate Fluctuation | (0.59) | 0.91 |
| | OBR Adjustment | 1,313.31 | 2,452.00 |
| | Interest / Dividend (Received) | (1,393.30) | (1,294.05) |
| | Interest /financial charges (Paid) | 57.55 | 48.06 |
| | Prov. against Debtors/Inventories/Other CA/ Loans & Advances etc | 405.74 | 108.80 |
| | **Operating Profit before Working Capital changes** | **7,606.71** | **7,925.80** |
| | Adjustments for : | | |
| | Changes in inventories | 102.69 | 44.26 |
| | Changes in trade receivables | (39.02) | (655.14) |
| | Changes in long term/non current Loan & advance/ Assets | (812.82) | (391.09) |
| | Changes in short term /current Loans and Advances/ Assets | 319.17 | 816.89 |
| | Changes in trade payable/ Current Liabilities/long term liabilities | 3,598.69 | 169.53 |
| | **Cash generated from operations** | **10,775.42** | **7,910.25** |
| | Direct taxes paid | (2,670.82) | (2,170.41) |
| | **Cash Flow before extraordinary items** | **8,104.60** | **5,739.84** |
| | Extraordinary items | - | - |
| | **Net Cash from operating activities** | **8,104.60** | **5,739.84** |
| **B** | **CASH FLOW FROM INVESTING ACTIVITIES:** | | |
| | Purchase of Fixed Assets | (1,825.18) | (655.25) |
| | Short Term Deposit with CIL | 293.87 | 208.55 |
| | Miscellaneous receipts | - | - |
| | Acquisition of Companies | - | - |
| | Purchase of New Investments (Current/Non-Current) | 1,143.00 | (1,097.33) |
| | Interest received | 1,278.85 | 1,201.76 |
| | Dividend from Mutual Funds received ( non trade) | 114.45 | 92.29 |
| | **Net Cash used in investing activities** | **1,004.99** | **(249.98)** |

**Cashflow Statement for the Year ended on 31.03.2017**

( ₹ in Crores )

| | | For the year ended 31.03.2017 | For the year ended 31.03.2016 restated |
|---|---|---|---|
| **C** | **CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| | World Bank Loans through CIL | - | - |
| | Deferred Credit Loan | (1.13) | 0.37 |
| | Exchange Rate Fluctuation | 0.59 | (0.91) |
| | Repayment of CIL Loan | - | |
| | Redemption of preference share capital | - | - |
| | Interest and financial charges | (57.55) | (48.06) |
| | Dividend paid | (2,982.00) | (3,608.45) |
| | Dividend Distribution Tax | (607.06) | (734.60) |
| | Buyback of Equity Share Capital | (1,979.73) | |
| | **Net Cash used in financing activities** | **(5,626.88)** | **(4,391.65)** |
| | **Net increase in cash and cash equivalents** | 3,482.71 | 1,098.21 |
| | Cash and cash equivalents as at beginning of the year | 11,555.16 | 10,456.95 |
| | **Cash and cash equivalents as at the end of the period** | **15,037.87** | **11,555.16** |

**The aforesaid statement is prepared on indirect method.**

The figures of the previous year have been reclassified to confirm to current period classification.

Note: Cash & cash equivalents amounting to ₹ 733.37 crore (as at 31.03.2016 ₹ 558.17 crore) are not available for use by the Company .

**Sd/-**
**A. K. Singh**
Company Secretary

As per our report annexed
For **SINGH RAY MISHRA & CO.**
Chartered Accountants
Firm Regn No.318121E

**Sd/-**
**V.V.K. Raju**
General Manager (Finance)

**Sd/-**
**K.K. Parida**
Director (Finance)
DIN-07015077

**Sd/-**
**(CA J K Mishra)**
Partner
**Membership No. 052796**

**Sd/-**
**A.K. Jha**
Chairman-cum-Managing Director
DIN- 06645361

Date: 25.05.2017
Place: Sambalpur

# CONSOLIDATED ACCOUNTS
# OF
# MAHANADI COALFIELDS LIMITED
# WITH ITS SUBSIDIARIES,
# MNH SHAKTI LTD., MJSJ COAL LTD.,
# MAHANADI BASIN POWER LTD. &
# MAHANADI COAL RAILWAY LTD.
# AS ON
# 31ST MARCH, 2017

JAGRUTI VIHAR, BURLA
SAMBALPUR, ODISHA - 768020

# CONSOLIDATED BALANCE SHEET

## As at 31st March, 2017

( ₹ in Crores )

| | Note No. | As at 31-03-2017 | 31-03-2016 Restated | 01-04-2015 Restated |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| (a) Property, Plant & Equipments | 3 | 3,999.36 | 3,596.88 | 3,476.64 |
| (b) Capital Work in Progress | 4 | 1,915.44 | 856.71 | 658.73 |
| (c) Exploration and Evaluation Assets | 5 | 126.44 | 140.91 | 133.38 |
| (d) Other Intangible Assets | 6 | 5.44 | 5.38 | 4.91 |
| (e) Intangible Assets under Development | | - | - | - |
| (f) Investment Property | | | | |
| (g) Financial Assets | | | | |
| (i) Investments | 7 | 958.70 | 958.70 | 958.70 |
| (ii) Loans | 8 | 1,201.06 | 1.24 | 1.74 |
| (iii) Other Financial Assets | 9 | 732.99 | 699.07 | 594.58 |
| (i) Deferred Tax Assets (net) | | - | - | - |
| (j) Other non-current assets | 10 | 382.58 | 940.59 | 653.33 |
| **Total Non-Current Assets (A)** | | 9,322.01 | 7,199.48 | 6,482.01 |
| **Current Assets** | | | | |
| (a) Inventories | 12 | 322.13 | 425.59 | 471.50 |
| (b) Financial Assets | | | | |
| (i) Investments | 7 | 202.00 | 1,345.00 | 247.70 |
| (ii) Trade Receivables | 13 | 1,066.49 | 1,107.61 | 448.85 |
| (iii) Cash & Cash equivalents | 14 | 396.48 | 239.90 | 199.86 |
| (iv) Other Bank Balances | 15 | 14,717.69 | 11,232.36 | 10,175.25 |
| (v) Loans | 8 | 0.32 | 0.47 | 0.44 |
| (vi) Other Financial Assets | 9 | 961.90 | 873.99 | 1,153.37 |
| (c) Current Tax Assets (Net) | | 706.54 | 385.28 | 226.22 |
| (d) Other Current Assets | 11 | 1,031.55 | 1,740.96 | 2,491.15 |
| **Total Current Assets (B)** | | 19,405.10 | 17,351.16 | 15,414.34 |
| **Total Assets (A+B)** | | **28,727.11** | **24,550.64** | **21,896.35** |

## CONSOLIDATED BALANCE SHEET Contd...

( ₹ in Crores )

| EQUITY AND LIABILITIES | Note No. | As at 31-03-2017 | 31-03-2016 Restated | 01-04-2015 Restated |
|---|---|---|---|---|
| **Equity** | | | | |
| (a) Equity Share Capital | 16 | 141.23 | 186.40 | 186.40 |
| (b) Other Equity | 17 | 3,235.31 | 4,270.15 | 4,407.38 |
| **Equity attributable to equityholders of the company** | | 3,376.54 | 4,456.55 | 4,593.78 |
| Non-Controlling Interests | | 63.59 | 63.59 | 63.57 |
| **Total Equity (A)** | | 3,440.13 | 4,520.14 | 4,657.35 |
| **Liabilities** | | | | |
| **Non-Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 18 | 6.13 | 7.21 | 6.90 |
| (ii) Trade Payables | | - | - | - |
| (iii) Other Financial Liabilities | 20 | 40.19 | 43.47 | 28.47 |
| (b) Provisions | 21 | 16,740.31 | 15,506.52 | 12,999.09 |
| (c) Deferred Tax Liabilities (net) | | 201.82 | 183.60 | 122.90 |
| (d) Other Non-Current Liabilities | 22 | 176.83 | 167.83 | 133.31 |
| **Total Non-Current Liabilities (B)** | | 17,165.28 | 15,908.63 | 13,290.67 |
| **Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 18 | 2,200.03 | 0.03 | 0.03 |
| (ii) Trade payables | 19 | 420.90 | 303.29 | 277.22 |
| (iii) Other Financial Liabilities | 20 | 342.46 | 285.21 | 220.60 |
| (b) Other Current Liabilities | 23 | 4,127.87 | 2,904.92 | 2,875.39 |
| (c) Provisions | 21 | 1,030.44 | 628.42 | 575.09 |
| (d) Current Tax Liabilities (net) | | - | - | - |
| **Total Current Liabilities (C)** | | 8,121.70 | 4,121.87 | 3,948.33 |
| **Total Equity and Liabilities (A+B+C)** | | **28,727.11** | **24,550.64** | **21,896.35** |

The Accompanying Notes form an integral part of Financial Statements.

**Sd/-**
**A. K. Singh**
Company Secretary

**Sd/-**
**K.K. Parida**
Director (Finance)
DIN-07015077

As per our audit report of even date
For **SINGH RAY MISHRA & CO.**
Chartered Accountants
Firm Regn No.318121E

**Sd/-**
**(CA J K Mishra)**
Partner
**Membership No. 052796**

**Sd/-**
**V.V.K. Raju**
General Manager (Finance)

**Sd/-**
**A.K. Jha**
Chairman-cum-Managing Director
DIN- 06645361

Date: 25.05.2017
Place: Sambalpur

# CONSOLIDATED STATEMENT OF PROFIT & LOSS

For the year ended 31st March, 2017 ( ₹ in Crores )

| | | Note No. | Year ended 31st March 2017 | Year ended 31st March 2016 Restated |
|---|---|---|---|---|
| | **Revenue from Operations** | | | |
| A | Sales (Net) | 24 | 14,164.45 | 13,933.66 |
| B | Other Operating Revenue (Net) | | 817.53 | 747.66 |
| **(I)** | **Revenue from Operations (A+B)** | | 14,981.98 | 14,681.32 |
| (II) | Other Income | 25 | 1,484.02 | 1,344.37 |
| **(III)** | **Total Income (I+II)** | | **16,466.00** | **16,025.69** |
| **(IV)** | **EXPENSES** | | | |
| | Cost of Materials Consumed | 26 | 583.60 | 542.75 |
| | Purchases of Stock-in-Trade | | | |
| | Changes in inventories of finished goods/work in progress and Stock in trade | 27 | 97.52 | 38.67 |
| | Excise Duty | | 1,005.06 | 1,224.73 |
| | Employee Benefits Expenses | 28 | 2,372.25 | 2,096.29 |
| | Power & Fuel | | 124.69 | 123.53 |
| | Corporate Social Responsibility Expense | 29 | 166.60 | 184.62 |
| | Repairs | 30 | 118.57 | 121.05 |
| | Contractual Expenses | 31 | 2,286.94 | 1,973.14 |
| | Finance Costs | 32 | 57.55 | 48.06 |
| | Depreciation/Amortization/ Impairment expense | | 354.06 | 329.99 |
| | Provisions | 33 | 180.96 | (0.93) |
| | Write off | 34 | - | 0.10 |
| | Other Expenses | 35 | 952.50 | 628.51 |
| | Stripping Activity Adjustment | | 1,313.29 | 2,452.00 |
| | **Total Expenses (IV)** | | **9,613.59** | **9,762.51** |
| **(V)** | **Profit before exceptional items and Tax (III-IV)** | | **6,852.41** | **6,263.18** |
| (VI) | Exceptional Items | | **-** | **-** |
| **(VII)** | **Profit before Tax (V-VI)** | | **6,852.41** | **6,263.18** |
| (VIII) | Tax expense | 36 | 2,362.71 | 2,069.35 |
| **(IX)** | **Profit for the period from continuing operations (VII-VIII)** | | **4,489.70** | **4,193.83** |
| (X) | Profit/(Loss) from discontinued operations | | - | - |
| (XI) | Tax exp of discontinued operations | | - | - |
| (XII) | Profit/(Loss) from discontinued operations (after Tax) (X-XI) | | - | - |
| (XIII) | Share in JV's/Associate's profit/(loss) | | - | - |
| **(XIV)** | **Profit for the Period (IX+XII+XIII)** | | **4,489.70** | **4,193.83** |

( ₹ in Crores )

| | | Note No. | Year ended 31st March 2017 | Year ended 31st March 2016 Restated |
|---|---|---|---|---|
| | **Other Comprehensive Income** | 37 | | |
| | A (i) Items that will not be reclassified to profit or loss | | **(1.40)** | 18.33 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | **(0.48)** | 6.34 |
| | B (i) Items that will be reclassified to profit or loss | | **-** | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | **-** | - |
| **(XV)** | **Total Other Comprehensive Income** | | **(0.92)** | **11.99** |
| **(XVI)** | **Total Comprehensive Income for the period (XIV+XV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)** | | **4,488.78** | **4,205.82** |
| | **Profit attributable to:** | | | |
| | Owners of the company | | **4,489.70** | **4,193.83** |
| | Non-controlling interest | | **-** | **-** |
| | | | **4,489.70** | **4,193.83** |
| | **Other Comprehensive Income attributable to:** | | | |
| | Owners of the company | | **(0.92)** | **11.99** |
| | Non-controlling interest | | **-** | **-** |
| | | | **(0.92)** | **11.99** |
| | **Total Comprehensive Income attributable to:** | | | |
| | Owners of the company | | **4,488.78** | **4,205.82** |
| | Non-controlling interest | | **-** | **-** |
| | | | **4,488.78** | **4,205.82** |
| **(XVII)** | **Earnings per equity share (for continuing operation):** | | | |
| | (1) Basic | | **31,784.24** | **22,563.30** |
| | (2) Diluted | | **31,784.24** | **22,563.30** |
| **(XVIII)** | **Earnings per equity share (for discontinued operation):** | | | |
| | (1) Basic | | **-** | **-** |
| | (2) Diluted | | **-** | **-** |
| **(XIX)** | **Earnings per equity share (for discontinued & continuing operation):** | | | |
| | (1) Basic | | **31,784.24** | **22,563.30** |
| | (2) Diluted | | **31,784.24** | **22,563.30** |

The Accompanying Notes form an integral part of Financial Statements.

**Sd/-**
**A. K. Singh**
Company Secretary

**Sd/-**
**K.K. Parida**
Director (Finance)
DIN-07015077

As per our audit report of even date
For **SINGH RAY MISHRA & CO.**
Chartered Accountants
Firm Regn No.318121E

**Sd/-**
**(CA J K Mishra)**
Partner
**Membership No. 052796**

**Sd/-**
**V.V.K. Raju**
General Manager (Finance)

**Sd/-**
**A.K. Jha**
Chairman-cum-Managing Director
DIN- 06645361

Date: 25.05.2017
Place: Sambalpur

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31.03.2017

## A. EQUITY SHARE CAPITAL

( ₹ in Crores )

| Particulars | Balance as at 01.04.2015 | Changes In Equity Share Capital During The Year | Balance as at 31.03.2016 | Balance as at 01.04.2016 | Changes In Equity Share Capital During The Year | Balance as at 31.03.2017 |
|---|---|---|---|---|---|---|
| 1412266 Equity Shares of Rs.1000/- each fully paid up in cash | 186.40 | - | 186.40 | 186.40 | (45.17) | 141.23 |

**Note: Reason for changes in Equity**

## B. OTHER EQUITY

| | Equity portion of Preference Share Capital | Other Reserves | | | | General Reserve | Retained Earnings | Total | Non-Controlling Interests | Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Capital Redemption reserve | Capital Reserve | CSR Reserve | Sustainable Development Reserve | | | | | |
| **Balance as at 01.04.2015** | - | 204.18 | - | - | - | 3,261.08 | 821.31 | 4,286.57 | **63.57** | - |
| Changes in accounting policy | - | - | - | - | - | - | 109.16 | 109.16 | - | - |
| Prior period errors | - | - | - | - | - | - | 11.65 | 11.65 | - | - |
| **Restated balance as at 01.04.2015** | - | 204.18 | - | - | - | 3,261.08 | 942.12 | 4,407.38 | **63.57** | - |
| Additions during the year | - | - | - | - | - | - | - | - | - | - |
| Adjustments during the year | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income during the period | - | - | - | - | - | - | 4,205.82 | 4,205.82 | - | - |
| Appropriations | - | - | - | - | - | - | - | - | - | - |
| Transfer to General Reserve | - | - | - | - | - | 209.24 | (209.24) | - | - | - |
| Transfer to / from Other reserves | - | - | - | - | - | - | - | - | - | - |
| Interim Dividend | - | - | - | - | - | - | (3,608.45) | (3,608.45) | - | - |
| Final Dividend | - | - | - | - | - | - | - | - | - | - |
| Corporate Dividend tax | - | - | - | - | - | - | (734.60) | (734.60) | - | - |
| Pre-operative expenses | - | - | - | - | - | - | - | - | - | - |
| Any Other Change | - | - | - | - | - | - | - | - | **0.02** | - |
| **Balance as at 31.03.2016** | - | **204.18** | - | - | - | **3,470.32** | **595.65** | **4,270.15** | **63.59** | - |
| **Balance as at 01.04.2016** | - | **204.18** | - | - | - | **3,470.32** | **595.65** | **4,270.15** | **63.59** | - |
| Additions during the period | - | 45.17 | - | - | - | - | - | 45.17 | - | - |
| Adjustments during the period | - | - | - | - | - | (1,617.06) | - | (1,617.06) | - | - |
| Changes in accounting policy | - | - | - | - | - | - | - | - | - | - |
| Prior period errors | - | - | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | - | - | - | 4,488.78 | 4,488.78 | - | - |
| Appropriations | - | - | - | - | - | - | - | - | - | - |
| Transfer to / from General reserve | - | - | - | - | - | 224.55 | (224.55) | - | - | - |
| Transfer to / from Other reserves | - | - | - | - | - | - | - | - | - | - |
| Interim Dividend | - | - | - | - | - | - | (2,982.00) | (2,982.00) | - | - |
| Final Dividend | - | - | - | - | - | - | - | - | - | - |
| Corporate Dividend tax | - | - | - | - | - | - | (607.06) | (607.06) | - | - |
| Adjustment of Pre-operative expenses | - | - | - | - | - | - | - | - | - | - |
| Any Other Change | - | - | - | - | - | - | (362.67) | (362.67) | - | - |
| **Balance as at 31.03.2017** | - | **249.35** | - | - | - | **2,077.81** | **908.15** | **3,235.31** | **63.59** | - |

## Notes to the financial statements

### NOTE : 1
### CORPORATE INFORMATION

Mahanadi Coalfields Limited (MCL), a Miniratna Company with headquarters at Sambalpur, Odisha was incorporated on 3rd April, 1992 as a 100% Subsidiary of Coal India Limited (CIL) upon taking over of assets and liabilities of South Eastern Coalfields Limited in respect of mines in the State of Odisha.

The Company is mainly engaged in mining and production of Coal. The major consumers of the Company are power and steel sectors. Consumers from other sectors include cement, fertilisers, brick kilns etc.

MCL has four subsidiaries & one joint venture Company in Odisha. All the subsidiaries are in development stage. Information of the Group structure is provided in Note no. 38.

### NOTE : 2
### SIGNIFICANT ACCOUNTING POLICIES

**2.1 Basis of preparation of financial statements**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules,2015.

For all periods up to and including the year ended 31st March 2016, the CIL Consolidated (hereinafter referred as “Company”) prepared its financial statements in accordance with Accounting Standards (AS) notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and in accordance with Companies (Accounting Standards), Rules 2006. These financial statements for the year ended 31st March, 2017 are the first financial statements of the Company prepared in accordance with Ind AS. Refer to Note no.38.6 for information on first time adoption of Ind AS.

The financial statements have been prepared on historical cost basis of measurement, except for

- certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments in para 2.15);
- Defined benefit plans- plan assets measured at fair value;
- Inventories at Cost or NRV whichever is lower (refer accounting policy in para no. 2.21).

**2.1.1 <u>Rounding off of amounts</u>**

Amounts in these financial statements have, unless otherwise indicated, have been rounded off to ‘rupees in crore’ upto two decimal points.

## 2.2 Basis of consolidation

### 2.2.1 Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date when control ceases.

The acquisition method of accounting is used to account for business combinations by the Company.

The Company combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, cash flows, income and expenses. Inter company transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses between companies are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. All the Companies within the CIL Consolidtaed normally uses accounting policies as adopted by the CIL Consolidated for like transactions and events in similar circumstances. In case of significant deviations of a particular constituent company within CIL Consolidated, appropriate adjustments are made to the financial statement of such constituent company to ensure conformity with the CIL Consolidated accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

### 2.2.2 Associates

Associates are all entities over which the Company has significant influence but no control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost, except when the investment, or a portion thereof, classified as held for sale, in which case it is accounted in accordance with Ind AS 105.

The Company impairs its net investment in the associates on the basis of objective evidence.

### 2.2.3 Joint arrangements

Joint arrangements are those arrangements where the Company is having joint control with one or more other parties.

Joint control is the contractually agreed sharing of control of the arrangement which exist only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint Arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

#### 2.2.3.1 Joint Operations

Joint operations are those joint arrangements whereby the Company is having rights to the assets and obligations for the liabilities relating to the arrangements.

Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

**2.2.3.2 Joint ventures**

Joint ventures are those joint arrangements whereby the Company is having rights to the net assets of the arrangements.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Investments in Joint venture are accounted for using the equity method of accounting, after initially being recognized at cost, except when the investment, or a portion thereof, classified as held for sale, in which case it is accounted in accordance with Ind AS 105.

The Company impairs its net investment in the joint venture on the basis of objective evidence.

**2.2.4 Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit and loss, and the Company's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

**2.2.5 Changes in ownership interests**

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any fair value of consideration paid or received is recognised within equity.

When the Company ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**2.3 Current and non-current Classification**

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current by the Company when:

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is treated as current by the Company when:

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

**2.4 Revenue recognition**

**2.4.1 Revenue from sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

(a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes, levies or duties collected on behalf of the government/ other statutory bodies.

Advances received from the customers are reported as customer’s deposits unless the above conditions for revenue recognition are met.

However, based on the educational material on Ind AS 18 issued by The Institute of Chartered Accountants of India, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not.

Since the recovery of excise duty flows to the Company on its own account, gross revenue includes excise duty.

However, other taxes, levies or duties are not considered to be received by the Company on its own account and are excluded from net revenue.

**2.4.2 Interest**

Interest income is recognised using the Effective Interest Method.

**2.4.3 Dividend**

Dividend income from investments is recognised when the rights to receive payment is established.

**2.4.4 Other Claims**

Other claims (including interest on delayed realization from customers) are accounted for, when there is certainty of realisation and can be measured reliably.

**2.4.5 Rendering of Services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised with reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

**(a)** the amount of revenue can be measured reliably;

**(b)** it is probable that the economic benefits associated with the transaction will flow to the Company;

**(c)** the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

**(d)** the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**2.5 Grants from Government**

Government Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attached to them and that there is reasonable certainty that grants will be received.

Government grants are recognised in Statement of Profit & Loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate.

Government Grants/assistance related to assets are presented in the balance sheet by setting up the grant as deferred income and are recognised in Statement of Profit and Loss on systematic basis over the useful life of asset.

Grants related to income (i.e. grant related to other than assets) are presented as part of statement of profit and loss under the head 'Other Income'.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs, is recognised in profit or loss of the period in which it becomes receivable.

The Government grants or in the nature of promoters contribution are recognised directly in "Capital Reserve" which forms part of the "Shareholders fund".

**2.6 Leases**

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

**2.6.1 Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease.

**2.6.1.1 Finance leases** are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**2.6.1.2 Operating lease**- Lease payments under an operating lease is recognised as an expense on a straight-line basis over the lease term unless either:

(a) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or

(b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

**2.6.2 Company as a lessor**

**Operating leases:**Lease income from operating leases (excluding amounts for services such as insurance and maintenance) is recognised in income on a straight-line basis over the lease term, unless either:

(a) another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished, even if the payments to the lessors are not on that basis; or

(b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary according to factors other than inflation, then this condition is not met.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the initial lease term on the same basis as lease income.

**Finance leases** Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**2.7 Non-current assets held for sale**

The Company classifies non-current assets and (or disposal groups) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely those significant changes to the plan will be made or that the plan will be withdrawn.

**2.8 Property, Plant and Equipment (PPE)**

Land is carried at historical cost. Historical cost includes expenditure which are directly attributable to the acquisition of the land like, rehabilitation expenses, resettlement cost and compensation in lieu of employment incurred for concerned displaced persons etc.

After recognition, an item of all other Property, plant and equipments are carried at its cost less any accumulated depreciation and any accumulated impairment losses under Cost Model. The cost of an item of property, plant and equipment comprises:

(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item depreciated separately. However, significant part(s) of an item of PPE having same useful life and depreciation method are grouped together in determining the depreciation charge.

Costs of the day to-day servicing described as for the ‘repairs and maintenance’ are recognised in the statement of profit and loss in the period in which the same are incurred.

Subsequent cost of replacing parts significant in relation to the total cost of an item of property, plant and equipment are recognised in the carrying amount of the item, if it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised in accordance with the derecognition policy mentioned below.

When major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised.

An item of Property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of assets. Any gain or loss arising on such derecognition of an item of property, plant and equipment is recognised in profit and loss.

Depreciation on property, plant and equipment, except freehold land, is provided as per cost model on straight line basis over the estimated useful lives of the asset as follows:

| | |
|---|---|
| Other Land (incl. Leasehold Land) | : Life of the project or lease term whichever is lower |
| Building | : 3-60 years |
| Roads | : 3-10 years |
| Telecommunication | : 3-9 years |
| Railway Sidings | : 15 years |
| Plant and Equipment | : 5-15 years |
| Computers and Laptops | : 3 Years |
| Office equipment | : 3-6 years |
| Furniture and Fixtures | : 10 years |
| Vehicles | : 8-10 years |

Based on technical evaluation, the management believes that the useful lives given above best represents the period over which the management expects to use the asset. Hence, the useful lives of the assets may be different from useful lives as prescribed under Part C of Schedule II of Companies Act, 2013.

The estimated useful life of the assets is reviewed at the end of each financial year.

The residual value of Property, plant and equipment is considered as 5% of the original cost of the asset except some items of assets such as, Coal tub, winding ropes, haulage ropes, stowing pipes & safety lamps etc. for which the technically estimated useful life has been determined to be one year with nil residual value.

Depreciation on the assets added / disposed of during the year is provided on pro-rata basis with reference to the month of addition / disposal.

Value of "Other Land" includes land acquired under Coal Bearing Area (Acquisition & Development) (CBA) Act, 1957, Land Acquisition Act, 1894, Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLAAR) Act, 2013, Long term transfer of government land etc., which is amortised on the basis of the balance life of the project; and in case of Leasehold land such amortisation is based on lease period or balance life of the project whichever is lower.

Fully depreciated assets, retired from active use are disclosed separately as surveyed off assets at its residual value under Property, Plant and Equipment and are tested for impairment.

Capital Expenses incurred by the company on construction/development of certain assets which are essential for production, supply of goods or for the access to any existing Assets of the Company are recognised as Enabling Assets under Property, Plant and Equipment.

**Transition to Ind AS**

The Company elected to continue with the carrying value as per cost model (for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP.

**2.9 Mine Closure, Site Restoration and Decommissioning Obligation**

The Company's obligation for land reclamation and decommissioning of structures consists of spending at both surface and underground mines in accordance with the guidelines from Ministry of Coal, Government of India. The Company estimates its obligation for Mine Closure, Site Restoration and Decommissioning based upon detailed calculation and technical assessment of the amount and timing of the future cash spending to perform the required work. Mine Closure expenditure is provided as per approved Mine Closure Plan. The estimates of expenses are escalated for inflation, and then discounted at a discount rate that reflects current market assessment of the time value of money and the risks, such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Company records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding assets are recognised in the period in which the liability is incurred. The asset representing the total site restoration cost (as estimated by Central Mine Planning and Design Institute Limited) as per mine closure plan is recognised as a separate item in PPE and amortised over the balance project/mine life.

The value of the provision is progressively increased over time as the effect of discounting unwinds; creating an expense recognised as financial expenses.

Further, a specific escrow fund account is maintained for this purpose as per the approved mine closure plan.

The progressive mine closure expenses incurred on year to year basis forming part of the total mine closure obligation is initially recognised as receivable from escrow account and thereafter adjusted with the obligation in the year in which the amount is withdrawn after the concurrence of the certifying agency.

**2.10 Exploration and Evaluation Assets**

Exploration and evaluation assets comprise capitalised costs which are attributable to the search for coal and related resources, pending the determination of technical feasibility and the assessment of commercial viability of an identified resource which comprises inter alia the following:

- Researching and analysing historical exploration data;
- Gathering exploration data through topographical, geo chemical and geo physical studies;
- Exploratory drilling, trenching and sampling;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements;
- Conducting market and finance studies.

The above includes employee remuneration, cost of materials and fuel used, payments to contractors etc.

As the intangible component represents an insignificant/indistinguishable portion of the overall expected tangible costs to be incurred and recouped from future exploitation, these costs along with other capitalised exploration costs are recorded as exploration and evaluation asset.

Exploration and evaluation costs are capitalised on a project by project basis pending determination of technical feasibility and commercial viability of the project and disclosed as a separate line item under non-current assets. They are subsequently measured at cost less accumulated impairment/provision.

Once proved reserves are determined and development of mines/project is sanctioned, exploration and evaluation assets are transferred to “Development” under capital work in progress. However, if proved reserves are not determined, the exploration and evaluation asset is derecognised.

**2.11 Development Expenditure**

When proved reserves are determined and development of mines/project is sanctioned, capitalised exploration and evaluation cost is recognised as assets under construction and disclosed as a component of capital work in progress under the head “Development”. All subsequent development expenditure is also capitalised. The development expenditure capitalised is net of proceeds from the sale of coal extracted during the development phase.

Commercial Operation

The project/mines are brought to revenue; when commercial readiness of a project/mine to yield production on a sustainable basis is established either on the basis of conditions specifically stated in the project report or on the basis of the following criteria:

(a) From beginning of the financial year immediately after the year in which the project achieves physical output of 25% of rated capacity as per approved project report, or

(b) 2 years of touching of coal, or

(c) From the beginning of the financial year in which the value of production is more than total, expenses.

Whichever event occurs first;

On being brought to revenue, the assets under capital work in progress are reclassified as a component of property, plant and equipment under the nomenclature “Other Mining Infrastructure”. Other Mining Infrastructure are amortised from the year when the mine is brought under revenue in 20 years or working life of the project whichever is less.

**2.12 Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition,intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the statement of profit and loss and other comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

An intangible asset with an indefinite useful life is not amortised but is tested for impairment at each reporting date.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss

Exploration and Evaluation assets attributable to blocks identified for sale or proposed to be sold to outside agencies (i.e. for blocks not earmarked for CIL) are however, classified as Intangible Assets and tested for impairment.

Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or three years, whichever is less; with a nil residual value.

**2.13 Impairment of Assets (other than financial assets)**

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.Company considers individual mines as separate cash generating units for the purpose of test of impairment.

If the recoverable amount of an asset is estimated to be less than its carrying amount,the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in the Statement of Profit and Loss.

**2.14 Investment Property**

Property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both, rather than for, use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of businesses are classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

**2.15 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**2.15.1 Financial assets**

**2.15.1.1 Initial recognition and measurement**

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**2.15.1.2 Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**2.15.2.1 Debt instruments at amortised cost**

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**2.15.2.2 Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**2.15.2.3 Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**2.15.2.4 Equity investments in subsidiaries, associates and Joint Ventures**

In accordance of Ind AS 101 (First time adoption of Ind AS), the carrying amount of these investments as per previous GAAP as on the date of transition is considered to be the deemed cost. Subsequently Investment in subsidiaries, associates and joint ventures are measured at cost.

In case of consolidated financial statement, equity investments in associates and joint ventures are accounted as per equity method as prescribed in para 10 of Ind AS 28.

**2.15.2.5 Other Equity Investment**

All other equity investments in scope of Ind AS 109 are measured at fair value through profit or loss.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**2.15.2.6 Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangements and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**2.15.2.7 Impairment of financial assets (other than fair value)**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

**2.15.3 Financial liabilities**

**2.15.3.1 Initial recognition and measurement**

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**2.15.3.2 Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**2.15.3.3 Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

**2.15.3.4 Financial liabilities at amortised cost**

After initial recognition, these are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

**2.15.3.5 Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

### 2.15.4 Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for

| Original classification | Revised classification | Accounting treatment |
|---|---|---|
| Amortised cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L. |
| FVTPL | Amortised Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount. |
| Amortised cost | FVTOCI | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification. |
| FVTOCI | Amortised cost | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL | FVTOCI | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required. |
| FVTOCI | FVTPL | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date. |

### 2.15.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.16. Borrowing Costs**

Borrowing costs are expensed as and when incurred except where they are directly attributable to the acquisition, construction or production of qualifying assets i.e. the assets that necessarily takes substantial period of time to get ready for its intended use, in which case they are capitalised as part of the cost of those asset up to the date when the qualifying asset is ready for its intended use.

**2.17 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Taxable profit differs from “profit before income tax” as reported in the statement of profit and loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**2.18 Employee Benefits**

**2.18.1 Short-term Benefits**

All short term employee benefits are recognized in the period in which they are incurred.

**2.18.2 Post-employment benefits and other long term employee benefits**

**2.18.2.1 Defined contributions plans**

A defined contribution plan is a post-employment benefit plan for Provident fund and Pension under which the company pays fixed contribution into fund maintained by a separate statutory body (Coal Mines Provident Fund) constituted under an enactment of law and the company will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which services are rendered by employees.

**2.18.2.2 Defined benefits plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity, leave encashment are defined benefit plans (with ceilings on benefits). The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return of their service in the current and prior periods. The benefit is discounted to determine its present value and reduced by the fair value of plan assets, if any. The discount rate is based on the prevailing market yields of Indian Government securities as at the reporting date that have maturity dates approximating the terms of the company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The application of actuarial valuation involves making assumptions about discount rate, expected rates of return on assets, future salary increases, mortality rates etc. Due to the long term nature of these plans, such estimates are subject to uncertainties. The calculation is performed at each balance sheet by an actuary using the projected unit credit method. When the calculation results in to the benefit to the company, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reduction in future contributions to the plan. An economic benefit is available to the company if it is realisable during the life of the plan, or on settlement of plan liabilities.

Re-measurement of the net defined benefit liability, which comprise actuarial gain and losses considering the return on plan assets (excluding interest) and the effects of the assets ceiling (if any, excluding interest) are recognised immediately in the other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss. When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognised as expense immediately in the statement of profit and loss."

**2.18.3 Other Employee benefits**

Certain other employee benefits namely benefit on account of LTA, LTC, Life Cover scheme, Group personal Accident insurance scheme, settlement allowance, post-retirement medical benefit scheme and compensation to dependents of deceased in mine accidents etc., are also recognised on the same basis as described above for defined benefits plan. These benefits do not have specific funding.

**2.19 Foreign Currency**

The Company's reported currency and the functional currency for majority of its operations is in Indian Rupees (INR) being the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are converted into the reported currency of the company using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies outstanding at the end of the reporting period are translated at the exchange rates prevailing as at the end of reporting period. Exchange differences arising on the settlement of monetary assets and liabilities or on translating monetary assets and liabilities at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in statement of profit and loss in the period in which they arise.

Non-monetary items denominated in foreign currency are valued at the exchange rates prevailing on the date of transactions.

**2.20 Stripping Activity Expense/Adjustment**

In case of opencast mining, the mine waste materials ("overburden") which consists of soil and rock on the top of coal seam is required to be removed to get access to the coal and its extraction. This waste removal activity is known as 'Stripping'. In opencast mines, the company has to incur such expenses over the life of the mine (as technically estimated).

Therefore, as a policy, in the mines with rated capacity of one million tonnes per annum and above, cost of Stripping is charged on technically evaluated average stripping ratio (OB: Coal) at each mine with due adjustment for stripping activity asset and ratio-variance account after the mines are brought to revenue.

Net of balances of stripping activity asset and ratio variance at the Balance Sheet date is shown as Stripping Activity Adjustment under the head Non - current Provisions / Other Non-Current Assets as the case may be.

The reported quantity of overburden as per record is considered in calculating the ratio for OBR accounting where the variance between reported quantity and measured quantity is within the lower of the two alternative permissible limits, as detailed hereunder:-

| Annual Quantum of OBR Of the Mine | Permissible limits of variance | |
|---|---|---|
| | I | II |
| | % | Quantum (in Mill. Cu. Mtr.) |
| Less than 1 Mill. CUM | +/- 5% | 0.03 |
| Between 1 and 5 Mill. CUM | +/- 3% | 0.20 |
| More than 5 Mill. CUM | +/- 2% | |

However, where the variance is beyond the permissible limits as above, the measured quantity is considered.

In case of mines with rated capacity of less than one million tonne, the above policy is not applied and actual cost of stripping activity incurred during the year is recognised in Statement of Profit and Loss.

**2.21 Inventories**

**2.21.1 Stock of Coal**

Inventories of coal/coke are stated at lower of cost and net realisable value. Cost of inventories are calculated using the First in First out method**.** Net realisable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Book stock of coal is considered in the accounts where the variance between book stock and measured stock is upto +/- 5% and in cases where the variance is beyond +/- 5% the measured stock is considered. Such stock are valued at net realisable value or cost whichever is lower. Coke is considered as a part of stock of coal.

Coal & coke-fines are valued at lower of cost or net realisable value and considered as a part of stock of coal.

Slurry (coking/semi-coking), middling of washeries and by products are valued at net realisable value and considered as a part of stock of coal.

**2.21.2 Stores & Spares**

The Stock of stores & spare parts (which also includes loose tools) at central & area stores are considered as per balances appearing in priced stores ledger and are valued at cost calculated on the basis of weighted average method. The inventory of stores & spare parts lying at collieries / sub-stores / drilling camps / consuming centres are considered at the yearend only as per physically verified stores and are valued at cost.

Provisions are made at the rate of 100% for unserviceable, damaged and obsolete stores and spares and at the rate of 50% for stores & spares not moved for 5 years.

**2.21.3 Other Inventories**

Workshop jobs including work-in-progress are valued at cost. Stock of press jobs (including work in progress) and stationary at printing press and medicines at central hospital are valued at cost.

However, Stock of stationery (other than lying at printing press), bricks, sand, medicine (except at Central Hospitals), aircraft spares and scraps are not considered in inventory considering their value not being significant.

**2.22 Provisions, Contingent Liabilities & Contingent Assets**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the company, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent Assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

**2.23 Earnings per share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per shares is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per shares and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**2.24 Judgements, Estimates and Assumptions**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and the amount of revenue and expenses during the reported period. Application of accounting policies involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimate are recognised in the period in which the estimates are revised and, if material, their effects are disclosed in the notes to the financial statements.

### 2.24.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### 2.24.1.1 Formulation of Accounting Policies

Accounting policies are formulated in a manner that result in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

In the absence of an Ind AS that specifically applies to a transaction, other event or condition, management has used its judgement in developing and applying an accounting policy that results in information that is:

a) relevant to the economic decision-making needs of users and

b) reliable in that financial statements:

(i) represent faithfully the financial position, financial performance and cash flows of the Company; (ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form; (iii) are neutral, i.e. free from bias; (iv) are prudent; and (v) are complete in all material respects on a consistent basis

In making the judgement management refers to, and considers the applicability of the following sources in descending order:

(a) the requirements in Ind ASs dealing with similar and related issues; and

(b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

In making the judgement, management considers the most recent pronouncements of International Accounting Standards Board and in absence thereof those of the other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources in above paragraph.

The Company operates in the mining sector (a sector where the exploration, evaluation, development production phases are based on the varied topographical and geomining terrain spread over the lease period running over decades and prone to constant changes), the accounting policies whereof have evolved based on specific industry practices supported by research committees and approved by the various regulators owing to its consistent application over the last several decades. In the absence of specific accounting literature, guidance and standards in certain specific areas which are in the process of evolution. The Company continues to strive to develop accounting policies in line with the development of accounting literature and any development therein shall be accounted for prospectively as per the procedure laid down above more particularly in Ind AS 8.

The financial statements are prepared on going concern basis using accrual basis of accounting.

**2.24.1.2 Materiality**

Ind AS applies to items which are material. Management uses judgement in deciding whether individual items or groups of item are material in the financial statements. Materiality is judged by reference to the size and nature of the item. The deciding factor is whether omission or misstatement could individually or collectively influence the economic decisions that users make on the basis of the financial statements. Management also uses judgement of materiality for determining the compliance requirement of the Ind AS. In particular circumstances either the nature or the amount of an item or aggregate of items could be the determining factor. Further the Company may also be required to present separately immaterial items when required by law.

**2.24.1.3 Operating lease**

Company has entered into lease agreements. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

**2.24.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**2.24.2.1 Impairment of non-financial assets**

There is an indication of impairment if, the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Company considers individual mines as separate cash generating units for the purpose of test of impairment. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other mining infrastructures. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in respective notes.

**2.24.2.2 Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**2.24.2.3 Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables of the country. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate.

**2.24.2.4 Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using generally accepted valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk, volatility and other relevant input /considerations. Changes in assumptions and estimates about these factors could affect the reported fair value of financial instruments.

**2.24.2.5 Intangible asset under development**

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a project report is formulated and approved.

**2.24.2.6 Provision for Mine Closure, Site Restoration and Decommissioning Obligation**

In determining the fair value of the provision for Mine Closure, Site Restoration and Decommissioning Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of site restoration and dismantling and the expected timing of those costs. The Company estimates provision using the DCF method considering life of the project/mine based on:

- Estimated cost per hectare as specified in guidelines issued by ministry of Coal, Government of India
- The discount rate (pre tax rate) that reflect current market assessments of the time value of money and the risks specific to the liability.

**2.25 Abbreviation used:**

| | | |
|---|---|---|
| a. | CGU | Cash generating unit |
| b. | DCF | Discounted Cash Flow |
| c. | FVTOCI | Fair value through Other Comprehensive Income |
| d. | FVTPL | Fair value through Profit & Loss |
| e. | GAAP | Generally accepted accounting principal |
| f. | Ind AS | Indian Accounting Standards |
| g. | OCI | Other Comprehensive Income |
| h. | P&L | Profit and Loss |
| i. | PPE | Property, Plant and Equipment |
| j. | SPPI | Solely Payment of Principal and Interest |
| k. | EIR | Effective Interest Rate |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 3 : PROPERTY , PLANT AND EQUIPMENTS

(₹ in Crore)

| | Free-hold Land | Other Land | Land Reclamation/ Site Restoration Costs | Building (including water supply, roads and culverts) | Plant and Equip-ments | Telecom-munica-tion | Railway Sidings | Furniture and Fixtures | Office Equip-ments | Vehicles | Aircraft | Other Mining Infra-structure | Surveyed off Assets | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | | | | | | | | | | | | |
| As at 1 April 2015 | 30.29 | 1,850.18 | 318.67 | 315.71 | 682.62 | 19.89 | 57.79 | 11.44 | 7.77 | 13.26 | - | 161.26 | 7.76 | - | 3,476.64 |
| Additions | - | 287.85 | - | 14.73 | 100.38 | 3.41 | 27.14 | 2.58 | 4.63 | 2.41 | - | 8.17 | 1.08 | - | 452.38 |
| Deletions/Adjustments | - | -3.22 | - | -2.35 | -5.19 | -0.01 | -0.07 | -0.56 | -0.84 | -0.17 | - | -0.11 | -1.05 | - | -13.57 |
| **As at 31 March 2016** | 30.29 | 2,134.81 | 318.67 | 328.09 | 777.81 | 23.29 | 84.86 | 13.46 | 11.56 | 15.50 | - | 169.32 | 7.79 | - | 3,915.45 |
| As at 1 April 2016 | 30.29 | 2,134.81 | 318.67 | 328.09 | 777.81 | 23.29 | 84.86 | 13.46 | 11.56 | 15.50 | - | 169.32 | 7.79 | - | 3,915.45 |
| Additions | 0.03 | 510.34 | - | 52.86 | 139.56 | 1.81 | 16.54 | 2.63 | 3.86 | 0.63 | - | 46.04 | 9.42 | - | 783.72 |
| Deletions/Adjustments | - | - | - | -0.06 | -8.48 | - | - | 0.04 | -0.14 | - | - | 0.45 | -0.82 | - | -9.01 |
| **As at 31 March 2017** | 30.32 | 2,645.15 | 318.67 | 380.89 | 908.89 | 25.10 | 101.40 | 16.13 | 15.28 | 16.13 | - | 215.81 | 16.39 | - | 4,690.16 |
| **Accumulated Depreciation and Impairment** | | | | | | | | | | | | | | | |
| As at 1 April 2015 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Charge for the year | - | 78.84 | 41.01 | 9.70 | 160.23 | 4.74 | 6.75 | 1.85 | 3.21 | 2.09 | - | 14.16 | 0.62 | - | 323.20 |
| Impairment | - | - | - | - | - | - | - | - | - | - | - | 0.43 | - | - | 0.43 |
| Deletions/Adjustments | - | -1.24 | - | -0.14 | -1.59 | -0.01 | - | -0.30 | -0.52 | -0.03 | - | -1.14 | -0.09 | - | -5.06 |
| **As at 31 March 2016** | - | 77.60 | 41.01 | 9.56 | 158.64 | 4.73 | 6.75 | 1.55 | 2.69 | 2.06 | - | 13.45 | 0.53 | - | 318.57 |
| As at 1 April 2016 | - | 77.60 | 41.01 | 9.56 | 158.64 | 4.73 | 6.75 | 1.55 | 2.69 | 2.06 | - | 13.45 | 0.53 | - | 318.57 |
| Charge for the year | - | 96.46 | 41.01 | 16.26 | 160.17 | 4.40 | 9.10 | 1.82 | 4.10 | 2.29 | - | 15.59 | 5.62 | - | 356.82 |
| Impairment | - | - | - | - | 1.60 | - | - | - | - | - | - | 0.56 | - | - | 2.16 |
| Deletions/Adjustments | - | - | - | 0.02 | 12.96 | 0.22 | 0.01 | 0.76 | -1.20 | 0.01 | - | 0.47 | - | - | 13.25 |
| **As at 31 March 2017** | - | 174.06 | 82.02 | 25.84 | 333.37 | 9.35 | 15.86 | 4.13 | 5.59 | 4.36 | - | 30.07 | 6.15 | - | 690.80 |
| **Net Carrying Amont** | | | | | | | | | | | | | | | |
| **As at 31 March 2017** | 30.32 | 2,471.09 | 236.65 | 355.05 | 575.52 | 15.75 | 85.54 | 12.00 | 9.69 | 11.77 | - | 185.74 | 10.24 | - | 3,999.36 |
| **As at 31 March 2016** | 30.29 | 2,057.21 | 277.66 | 318.53 | 619.17 | 18.56 | 78.11 | 11.91 | 8.87 | 13.44 | - | 155.87 | 7.26 | - | 3,596.88 |
| **As at 1 April 2015** | 30.29 | 1,850.18 | 318.67 | 315.71 | 682.62 | 19.89 | 57.79 | 11.44 | 7.77 | 13.26 | - | 161.26 | 7.76 | - | 3,476.64 |

### Reconciliation of Carrying value as per Ind AS and Previous GAAP as on 01.04.2015

| | Free-hold Land | Other Land | Land Reclamation/ Site Restoration Costs | Building (including water supply, roads and culverts) | Plant and Equip-ments | Telecom-munica-tion | Railway Sidings | Furniture and Fixtures | Office Equip-ments | Vehicles | Aircraft | Other Mining Infra-structure | Surveyed off Assets | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | | | | | | | | | | | | |
| As at 1 April 2015 | 30.29 | 2,299.16 | 460.69 | 511.34 | 2,455.36 | 36.50 | 164.51 | 38.87 | 37.83 | 32.37 | - | 486.91 | 19.40 | - | 6,573.23 |
| **Accumulated Depreciation and Impairment** | | | | | | | | | | | | | | | |
| As at 1 April 2015 | - | 448.98 | 142.02 | 195.63 | 1,772.74 | 16.61 | 106.72 | 27.43 | 30.06 | 19.11 | - | 325.65 | 11.64 | - | 3,096.59 |
| Net carrying amount | 30.29 | 1,850.18 | 318.67 | 315.71 | 682.62 | 19.89 | 57.79 | 11.44 | 7.77 | 13.26 | - | 161.26 | 7.76 | - | 3,476.64 |

Note:
1. Land- Others also includes Land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1984.
2. Lease hold land includes land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1894, Orissa Government Land Settlement Act 1962. Lease hold land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 has been capitalized on the basis of notification transferring the ownership of land to the extent for which sanction / approval has been received. Land acquired under Land Acquisition Act, 1894, Orissa Government Land Settlement Act 1962 has been capitalized on the basis of possession certified by State Authorities.
3. Conveyance deed of land in favour of the company is pending for execution in most of the cases.
4. Depreciation has been provided as per Schedule II of the Companies Act, 2013. However, pending completion of technical assessment to segregate the value of certain assets embedded within a different class of asset, depreciation has been provided on these assets on the basis of useful life applicable as per Schedule II of the Companies Act, 2013 for the un-segregated class of asset.
5. During the current financial year impairment in respect of property, plant and equipment amounting ₹ 2.16 crore has been charged to the Statement of Profit & Loss.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4 : CAPITAL WIP

( ₹ in Crores )

| | Building (including water supply, roads and culverts) | Plant and Equipments | Railway Sidings | Development | Others | Total |
|---|---|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | | | |
| As at 1 April 2015 | 146.92 | 262.94 | 43.60 | 205.27 | - | 658.73 |
| Additions | 112.71 | 126.91 | 1.36 | 64.43 | - | 305.41 |
| Capitalisation/ Deletions | -15.01 | -40.39 | -3.54 | -36.61 | - | -95.55 |
| **As at 31 March 2016** | 244.62 | 349.46 | 41.42 | 233.09 | - | 868.59 |
| As at 1 April 2016 | 244.62 | 349.46 | 41.42 | 233.09 | - | 868.59 |
| Additions | 93.19 | 196.90 | 42.28 | 916.25 | 0.20 | 1,248.82 |
| Capitalisation/ Deletions | -84.09 | -91.28 | -7.67 | -4.66 | - | -187.70 |
| **As at 31 March 2017** | 253.72 | 455.08 | 76.03 | 1,144.68 | 0.20 | 1,929.71 |
| **Provision and Impairment** | | | | | | |
| As at 1 April 2015 | - | - | - | - | - | - |
| Charge for the year | - | 2.02 | - | - | - | 2.02 |
| Impairment | - | 9.87 | - | - | - | 9.87 |
| Deletions/Adjustments | - | -0.01 | - | - | - | -0.01 |
| **As at 31 March 2016** | - | 11.88 | - | - | - | 11.88 |
| As at 1 April 2016 | - | 11.88 | - | - | - | 11.88 |
| Charge for the year | - | 0.77 | - | - | - | 0.77 |
| Impairment | - | 2.88 | - | - | - | 2.88 |
| Deletions/Adjustments | - | -1.26 | - | - | - | -1.26 |
| **As at 31 March 2017** | - | 14.27 | - | - | - | 14.27 |
| **Net Carrying Amont** | | | | | | |
| **As at 31 March 2017** | 253.72 | 440.81 | 76.03 | 1,144.68 | 0.20 | 1,915.44 |
| **As at 31 March 2016** | 244.62 | 337.58 | 41.42 | 233.09 | - | 856.71 |
| **As at 1 April 2015** | 146.92 | 262.94 | 43.60 | 205.27 | - | 658.73 |

## Reconciliation of Carrying value as per Ind AS and Previous GAAP as on 01.04.2015

| | Building (including water supply, roads and culverts) | Plant and Equipments | Railway Sidings | Development | Others | Total |
|---|---|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | | | |
| As at 1 April 2015 | 147.01 | 275.66 | 43.60 | 205.27 | - | 671.54 |
| **Provision and Impairment** | | | | | | |
| As at 1 April 2015 | 0.09 | 12.72 | - | - | - | 12.81 |
| **Net Carrrying amount** | 146.92 | 262.94 | 43.60 | 205.27 | - | 658.73 |

1. In case of items of Plant & Machinery, which are kept in plant pending installation and at store, provision equivalent to depreciation is made followed by action for formal write-off where necessary. If any such item of plant & machinery is put to use afterwards i.e., after provisions have already been made, depreciation charged in first year of use is depreciation for the year plus provision already made against the item with due accounting adjustments between depreciation & such provision. During the year ended on 31st March 2017, an amount of ₹ 0.77 crore has been provided on this account.
2. The above heads include Enabling assets viz railway track under Othe Mining Infrastructure amounting to ₹ 821.01 crore.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5 : EXPLORATION AND EVALUATION ASSETS

( ₹ in Crores )

| | Exploration and Evaluation Costs |
|---|---|
| **Gross Carrying Amount:** | |
| As at 1 April 2015 | 133.38 |
| Additions | 10.12 |
| Deletions/Adjustments | -2.59 |
| **As at 31 March 2016** | 140.91 |
| As at 1 April 2016 | 140.91 |
| Additions | 5.22 |
| Deletions/Adjustments | -19.69 |
| **As at 31 March 2017** | 126.44 |
| **Provision and Impairment** | |
| As at 1 April 2015 | - |
| Charge for the year | - |
| Impairment | - |
| Deletions/Adjustments | - |
| **As at 31 March 2016** | - |
| As at 1 April 2016 | - |
| Charge for the year | - |
| Impairment | - |
| Deletions/Adjustments | - |
| **As at 31 March 2017** | - |
| **Net Carrying Amont** | |
| **As at 31 March 2017** | 126.44 |
| **As at 31 March 2016** | 140.91 |
| **As at 1 April 2015** | 133.38 |

**Reconciliation of Carrying value as per Ind AS and Previous GAAP as on 01.04.2015**

| | |
|---|---|
| **Gross Carrying Amount:** | |
| As at 1 April 2015 | 133.38 |
| **Provision and Impairment** | |
| As at 1 April 2015 | - |
| **Net Carrrying amount** | 133.38 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 6 : OTHER INTANGIBLE ASSETS

( ₹ in Crores )

| | Computer Software | Coal Blocks meant for sale | Others | Total |
|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | |
| As at 1 April 2015 | - | 4.91 | - | 4.91 |
| Additions | 0.38 | - | - | 0.38 |
| Deletions/Adjustments | - | - | - | - |
| **As at 31 March 2016** | 0.38 | 4.91 | - | 5.29 |
| As at 1 April 2016 | 0.38 | 4.91 | - | 5.29 |
| Additions | 0.22 | - | - | 0.22 |
| Deletions/Adjustments | - | - | - | - |
| **As at 31 March 2017** | 0.60 | 4.91 | - | 5.51 |
| **Amortisation and Impairment** | | | | |
| As at 1 April 2015 | - | - | - | - |
| Charge for the year | -0.09 | - | - | -0.09 |
| Impairment | - | - | - | - |
| Deletions/Adjustments | - | - | - | - |
| **As at 31 March 2016** | -0.09 | - | - | -0.09 |
| As at 1 April 2016 | -0.09 | - | - | -0.09 |
| Charge for the year | 0.16 | - | - | 0.16 |
| Impairment | - | - | - | - |
| Deletions/Adjustments | - | - | - | - |
| **As at 31 March 2017** | 0.07 | - | - | 0.07 |
| **Net Carrying Amont** | | | | |
| **As at 31 March 2017** | 0.53 | 4.91 | - | 5.44 |
| **As at 31 March 2016** | 0.47 | 4.91 | - | 5.38 |
| **As at 1 April 2015** | - | 4.91 | - | 4.91 |

**Reconciliation of Carrying value as per Ind AS and Previous GAAP as on 01.04.2015**

| | Computer Software | Coal Blocks meant for sale | Others | Total |
|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | |
| As at 1 April 2015 | 2.67 | 4.91 | - | 7.58 |
| **Provision and Impairment** | | | | |
| As at 1 April 2015 | 2.67 | - | - | 2.67 |
| **Net Carrrying amount** | - | 4.91 | - | 4.91 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE - 7 : (I) INVESTMENTS

**Non Current**

( ₹ in Crores )

| | Percentage (%) holding | Number of shares current period/ (previous year) | Face value per share current period/ (previous year) | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|---|---|---|
| **Non-Trade ( Quoted)** | | | | | | |
| In Secured Bonds | | | | | | |
| 7.55 % Secured Non convertible IRFC Tax free 2021 series 79 bonds | - | 20000/ (20000) | 100000/ (100000) | 200.00 | 200.00 | 200.00 |
| 8% Secured Non convertible IRFC bonds Tax free | - | 1087537/ (1087537) | 1000/ (1000) | 108.75 | 108.75 | 108.75 |
| 7.22 % Secured Non convertible IRFC bond Tax free | - | 4999/ (4999) | 1000100/ (1000100) | 499.95 | 499.95 | 499.95 |
| 7.22 % Secured Redeemable REC bond Tax free | - | 1500000/ (1500000) | 1000/ (1000) | 150.00 | 150.00 | 150.00 |
| **Total :** | | | | **958.70** | **958.70** | **958.70** |

| | | | |
|---|---|---|---|
| Aggregate amount of unquoted investments: | - | - | - |
| Aggregate amount of quoted investments: | **958.70** | **958.70** | **958.70** |
| Market value of quoted investments: | **995.19** | **993.69** | **978.68** |
| Aggregate amount of impairment in value of investments: | - | - | - |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE - 7 (II) INVESTMENTS

**Current** ( ₹ in Crores )

| | Number of units current year/ (previous year) | NAV (In ₹) | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|---|---|
| **TRADE (Unquoted)** | | | | | |
| **Mutual Fund Investment** | | | | | |
| Canara Robeco Liquid Fund | 69617.11/ (666335.16) | 1,005.50 | 7.00 | 67.00 | 25.00 |
| SBI Premier Liquid Fund | 1026663.34/ (8871168.70) | 1,003.25 | 103.00 | 890.00 | 101.00 |
| UTI Money Market Fund | 902451.20/ (3462666.06) | 1,019.45 | 92.00 | 353.00 | 79.00 |
| Union KBC | 0/ (349772.44) | 1,000.65 | - | 35.00 | 20.00 |
| **TRADE ( Unquoted)** | | | | | |
| 8.5% Tax Free Special Bonds (Fully Paid up) (on securitisation of Sundry Debtors) | | | | | |
| Maharashtra State Electricity Board | | | - | - | 11.38 |
| West Bengal State Electricity Board | | | - | - | 11.32 |
| **Total :** | | | **202.00** | **1,345.00** | **247.70** |
| Aggregate of Quoted Investment: | | | - | - | |
| Aggregate of unquoted investments: | | | 202.00 | 1,345.00 | 247.70 |
| Market value of unquoted Investment: | | | 202.04 | 1,346.31 | 225.60 |
| Aggregate amount of impairment in value of investments: | | | - | - | - |

Note: The NAV per unit of the Trade (unquoted) Mutual Fund are equal to Face Value as specified above.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE - 8 : LOANS

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) | |
| **Non-Current** | | | | | | |
| **Loans to Related parties** | | | | | | |
| - Secured, considered good | - | | - | | - | |
| - Unsecured, considered good | 1,200.00 | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | - | 1,200.00 | | - | | |
| **Loans to Employees** | | | | | | |
| - Secured, considered good | 1.06 | | 1.24 | | 1.74 | |
| - Unsecured, considered good | - | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | | 1.06 | | 1.24 | | 1.74 |
| **Other Loans (to be specified in note)** | | | | | | |
| - Secured, considered good | - | | - | | - | |
| - Unsecured, considered good | - | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | | 0.00 | | 0.00 | | |
| **TOTAL** | | **1,201.06** | | **1.24** | | **1.74** |
| CLASSIFICATION | | | | | | |
| Secured, considered good | | 1.06 | | 1.24 | | 1.74 |
| Unsecured, Considered good | | 1,200.00 | | - | | - |
| Doubtful | | - | | - | | - |
| Less: Provision for doubtful loans | | - | | - | | - |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE - 8 : LOANS

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) | |
| **Current** | | | | | | |
| **Loans to Related parties** | | | | | | |
| - Secured, considered good | - | | - | | - | |
| - Unsecured, considered good | - | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | | - | | - | | - |
| **Loans to Employees** | | | | | | |
| - Secured, considered good | 0.32 | | 0.47 | | 0.44 | |
| - Unsecured, considered good | - | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | | 0.32 | | 0.47 | | 0.44 |
| **Other Loans (to be specified in note)** | | | | | | |
| - Secured, considered good | - | | - | | - | |
| - Unsecured, considered good | - | | - | | - | |
| - Doubtful | - | | - | | - | |
| Less: Provision for doubtful loans | | - | | - | | - |
| **TOTAL** | | **0.32** | | **0.47** | | **0.44** |
| CLASSIFICATION | | | | | | |
| Secured, considered good | | 0.32 | | 0.47 | | 0.44 |
| Unsecured, Considered good | | - | | - | | - |
| Doubtful | | - | | - | | - |
| Less: Provision for doubtful loans | | - | | - | | - |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE - 9 : OTHER FINANCIAL ASSETS

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | | 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) |
| **Non Current** | | | | | | |
| Bank deposits | | 2.56 | | 139.69 | | 139.56 |
| Deposits with bank under - Mine Closure Plan | | 696.75 | | 529.63 | | 425.42 |
| Receivable from Escrow Account for Mine Closure Expenses | | 0.57 | | - | | - |
| Other deposits (to be specified in note) | 33.11 | | 29.75 | | 29.60 | |
| Less : Provision for doubtful deposits | - | 33.11 | - | 29.75 | - | 29.60 |
| Other receivables | 0.16 | | 0.16 | | 0.16 | |
| Less: Provision | 0.16 | - | 0.16 | - | 0.16 | - |
| **TOTAL** | | **732.99** | | **699.07** | | **594.58** |

Note:

1. Deposits in Escrow Accounts for mine closure with Scheduled Banks with maturity exceeding 3 months for ₹ 696.75 crore made as per guidelines issued by Ministry of Coal, Government of India and after agreement with Coal Controller.
2. Bank Deposits of ₹ 1.79 crore including accrued interest of ₹ 1.21 crore being special term deposit made out of money recovered through the Hon'ble District Court Sundargarh against defalcation of cash by an officer, which is under lien to the Court pending finalization of the case.
3. Bank Deposits includes ₹ 0.03 crore made for issue of BG for obtaining license for captive mobile radio trunking service from Deptt of Telecommunication, Govt of India in connection with OITDS.
4. Bank Deposits includes ₹ 0.74 crore for issue of BG in favour of TAMDA for obtaining approval of Institutional Building Plan for MIMSR.

( ₹ in Crores )

| | 31.03.2017 | 31.03.2016 | 01.04.15 |
|---|---|---|---|
| 5.Others deposits :- | | | |
| Electricity supply undertakings | 31.66 | 28.20 | 28.05 |
| Security & Other deposits | 0.06 | 0.14 | 0.14 |
| P&T dept | 0.03 | 0.03 | 0.03 |
| Deposit with gas co & others | 0.61 | 0.63 | 0.63 |
| Application fee paid to Water Resource dept of Odisha (MBPL) | 0.75 | 0.75 | 0.75 |
| | 33.11 | 29.75 | 29.60 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE - 9 : OTHER FINANCIAL ASSETS

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | | 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) |
| **Current** | | | | | | |
| Surplus Fund with CIL | | 53.94 | | 347.81 | | 556.36 |
| Receivable from Escrow Account for Mine Closure Expenses | | - | | - | | - |
| Current Account with Subsidiaries | | - | | - | | - |
| Current Maturities of Long Term loan | | 300.00 | | | | |
| Interest accrued on | | | | | | |
| - Investments | | 31.29 | | 33.17 | | 33.29 |
| - Bank Deposits | | 570.77 | | 487.96 | | 559.49 |
| - Others | | 2.78 | | 2.17 | | 2.59 |
| Other deposits | - | | - | | - | |
| Less : Provision for doubtful deposits | - | - | - | - | - | - |
| Claims receivables | 0.30 | | 0.51 | | 0.51 | |
| Less : Provision for doubtful claims | - | 0.30 | | 0.51 | | 0.51 |
| Other receivables | 2.82 | | 2.37 | | 1.13 | |
| Less : Provision for doubtful claims | - | 2.82 | - | 2.37 | - | 1.13 |
| **TOTAL** | | **961.90** | | **873.99** | | **1,153.37** |

Note:

( ₹ in Crores )

| | 31.03.2017 | 31.03.2016 | 01.04.15 |
|---|---|---|---|
| 1.Int accrued on deposits- others Electricity undertakings | 2.78 | 2.17 | 2.59 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 10 : OTHER NON-CURRENT ASSETS

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) | |
| **(i) Capital Advances** | 374.46 | | 933.46 | | 646.25 | |
| Less : Provision for doubtful advances | 0.55 | 373.91 | 0.55 | 932.91 | 0.55 | 645.70 |
| **(ii) Advances other than capital advances** | | | | | | |
| (a) Security Deposit for utilities | 0.01 | | - | | - | |
| Less :Provision for doubtful deposits | - | 0.01 | - | - | - | - |
| (b) Other Deposits | 8.59 | | 7.68 | | 7.63 | |
| Less :Provision for doubtful deposits | - | 8.59 | 0.00 | 7.68 | 0.00 | 7.63 |
| (c) Advances to related parties | | - | | - | | - |
| (d) Advance for Revenue | - | | - | | - | |
| Less :Provision for doubtful advances | - | - | - | - | - | - |
| (e) Exploratory drilling work | - | | - | | - | |
| Less: Provision | - | - | - | - | - | - |
| (f) Prepaid Expenses | | 0.07 | | - | | - |
| (g) Others | | - | | - | | - |
| **TOTAL** | | 382.58 | | 940.59 | | 653.33 |

Note

**CLASSIFICATION**

| | | 31.03.2017 | 31.03.2016 | 01.04.2015 |
|---|---|---|---|---|
| Unsecured | - Considered Good | 382.03 | 940.04 | 652.78 |
| | - Considered Doubtful | 0.55 | 0.55 | 0.55 |

Other Deposits includes ₹ 6.33 crore i.e. deposits with Courts and ₹ 2.26 crore i.e.deposits with Govt authority.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE -11 : OTHER CURRENT ASSETS

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) | |
| (a) Advance for Revenue | 227.86 | | 336.92 | | 197.46 | |
| Less : Provision for doubtful advances | 2.16 | 225.70 | 2.10 | 334.82 | 2.10 | 195.36 |
| (b) Advance payment of statutory dues | 27.99 | | 48.29 | | 13.21 | |
| Less : Provision for doubtful advances | - | 27.99 | - | 48.29 | - | 13.21 |
| (c) Advance to Related Parties | | - | | - | | - |
| (d) Advance to Employees | 5.66 | | 48.71 | | 65.75 | |
| Less : Provision for doubtful advances | 0.03 | 5.63 | - | 48.71 | - | 65.75 |
| (e) Advance- Others | - | | - | | - | |
| Less : Provision for doubtful claims | - | - | - | - | - | - |
| (f) Deposit for utilities | - | | - | | - | |
| Less: Provision | - | - | - | - | - | - |
| (g) Deposits- Others | 684.72 | | 1258.58 | | 2174.14 | |
| Less: Provision | - | 684.72 | - | 1258.58 | - | 2174.14 |
| (h) CENVAT CREDIT receivable | | 74.65 | | 34.20 | | 27.89 |
| (i) MAT CREDIT ENTITLEMENT | | - | | - | | - |
| (j) Prepaid Expenses | | 12.86 | | 16.36 | | 14.80 |
| (k) Receivables- Others | 0 | | - | | - | |
| Less: Provision | 0 | - | - | - | - | - |
| **TOTAL** | | **1,031.55** | | **1,740.96** | | **2,491.15** |

Note:

1 Deposit others:

| | 31.03.2017 | 31.03.2016 | 01.04.2015 |
|---|---|---|---|
| Sales Tax deposit under protest | 43.86 | 43.60 | 27.46 |
| Deposit of Central Excise Duty under protest | 2.88 | 2.87 | 142.80 |
| Deposit of Service Tax & interest thereon under protest | 0.26 | 0.26 | 0.26 |
| Deposit on Penalty on S. tax under protest | 0.04 | 0.04 | 0.04 |
| Deposit of Water cess/charge under protest | - | 50.24 | 50.24 |
| Income Tax Deposit under protest | 637.68 | 1,161.57 | 1,953.34 |
| | 684.72 | 1,258.58 | 2,174.14 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE - 12 : INVENTORIES

( As taken, valued and certified by the Management)

( ₹ in Crores )

| | | As at 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) | |
|---|---|---|---|---|---|---|---|
| (a) | Stock of Coal | 254.70 | | 346.82 | | 386.79 | |
| | Coal under Development | - | | - | | - | |
| | | 254.70 | | 346.82 | | 386.79 | |
| | Less : Provision | - | | - | | - | |
| | Stock of Coal (Net) | | 254.70 | | 346.82 | | 386.79 |
| (b) | Stock of Stores & Spares (at cost) | 78.54 | | 83.08 | | 89.84 | |
| | Add: Stores-in-transit | 0.96 | | 2.12 | | 0.85 | |
| | Less : Provision | 19.89 | | 19.12 | | 17.47 | |
| | Net Stock of Stores & Spares (at cost) | | 59.61 | | 66.08 | | 73.22 |
| (c) | Stock of Medicine at Central Hospital | | 1.11 | | 0.59 | | 0.69 |
| (d) | Workshop Jobs: | | | | | | |
| | Work-in-progress and Finished Goods | 6.71 | | 12.10 | | 10.80 | |
| | Less: Provision | - | | - | | - | |
| | Net Stock of Workshop Jobs | | 6.71 | | 12.10 | | 10.80 |
| (e) | Press Jobs: | | | | | | |
| | Work-in-progress aand Finished Goods | | - | | - | | - |
| | | | **322.13** | | **425.59** | | **471.50** |

1. During the year, no shortage / excess is reported in respect of physical verification of stores / spares. The cumulative provision as at 31.03.2017 stands at ₹ 0.98 crore (as at 31.03.2016 ₹ 0.90 crore).
2. In respect of stores and spares obsolete / unserviceable items and items which have not moved for more than five years, a provision of 100 % & 50% respectively are made as per Accounting Policy. The cumulative provision as at 31.03.2017 stands at ₹ 18.68 crore (as at 31.03.2016 ₹ 17.99 crore).
3. Provision includes ₹ 0.23 crore made for Loss of assets as at 31.03.2017 (as at 31.03.2016 ₹ 0.23 crore).
4. Valuation of stores and spares has been done on weighted average method as per accounting policy of the group. The comparison of cost so arrived, with net realizable value is neither made nor adjusted in the account due to difficulty in ascertainment of net realizable value.

# ANNEXURE TO NOTE - 12

## (Qty in lakh tonnes) ( value in lakh ₹)

**Table:A**

**Reconciliation of closing stock adopted in Account with Book stock as at the end of the year**

| | OVERALL STOCK | | NON-VENDABLE STOCK | | VENDABLE STOCK | |
|---|---|---|---|---|---|---|
| | Qty. | Value | Qty. | Value | Qty. | Value |
| 1. (A) Opening stock as on 01.04.16 | 101.92 | 36752.43 | - | - | 101.92 | 36752.43 |
| (B) Shortage beyond 5% | 1.26 | 2070.08 | - | - | 1.26 | 2,070.08 |
| Stock adopted in Accounts Opening | 100.66 | 34,682.35 | | | 100.66 | 34682.35 |
| 2. Production for the Period | 1392.08 | 1,312,301.32 | - | - | 1392.08 | 1312301.32 |
| 3. Sub-Total ( 1A+2) | 1,494.00 | 1,349,053.75 | - | - | 1,494.00 | 1,349,053.75 |
| 4. Off- Take for the Year | | | | | | |
| (A) Outside Despatch | 1430.08 | 1321309.25 | - | - | 1430.08 | 1321309.25 |
| (B) Coal feed to Washeries | - | - | - | - | - | - |
| (C) Own Consumption | 0.05 | 90.33 | - | - | 0.05 | 90.33 |
| TOTAL(A) | 1,430.13 | 1,321,399.58 | - | - | 1430.13 | 1321399.58 |
| 5. Derived Stock | 63.87 | 27,654.17 | - | - | 63.87 | 27654.17 |
| 6. Measured Stock | 61.76 | 25,112.45 | - | - | 61.76 | 25112.45 |
| 7. Difference (5-6) | 2.11 | 2,541.72 | - | - | 2.11 | 2,541.72 |
| 8. Break-up of Difference: | | | | | | |
| (A) Excess within 5% | - | 0.98 | - | - | 0.00 | 0.98 |
| (B) Shortage within 5% | 0.92 | 358.16 | - | - | 0.92 | 358.16 |
| (C ) Excess beyond 5% | - | - | - | - | - | - |
| (D ) Shortage beyond 5% | 1.19 | 2,184.54 | - | - | 1.19 | 2,184.54 |
| 9. Closing stock adopted in A/c.( 6-8A+8B) | 62.68 | 25,469.63 | - | - | 62.68 | 25469.63 |

**Summary of Closing Stock of Coal**

**Table : B**

| | Raw Coal | | | | Washed / Deshaled Coal | | | | Other Products | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Coking | | Non-Coking | | Coking | | Non-Coking | | | | | |
| | Qty. | Value | Qty. | Value | Qty. | Value | Qty. | Value | Qty. | Value | Qty. | Value |
| Opening Stock (Audited) | - | - | 101.92 | 36,752.43 | - | - | - | - | - | - | 101.92 | 36,752.43 |
| Shortage beyond 5% | | | 1.26 | 2,070.08 | | | | | | | 1.26 | 2,070.08 |
| Less: Non-vendable Coal | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjusted Opening Stock ( Vendable) | - | - | 100.66 | 34,682.35 | - | - | - | - | - | - | 100.66 | 34,682.35 |
| Production | - | - | 1,392.08 | 1,312,301.32 | - | - | - | - | - | - | 1,392.08 | 1312301.32 |
| Offtake | | | | | | | | | | | | |
| (A) Outside Despatch | - | - | 1,430.08 | 1,321,309.25 | - | - | - | - | - | - | 1,430.08 | 1321309.25 |
| (B) Coal feed to Washeries | - | - | - | - | - | - | - | - | - | - | - | - |
| (C) Own Consumption | - | - | 0.05 | 90.33 | - | - | - | - | - | - | 0.05 | 90.33 |
| Closing Stock derived | - | - | 63.87 | 27,654.17 | - | - | - | - | - | - | 63.87 | 27,654.17 |
| Less: Shortage | - | - | 1.19 | 2,184.54 | - | - | - | - | - | - | 1.19 | 2,184.54 |
| Closing Stock | - | - | 62.68 | 25,469.63 | - | - | - | - | - | - | 62.68 | 25,469.63 |

Internal survey measurement teams have physically verified closing stock of coal. In some areas the same has also been verified by outside teams. The Shortage / surplus found on physical verification of coal stock within +/- 5% over book stock (mine/ colliery wise), is ignored pursuant to Accounting Policy.

The details of shortage beyond 5% are as under:-

| AREA | MINES | Book Stock (Qty. in LTe) | | Measured stock (Qty. in LTe) | | % variance | |
|---|---|---|---|---|---|---|---|
| | | As on 31.03.2017 | As on 31.03.2016 | As on 31.03.2017 | As on 31.03.2016 | As on 31.03.2017 | As on 31.03.2016 |
| Orient | Mine No 3 | 0.20 | 0.19 | 0.08 | 0.07 | 58.98 | 61.74 |
| | HBM- G 9 | 0.30 | 0.7 | 0 | 0.4 | 100 | 42.88 |
| Talcher | Nandira-G 8 | 0.50 | 1.75 | 0 | 1.19 | 100 | 31.98 |
| | Talcher G5 | 0.75 | 1.54 | 0.48 | 1.26 | 36.45 | 18.63 |
| TOTAL | | **1.75** | **4.18** | **0.56** | **2.92** | **-** | **-** |

In those cases, since the differences are more than +/- 5%, as per policy, measured stocks have been considered in accounts and difference quantity of 1.19 lakh tonnes (1.76 lakh tonnes less 0.56 lakh tonnes) valuing ₹ 21.84 crore as at 31.03.2017-Shortage beyond 5%.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE - 13 : TRADE RECEIVABLES

( ₹ in Crores )

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | | 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) |
| **Current** | | | | | | |
| Trade receivables | | | | | | |
| - Secured, considered good | - | | - | | - | |
| - Unsecured, considered good | 1066.49 | | 1107.61 | | 448.85 | |
| - Doubtful | 117.90 | | 37.76 | | 41.38 | |
| Less : Provision for bad & doubtful debts | 117.90 | 1066.49 | 37.76 | 1107.61 | 41.38 | 448.85 |
| **Total** | | **1066.49** | | **1107.61** | | **448.85** |
| Note: | | | | | | |
| 1 Debt outstanding for a period less than six months from the due date | 960.92 | | 1013.93 | | 305.67 | |
| 2 Debt outstanding for a period exceeding six months from the due date | 105.57 | | 93.68 | | 143.18 | |
| Doubtful debt | 117.90 | | 37.76 | | 41.38 | |
| | | **1184.39** | | **1145.37** | | **490.23** |

**Note:**

1 No Trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a direcor or member.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE - 14 : CASH AND CASH EQUIVALENTS

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| (a) Balances with Banks | | | |
| - in Deposit Accounts (with maturity up to 3 months) | - | 13.35 | - |
| - in Current Accounts | 396.48 | 226.51 | 199.47 |
| - in Cash Credit Accounts | - | - | - |
| (b) Bank Balances outside India | - | - | - |
| (c) Cheques, Drafts and Stamps in hand | - | - | - |
| (d) Cash in hand | - | 0.04 | 0.04 |
| (e) Cash in hand outside India | - | - | - |
| (f ) Others | - | - | 0.35 |
| **Total Cash and Cash Equivalents** | 396.48 | 239.90 | 199.86 |
| Bank Overdraft | - | - | - |
| **Total Cash and Cash Equivalents (net of Bank Overdraft)** | 396.48 | 239.90 | 199.86 |
| Maximum amount outstanding with Banks other than Scheduled Banks at any time during the nine month | Nil | Nil | Nil |

**Note:**

1 Cash and cash equivalents comprises cash on hand and at bank, sweep accounts and term deposits held with banks with original maturities of three months or less.

(Amount in ₹ )

2

| Particulars | SBN | OTHER DENOMINATION NOTES | TOTAL |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 264,000.00 | 345,518.41 | 609,518.41 |
| (+) Permitted Receipts | 49,000.00 | 71,123,745.64 | 71,172,745.64 |
| (-) Permitted Payments | - | 61,906,372.72 | 61,906,372.72 |
| (-) Amount Deposited in banks | 313,000.00 | 9,331,827.00 | 9,644,827.00 |
| Closing cash in hand as on 30.12.2016 | | 231,064.33 | 231,064.33 |

3 The balance of current accounts includes ₹ 82.76 crores current linked termed deposits which are temporarily transferred from current account.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE - 15 : OTHER BANK BALANCES

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| Balances with Banks | | | |
| - Deposit accounts (with maturity more than 3 months) | 14,717.69 | 11,232.36 | 10175.25 |
| - Mine Closure Plan | - | - | - |
| - Shifting and Rehabilitation Fund scheme | - | - | - |
| - Unpaid dividend accounts | - | - | - |
| - Dividend accounts | - | - | - |
| **Total** | **14,717.69** | **11,232.36** | **10,175.25** |
| Balances with banks to the extent held as margin money or security against the borrowings/others | 36.62 | 28.54 | 83.14 |

Note:

1. Other Bank Balances comprise term deposits and other bank deposits which are expected to realise in cash within 12 months after the reporting date.
2. Fixed deposit includes ₹ 0.04 crore made against price difference recovered against explosive rate contracts in the year 2005-06, as per court order.
3. Fixed deposit includes ₹ 0.19 crore made against interim order of Hon'ble High Court for encashment of BG of M/s IRC Logistics Ltd.
4. Fixed deposit includes ₹ 7.89 crore made against BG encashment (FSA) by the Company in respect of M/S Videocon Industries Ltd as per interim order of Hon'ble High Court, Cuttack.
5. Fixed deposits includes ₹ 0.15 crore made for 40% Tapering money by the Company in respect of M/S Shri Mahavir Ferro Alloys Pvt. Ltd. as per order of Hon'ble High Court, Cuttack till the final outcome of the Writ petition no. 3109 of 2015.
6. Fixed Deposits includes ₹ 5.97 crore made against interim order of Hon'ble High Court, Cuttack (Odisha) i.e. to be deposited in any nationalized bank for remaining amount of compensation involved in the disputed land.
7. Fixed deposit of ₹ 1.00 crore made as per directives of Hon'ble High Court of Odisha regarding encashment of BG submitted by M/s MCL-KSIPL JV.
8. Fixed Deposit amounting to ₹ 13.35 crore that has been placed under lien of State Bank India for issuing letter of comfort for issuance of Bank Guarantee in favour of President of India to fulfill the terms of allocation of blocks on behalf of subsidiary Company. - M/S MJSJ Coal Ltd.
9. Fixed deposit includes ₹ 5.47 crore made against price difference recovered against explosive rate contracts in the year 2005-06, as per Court order.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE - 16 : EQUITY SHARE CAPITAL

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| **Authorised** | | | |
| 29,58,200 Equity Shares of ₹ 1000/- each | 295.82 | 295.82 | 295.82 |
| | **295.82** | **295.82** | **295.82** |
| **Issued, Subscribed and Paid-up** | | | |
| 1412266 Equity Shares of Rs.1000/- each fully paid up in cash | 141.23 | 186.40 | 186.40 |
| | **141.23** | **186.40** | **186.40** |

**Note:**

1 Shares in the Company held by each shareholder holding more than 5% Shares

| Name of Shareholder | No.of Shares held (Face value of ₹1000 each) | % of Total |
|---|---|---|
| Coal India Ltd.(Holding company) & its nominees | 1412266 | 100 |

2 During the year, the Group has not issued any shares. However the Group has bought back its 4,51,743 number of Equity shares of face value of ₹ 1000 each fully paid up through tender offer and extinguished these shares. Post such buy-back, the number of fully paid equity shares as on 31.03.2017 stands at 14,12,266.

3 The Group has only one class of equity shares having a face value ₹ 1000/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meeting of shareholders.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 17 : OTHER EQUITY

( ₹ in Crores )

| | Equity portion of Preference Share Capital | Other Reserves | | | | General Reserve | Retained Earnings | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital Redemption reserve | Capital reserve | CSR Reserve | Sustainable Development Reserve | | | | |
| **Balance as at 01.04.2015** | - | **204.18** | - | - | - | **3,261.08** | **821.31** | **63.57** | **4,286.57** |
| Changes in accounting policy | - | - | - | - | - | - | 109.16 | - | 109.16 |
| Prior period errors | - | - | - | - | - | - | 11.65 | - | 11.65 |
| Restated balance as at 01.04.2015 | - | **204.18** | - | - | - | **3,261.08** | **942.12** | **63.57** | **4,407.38** |
| Transfer to Retained Earnings | - | - | - | - | - | - | - | - | - |
| Transfer from Other reserves/ Retained earnings | - | - | - | - | - | - | - | - | - |
| Total comprehensive income during the year | - | - | - | - | - | - | 4,205.82 | - | 4,205.82 |
| Appropriations | - | - | - | - | - | - | - | - | - |
| Transfer to General reserve | - | - | - | - | - | 209.24 | (209.24) | - | - |
| Transfer to Other reserves | - | - | - | - | - | - | - | - | - |
| Interim Dividend | - | - | - | - | - | - | (3,608.45) | - | (3,608.45) |
| Final Dividend | - | - | - | - | - | - | - | - | - |
| Corporate Dividend tax | - | - | - | - | - | - | (734.60) | - | (734.60) |
| Any other change | - | - | - | - | - | - | - | 0.02 | - |
| **Balance as at 31.03.2016** | - | **204.18** | - | - | - | **3,470.32** | **595.65** | **63.59** | **4,270.15** |
| **Balance as at 01.04.2016** | - | **204.18** | - | - | - | **3,470.32** | **595.65** | **63.59** | **4,270.15** |
| Additions during the year | - | **45.17** | - | - | - | - | - | - | 45.17 |
| Adjustments during the year | - | - | - | - | - | (1,617.06) | - | - | (1,617.06) |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | - | - |
| Total comprehensive income during the year | - | - | - | - | - | - | **4,488.78** | - | 4,488.78 |
| Appropriations | - | - | - | - | - | - | - | - | - |
| Transfer to General reserve | - | - | - | - | - | **224.55** | (224.55) | - | - |
| Transfer to Other reserves | - | - | - | - | - | - | - | - | - |
| Interim Dividend | - | - | - | - | - | - | (2,982.00) | - | (2,982.00) |
| Final Dividend | - | - | - | - | - | - | - | - | - |
| Corporate Dividend tax | - | - | - | - | - | - | (607.06) | - | (607.06) |
| Any other change | - | - | - | - | - | - | (362.67) | - | (362.67) |
| **Balance as at 31.03.2017** | - | **249.35** | - | - | - | **2,077.81** | **908.15** | **63.59** | **3,235.31** |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 18: BORROWINGS

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| **Non-Current** | | | |
| Term Loans | | | |
| -From Banks | 6.13 | 7.21 | 6.90 |
| -From Other Parties | - | - | - |
| Loans from Related Parties | - | - | - |
| Other Loans | - | - | - |
| **Total** | 6.13 | 7.21 | 6.90 |
| **CLASSIFICATION** | | | |
| Secured | - | - | - |
| Unsecured | 6.13 | 7.21 | 6.90 |
| **Current** | | | |
| Loans repayable on demand | | | |
| -From Banks | 1,500.00 | - | - |
| -From Other Parties | 0.03 | 0.03 | 0.03 |
| Loans from Related Parties | 700.00 | - | - |
| Other Loans | - | - | - |
| **Total** | 2,200.03 | 0.03 | 0.03 |
| **CLASSIFICATION** | | | |
| Secured | - | - | - |
| Unsecured | - | - | - |

Note:

1.Loans had been arranged through credit agreement with Banque Nationale De Paris and Natexis Banque for the purchase of 4 nos Hydraulic shovels from Liebherr, France.The loan outstanding as on 31.03.2017 (net after repayments) is ₹ 6.64 crore.(As at 31.03.2016 ₹ 7.77 crore).

The details of balance are as under:-

| | Euro | ₹ in crore |
|---|---|---|
| Balance as on 01.04.2016 | 1,030,851.54 | 7.77 |
| Repayment during the year ended on 31.03.2017 | 74,113.58 | 0.54 |
| Translation Difference | - | (0.59) |
| Balance as on 31.03.2017 | 956,737.96 | 6.64 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE - 19 :TRADE PAYABLES

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| **Current** | | | |
| Trade Payables for Micro, Small and Medium Enterprises | 1.26 | 2.19 | 0.61 |
| Other Trade Payables for | | | |
| -Stores and Spares | 41.52 | 29.86 | 37.69 |
| -Power and Fuel | 0.51 | - | - |
| -Others | 377.61 | 271.24 | 238.92 |
| **TOTAL** | **420.90** | **303.29** | **277.22** |

**Note:**

| | | | |
|---|---|---|---|
| Others: (major items) | | | |
| Coal Transportation Charges | 144.96 | 108.95 | 96.82 |
| Outstanding Expenses-Revenue | 194.56 | 129.56 | 111.04 |
| CMPDIL | 35.27 | 29.57 | 27.82 |
| | **374.79** | **268.08** | **235.68** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE - 20 : OTHER FINANCIAL LIABILITIES

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| **Non Current** | | | |
| Security Deposits | 34.76 | 36.29 | 26.09 |
| Earnest Money | - | - | - |
| Others(Security Deposit -Management Trainee) | 5.43 | 7.18 | 2.38 |
| | **40.19** | **43.47** | **28.47** |
| **Current** | | | |
| Current Account with | | | |
| - Subsidiaries | - | - | - |
| Current maturities of long-term debt | 0.51 | 0.56 | 0.50 |
| Unpaid dividends | - | - | - |
| Security Deposits | 105.75 | 103.51 | 81.03 |
| Earnest Money | 49.16 | 19.92 | 17.97 |
| Others | 187.04 | 161.22 | 121.10 |
| **TOTAL** | **342.46** | **285.21** | **220.60** |

**Note :**

1.Loan repayment Liebherr France during the year ending on 31.03.2018: 74113.58 euro (Rs. 0.55 crore).

2.Others (Current):-

| | | | |
|---|---|---|---|
| Power & fuel | 16.19 | 17.90 | 17.51 |
| Others- (major items)<br>Repairs & Maintenance - ₹ 46.47 crore,<br>Contractor payment/Bills/OBR jobs - ₹ 14.61 crore<br>Demurrage - ₹ 4.01 crore<br>Elecrticity,Salary,Quarterly Bonus - ₹ 3.33 crore<br>Audit fees and expenses - ₹ 0.61 crore | 67.00 | 72.78 | 44.61 |
| Other liabilities- (major items)<br>Withheld amount of M/s L&T for SILO project (Lingaraj) - ₹ 28.57 crore<br>CISPA - ₹ 5.62 crore<br>Witheld amount of contractor - ₹ 63.15crore<br>Security Deposits (explosive) - ₹ 18.74 crore<br>Stale cheque/return cheque cancelled - ₹ 4.60 crore<br>Deposit against sale of scrap/discard/Survey of assets - ₹ 1.27 crore<br>Pay Roll Deduction - ₹ 0.56 crore<br>BG - ₹ 4.00 crore | 98.28 | 67.54 | 53.55 |
| Security deposit-MTs | 5.38 | 2.75 | 5.13 |
| Total | **186.85** | **160.97** | **120.80** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE - 21 : PROVISIONS

( ₹ in Crores )

| | As at 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
|---|---|---|---|
| **Non Current** | | | |
| Employee Benefits | | | |
| - Gratuity | - | - | - |
| - Leave Encashment | 75.55 | 222.64 | 213.53 |
| - Other Employee Benefits | 128.18 | 110.27 | 110.17 |
| | 203.73 | 332.91 | 323.70 |
| Mine Closure | 735.23 | 685.57 | 639.35 |
| Stripping Activity Adjustment | 15,801.35 | 14,488.04 | 12,036.04 |
| Others | - | - | - |
| **TOTAL** | **16,740.31** | **15,506.52** | **12,999.09** |
| **Current** | | | |
| Employee Benefits | | | |
| - Gratuity | 48.41 | 42.10 | 46.00 |
| - Leave Encashment | 21.56 | 21.34 | 19.82 |
| - Ex- Gratia | 109.75 | 100.35 | 81.20 |
| - Performance Related Pay | 138.15 | 277.93 | 271.24 |
| - Other Employee Benefits | 152.42 | 131.28 | 108.71 |
| - NCWA X | 146.37 | - | - |
| - Executive Pay Revision | 9.78 | - | - |
| | 626.44 | 573.00 | 526.97 |
| Mine Closure | | | |
| Excise Duty on Closing Stock of Coal | 39.32 | 55.42 | 48.01 |
| Others | 364.68 | - | 0.11 |
| **TOTAL** | **1,030.44** | **628.42** | **575.09** |

**Note:-**

1 The Position of various provisions is given below:

| S.No. | Provisions | Opening Balance as on 01.04.2016 | Addition/ Write back during | Paid/ Adj during Year | Closing Balance as on 31.03.2017 |
|---|---|---|---|---|---|
| i | For Gratuity(Actuarial) | 13.81 | 58.87 | 81.23 | (8.55) |
| | For Gratuity | (13.81) | 28.67 | - | 56.96 |
| ii | For Leave Encashment | 243.98 | 56.7 | 203.57 | 97.11 |
| iii | For Other Employee Benefits | 240.76 | 39.68 | - | 280.44 |
| iv | For OBR Adjustment Account | 14,488.04 | 1313.31 | - | 15,801.35 |
| v | For Mine Closure Plan | 684.78 | 49.66 | - | 734.44 |
| vi | For Reclamation of land | 0.79 | - | - | 0.79 |

2 Provision for Mine ClosureFollowing the guidelines from Ministry of Coal, Government of India for preparation of Mine Closure Plan a provision is made in the accounts. Such provision is made as per CMPDIL's (a subsidiary of Coal India Ltd.) technical assessment. The liability for mine closure expenses (as estimated by CMPDIL) of each mine has been discounted @ 8% and capitalized to arrive at the mine closure liability as on 1st year of making of such provision. Thereafter the provision has been reestimated in subsequent year by unwinding the discount to arrive at the provision as on 31.03.2017

3. Provision for Mine Closure Expenses includes ₹ 4.65crore on account of provision taken towards stowing and stabilization of unstable workings of Deulbera colliery after adjusting current period expenditure other than salary and wages of ₹ 0.16 crore against a comprehensive scheme of ₹ 9.44 crore (Excluding departmental salary and wages for ₹ 18.21 crore). The scheme of Stabilization of unstable workings of Deulbera Colliery through sand stowing also includes cost of departmental manpower estimated at ₹ 18.21 crore is not seperately provided for ,as the same forms part of normal Salary & Wages charged to Profit & Loss. (Non Current)

4. Other Empoyee benefits (current) includes ₹ 133.93 crore provided for superannuation benefits @ 9.84% as on 31.03.2017.

5. Pending finalisation of National Coal Wage Agreement Coal Wage Agreement (NCWA)-X for Non Executives, an estimated lump sum provision @ ₹ 8000/- per employee (Non-Executive) per month, considering total impact of increase in all elememts of salary & wages (including the employer's PF contribution), other employee benefits and all superannuation benefits like Gratuity etc. has been made for the period 01.07.2016 to 31.03.2017 amounting to ₹ 146.37 crore and shown as "NCWA X-Provision" above.(current)

6. Pending finalisation of PSUs' pay revision for executives , an estimated lump sum provision @ ₹ 18000/- per employee (Executive) per month, considering total impact of increase in all elememts of salary (including the employer's PF contribution), other employee benefits and all superannuation benefits like Gratuity etc. has been made for the period 01.01.2017 to 31.03.2017 amounting to ₹ 9.78 crore and shown as 'Executive Pay revision' above. (current)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE - 22 :OTHER NON CURRENT LIABILITIES

( ₹ in Crores )

| | As at | | |
|---|---|---|---|
| | 31.03.2017 | 31.03.2016 (Restated) | 01.04.2015 (Restated) |
| Deferred Income (CCDA Grant) | 176.83 | 167.83 | 133.31 |
| **Total** | **176.83** | **167.83** | **133.31** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE - 23 : OTHER CURRENT LIABILITIES

( ₹ in Crores )

| | As at 31.03.2017 | | 31.03.2016 (Restated) | | 01.04.2015 (Restated) | |
|---|---|---|---|---|---|---|
| Capital Expenditue | | 640.96 | | 615.29 | | 640.62 |
| Salary & Wages | | 168.61 | | 169.25 | | 152.35 |
| **Statutory Dues:** | | | | | | |
| Sales Tax/Vat | 11.02 | | 16.70 | | 2.25 | |
| Provident Fund & Others | 8.62 | | 9.05 | | 8.99 | |
| Central Excise Duty | 6.92 | | 6.63 | | 5.45 | |
| Royalty & Cess on Coal | 51.52 | | 31.71 | | 37.48 | |
| Stowing Excise Duty | 37.70 | | 38.75 | | 32.90 | |
| Clean Energy Cess | 791.77 | | 521.35 | | 126.84 | |
| National Mineral Exploration Trust | 3.20 | | 6.76 | | - | |
| District Mineral Foundation | 46.43 | | 59.72 | | - | |
| Other Statutory Levies | 2.84 | | 1.54 | | - | |
| Income Tax deducted/collected at Source | 3.45 | 963.47 | 2.74 | 694.95 | 3.10 | 217.01 |
| Advance from customers / others | | 2325.03 | | 1396.93 | | 1837.92 |
| Tax on Dividend Distribution | | - | | - | | - |
| Others liabilities (to be specified in note) | | 29.80 | | 28.50 | | 27.49 |
| **TOTAL** | | **4,127.87** | | **2,904.92** | | **2,875.39** |

Note:

Other liabilities include Cess on Coal includes principal of ₹ 8.40 crore (net of payments) and interest of ₹ 9.47 crore (net of payments) against receipts from Government of Odisha in the year 2005-06 as per directive of Hon'ble Supreme Court judgement dated 31.7.2001.The money is refundable to the customers. During the current year, the group has provided interest of ₹ 1.01 crore (for 12 months ended on 31.03.2016 ₹ 1.01 crore) calculated at the rate of 12% for the unpaid principal amount of the Cess liability. The total liability thus included therein becomes ₹ 29.51 crore (as at 31.03.2016 ₹28.50 crore) as at 31.03.2017. The Group could not identify the customers / parties to whom the refund is to be made. Finalisation of modalities for refunding the same to the customers / parties is yet to be done.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE - 24 : REVENUE FROM OPERATIONS

( ₹ in Crores )

| | Year Ended 31st March 2017 | | Year ended 31st March 2016 (Restated) | |
|---|---|---|---|---|
| **A. Sales of Coal** | | 23,450.72 | | 19,827.24 |
| **Less :Other Statutory Levies** | | | | |
| Royalty | 1,663.66 | | 1,694.82 | |
| Cess on Coal | - | | - | |
| Stowing Excise Duty | 143.01 | | 140.23 | |
| Central Sales Tax | 224.06 | | 187.75 | |
| Clean Energy Cess | 5,720.34 | | 3,065.26 | |
| State Sales Tax/VAT | 586.87 | | 499.62 | |
| National Mineral Exploration Trust | 33.37 | | 19.97 | |
| District Mineral Foundation | 846.77 | | 223.80 | |
| Other Levies | 68.19 | | 62.13 | |
| **Total Levies** | | 9,286.27 | | 5,893.58 |
| **Sales (Net) (A)** | | **14,164.45** | | **13,933.66** |
| **B. Other Operating Revenue** | | | | |
| Facilitation charges for coal import | | - | | - |
| Subsidy for Sand Stowing & Protective Works | | 2.24 | | - |
| Loading and additional transportation charges | 840.42 | | 770.27 | |
| Less : Other Statutory Levies | 25.13 | | 22.61 | |
| | | 815.29 | | 747.66 |
| **Other Operating Revenue (Net) (B)** | | **817.53** | | **747.66** |
| **Revenue from Operations (A+B)** | | **14,981.98** | | **14,681.32** |

Note:-

Sale of Coal includes DMF for ₹ 354.26 crores and levies includes Central Excise Duty of ₹ 21.36 crore, Central Sales Tax of ₹ 3.53 crore, VAT of ₹ 10.61 crore and Odisha Entry Tax of ₹ 1.38 crores for supplementary bills raised due to notification no G.S.R.837 (E) of Ministry of Coal for change in effective date retrospectively to 12th January 2015 from 20th October 2015.

Subsidy for Sand Stowing & Protective Works includes ₹ 2.24 crore received from Ministry of Coal, Government of India in terms of Coal Mines (Conservation & Development) Act, 1974 towards reimbursement of expenditure incurred for the Sand Stowing & Protective Works during the F.Y. 2016-17.

Sales of goods including excise duty of ₹ 14161.94 Crores (31.03.2016 ₹ 13933.66 crores) sales of goods net of excise duty is ₹ 13213.09 crores (31.03.2016 ₹ 12750.63 crores).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 25 : OTHER INCOME

( ₹ in Crores )

| | Year Ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| **Interest Income** | | |
| Deposits with Banks | 1088.73 | 1042.62 |
| Investments | 70.53 | 72.37 |
| Loans | - | 0.01 |
| Funds parked within Group | 47.64 | 44.56 |
| Others | 81.67 | 45.52 |
| **Dividend Income** | | |
| Investments in Subsidiaries | - | - |
| Investments in Mutual Funds | 114.45 | 92.29 |
| **Other Non-Operating Income** | | |
| Profit on Sale of Assets | 0.05 | 1.94 |
| Gain on Foreign exchange Transactions | 0.59 | - |
| Exchange Rate Variance | - | - |
| Lease Rent | 1.96 | 1.28 |
| Liability / Provision Write Backs | 0.02 | (0.01) |
| Excise Duty on Decrease in Stock | 16.07 | - |
| Miscellaneous Income | 62.31 | 43.79 |
| **Total** | **1,484.02** | **1,344.37** |

Note:

1 Others:

| | | |
|---|---|---|
| Interest on I.T.Refunds | 71.95 | 42.21 |
| INT. LOAN/ADVANCES TO OUTSIDE PARTIES | 3.35 | 3.31 |
| Interest from subsidiaries | 0.01 | - |
| Interest earned on Group Leave encashment Scheme | 6.35 | - |
| Interest on employee loans | 0.01 | - |
| | 81.67 | 45.52 |

2 Miscellaneous income includes ₹ 57.74 crore i.e penalty recovered from customers.

| | |
|---|---|
| Penalty, LD recovered from suppliers | 7.68 |
| Penalty recovered from customers | 36.09 |
| Penalty from Contractors & Others | 13.97 |
| | 57.74 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 26 : COST OF MATERIALS CONSUMED

( ₹ in Crores )

| | Year Ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Explosives | 132.77 | 107.14 |
| Timber | 0.36 | 0.34 |
| Oil & Lubricants | 277.15 | 261.53 |
| HEMM Spares | 120.86 | 116.92 |
| Other Consumable Stores & Spares | 52.46 | 56.82 |
| **Total** | **583.60** | **542.75** |

| NOTE : | Opening | Addition/ adjustments | Closing |
|---|---|---|---|
| Explosives | 1.63 | 133.43 | 2.28 |
| Timber | - | 0.51 | 0.15 |
| Oil & Lubricants | 7.83 | 277.64 | 8.33 |
| HEMM Spares | 59.49 | 114.52 | 53.16 |
| Other Consumable Stores & Spares | 14.13 | 52.96 | 14.62 |
| | 83.08 | 579.06 | 78.54 |

## NOTE 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

( ₹ in Crores )

| | | Year Ended 31st March 2017 | | Year ended 31st March 2016 (Restated) | |
|---|---|---|---|---|---|
| | Opening Stock of Coal | 346.83 | | 386.79 | |
| | Add: Adjustment of opening stock | - | | - | |
| | Less: Deterioration of Coal | - | 346.83 | - | 386.79 |
| | Less: Closing Stock of Coal | 254.70 | | 346.82 | |
| | Less: Deterioration of Coal | - | 254.70 | - | 346.82 |
| A | Change in Inventory of Coal | | 92.13 | | 39.97 |
| | Opening Stock of Workshop made finished goods and WIP | 12.10 | | 10.80 | |
| | Add: Adjustment of Opening Stock | - | | - | |
| | Less: Provision | - | 12.10 | - | 10.80 |
| | Less:Closing Stock of Workshop made finished goods and WIP | 6.71 | | 12.10 | |
| | Less: Provision | - | 6.71 | - | 12.10 |
| B | Change in Inventory of workshop | | 5.39 | | (1.30) |
| | Press Opening Job | | | | |
| | i)Finished Goods | - | | - | |
| | ii)Work in Progress | - | - | - | - |
| | Less: Press Closing Job | | | | |
| | i)Finished Goods | - | | - | |
| | ii)Work in Progress | - | - | - | - |
| C | Change in Inventory of Closing Stock of Press Job | | - | | - |
| | Change in Inventory of Stock in trade (A+B+C) { Decretion / ( Accretion) } | | **97.52** | | **38.67** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 28 : EMPLOYEE BENEFITS EXPENSES

( ₹ in Crores )

| | Year Ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Salary, Wages, Allowances, Bonus etc. | 1,544.75 | 1,497.23 |
| Provision for National Coal Wages Agreement (NCWA) - X* | 146.01 | - |
| Executive Pay Revision - Provision** | 9.78 | - |
| Ex-Gratia | 112.38 | 111.11 |
| Performance Related Pay | 21.09 | 30.47 |
| Contribution to P.F. & Other Funds | 204.91 | 195.69 |
| Gratuity | 57.38 | 44.52 |
| Leave Encashment | 106.01 | 59.93 |
| VRS | - | 0.27 |
| Workman Compensation | 0.76 | 0.03 |
| Medical Expenses for existing employees | 43.69 | 39.45 |
| Medical Expenses for retired employees | 5.29 | 6.80 |
| Grants to Schools & Institutions | 26.04 | 27.77 |
| Sports & Recreation | 7.95 | 3.84 |
| Canteen & Creche | 1.03 | 1.06 |
| Power - Township | 57.23 | 57.53 |
| Hire Charges of Bus, Ambulance etc. | 3.92 | 3.17 |
| Other Employee Benefits | 24.03 | 17.42 |
| | **2,372.25** | **2,096.29** |

* Refer footnote no. 5 in Note. 21

** Refer footnote no. 6 in Note. 21

## NOTE 29 : CORPORATE SOCIAL RESPONSIBILITY EXPENSE

( ₹ in Crores )

| | Year Ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| CSR Expenses | 166.60 | 184.62 |
| **Total** | **166.60** | **184.62** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 30 : REPAIRS

( ₹ in Crores )

| | Year Ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Building | 57.91 | 69.68 |
| Plant & Machinery | 57.17 | 47.67 |
| Others | 3.49 | 3.70 |
| **Total** | **118.57** | **121.05** |

## NOTE 31 : CONTRACTUAL EXPENSES

( ₹ in Crores )

| | Year Ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Transportation Charges : | | |
| - Sand | 0.01 | - |
| - Coal | 1,173.56 | 1,049.78 |
| - Stores & Others | - | - |
| Wagon Loading | 80.37 | 70.53 |
| Hiring of Plant and Equipments | 983.20 | 799.57 |
| Other Contractual Work | 49.80 | 53.26 |
| **Total** | **2,286.94** | **1,973.14** |

## NOTE 32 : FINANCE COSTS

( ₹ in Crores )

| | Year Ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| **Interest Expenses** | | |
| Borrowings | 0.09 | 0.09 |
| Unwinding of discounts (Site Restoration) | 49.60 | 46.47 |
| Funds parked within Group | - | - |
| Others | 7.86 | 1.50 |
| **Total** | **57.55** | **48.06** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 33 : PROVISIONS (NET OF REVERSAL)

( ₹ in Crores )

| | Year Ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| **(A) Provision made for** | | |
| Doubtful debts | 80.14 | 0.26 |
| Doubtful Advances & Claims | 0.09 | - |
| Stores & Spares | 0.77 | 1.67 |
| Others | 100.12 | 1.76 |
| **Total(A)** | **181.12** | **3.69** |
| **(B) Provision Reversal** | | |
| Doubtful debts | - | 3.88 |
| Doubtful Advances & Claims | - | - |
| Stores & Spares | - | - |
| Others | 0.16 | 0.74 |
| **Total(B)** | 0.16 | **4.62** |
| **Total (A-B)** | **180.96** | **-0.93** |
| Note: | | |
| Others | - | - |
| Capital WIP | 0.64 | 0.86 |
| Stowing and stabilization of unstable workings of Deulbera colliery | (0.16) | (0.26) |
| Surveyed off | 4.47 | (0.74) |
| Grade Slippage | 80.76 | |
| Claims receivables | 14.19 | |
| Misc Advance | 0.06 | |
| | 99.96 | (0.14) |

## NOTE 34 : WRITE OFF (Net of past provisions)

( ₹ in Crores )

| | Year Ended 31st March 2017 | | Year ended 31st March 2016 (Restated) | |
|---|---|---|---|---|
| Doubtful debts | - | | - | |
| Less :- Provided earlier | - | - | - | - |
| Doubtful advances | - | | - | |
| Less :- Provided earlier | - | - | - | - |
| Stock of Coal | - | | - | |
| Less :- Provided earlier | - | - | - | - |
| Others | - | | 0.10 | |
| Less :- Provided earlier | - | - | - | 0.10 |
| **Total** | | - | | **0.10** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 35 : OTHER EXPENSES

( ₹ in Crores )

| | Year Ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Travelling expenses | | |
| - Domestic | 14.75 | 19.06 |
| - Foreign | 0.36 | 0.01 |
| Training Expenses | 11.98 | 10.82 |
| Telephone & Postage | 4.25 | 3.68 |
| Advertisement & Publicity | 5.48 | 3.35 |
| Freight Charges | 0.08 | 0.09 |
| Demurrage | 4.70 | 3.07 |
| Donation/Subscription | 0.12 | 0.07 |
| Security Expenses | 66.60 | 60.86 |
| Service Charges of CIL | 70.30 | 69.14 |
| Hire Charges | 35.00 | 34.44 |
| CMPDI Charges | 23.83 | 27.53 |
| Legal Expenses | 1.19 | 1.37 |
| Bank Charges | 0.03 | 0.01 |
| Guest House Expenses | 2.46 | 2.41 |
| Consultancy Charges | 1.60 | 2.37 |
| Under Loading Charges | 16.83 | 30.55 |
| Loss on Sale/Discard/Surveyed of Assets | 0.82 | 0.15 |
| Auditor's Remuneration & Expenses | | |
| - For Audit Fees | 0.32 | 0.21 |
| - For Taxation Matters | - | - |
| - For Other Services | 0.08 | 0.05 |
| - For Reimbursement of Exps. | 0.21 | 0.35 |
| Internal & Other Audit Expenses | 2.49 | 1.85 |
| Rehabilitation Charges | 85.81 | 84.13 |
| Royalty & Cess | 0.19 | 0.20 |
| SBC & KKC on Royalty and Stowing Excise Duty | 21.61 | - |
| Central Excise Duty | - | 5.77 |
| Rent | 0.90 | 0.82 |
| Rates & Taxes | 304.49 | 12.25 |
| Insurance | 0.52 | 0.36 |
| Loss on Foreign Exchange Transactions | - | - |
| Loss on Exchange Rate Variance | - | 0.91 |
| Lease Rent | - | 0.02 |
| Rescue/Safety Expenses | 2.39 | 3.06 |
| Dead Rent/Surface Rent | 0.45 | 0.24 |
| Siding Maintenance Charges | 22.34 | 52.78 |
| Land/Crops Compensation | 0.07 | 0.06 |
| R & D expenses | 0.86 | 2.07 |
| Environmental & Tree Plantation Expenses | 17.89 | 12.44 |
| Expenses on buyback of shares | 0.33 | - |
| Miscellaneous expenses | 231.17 | 181.96 |
| **Total** | **952.50** | **628.51** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 36 : TAX EXPENSE

( ₹ in Crores )

| | Year Ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|
| Current Year | 2325.8 | 2008.65 |
| Deferred tax | 42.36 | 60.70 |
| MAT Credit Entitlement | - | - |
| Earlier Years | (5.45) | - |
| **Total** | **2,362.71** | **2,069.35** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 37 : OTHER COMPREHENSIVE INCOME

( ₹ in Crores )

| | | Year Ended 31st March 2017 | Year ended 31st March 2016 (Restated) |
|---|---|---|---|
| (A) | **(i) Items that will not be reclassified to profit or loss** | | |
| | Changes in revaluation surplus | - | - |
| | Remeasureemnt of defined benefit plans | (1.40) | 18.33 |
| | Equity instrument through OCI | - | - |
| | Fair value changes relating to own credit risk of financial liabilities designated at FVTPL | - | - |
| | Share of OCI in Joint ventures | - | - |
| | | (1.40) | 18.33 |
| | **(ii) Income tax relating to items that will not be reclassified to profit or loss** | | |
| | Changes in revaluation surplus | - | - |
| | Remeasureemnt of defined benefit plans | (0.48) | 6.34 |
| | Equity instrument through OCI | - | - |
| | Fair value changes relating to own credit risk of financial liabilities designated at FVTPL | - | - |
| | Share of OCI in Joint ventures | - | - |
| | | (0.48) | 6.34 |
| | **Total (A)** | **(0.92)** | **11.99** |
| (B) | **(i) Items that will be reclassified to profit or loss** | | |
| | Exchange differences in translating the financial statements of a foreign operation | - | - |
| | Debt instrument through OCI | - | - |
| | The effective portion of gains and loss on hedging instruments in a cash flow hedge | - | - |
| | Share of OCI in Joint ventures | - | - |
| | | - | - |
| | **(ii) Income tax relating to items that will be reclassified to profit or loss** | | |
| | Exchange differences in translating the financial statements of a foreign operation | - | - |
| | Debt instrument through OCI | - | - |
| | The effective portion of gains and loss on hedging instruments in a cash flow hedge | - | - |
| | Share of OCI in Joint ventures | - | - |
| | | - | - |
| | **Total (B)** | **-** | **-** |
| | **Total (A+B)** | **(0.92)** | **11.99** |

## NOTE – 38:

## ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017 (CONSOLIDATION)

### 1. Fair Value measurement

#### (a) Financial Instruments by Category

( ₹ in Crores )

| | 31st March 2017 | | | 31st March 2016 | | | | 1 April 2015 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost | Cost | FVTPL | FVTOCI | Amortised cost |
| **Financial Assets** | | | | | | | | | | |
| **Investments :** | | | | | | | | | | |
| **Secured Bonds** | | | 958.70 | | | 958.70 | | | | 958.70 |
| **Equity share in Subsidiary Companies** | | | - | | | - | | | | - |
| **Preference Share in Subsidiary** | NIL | | NIL | NIL | | NIL | | NIL | | NIL |
| **Mutual Fund** | 202.00 | | | 1345.00 | | | | 247.70 | | |
| **Loans** | | | 1201.38 | | | 1.71 | | | | 2.18 |
| **Deposits & receivable** | | | 1694.89 | | | 1573.06 | | | | 1747.95 |
| **Trade receivables** | | | 1066.49 | | | 1107.61 | | | | 448.85 |
| **Cash & cash equivalents** | | | 396.48 | | | 239.90 | | | | 199.86 |
| **Other Bank Balances** | | | 14717.69 | | | 11232.36 | | | | 10175.25 |
| **Financial Liabilities** | | | | | | | | | | |
| Borrowings | | | 2206.16 | | | 7.24 | | | | 6.93 |
| Trade payables | | | 420.90 | | | 303.29 | | | | 277.22 |
| Security Deposit and Earnest money | | | 189.67 | | | 159.72 | | | | 125.09 |
| Other Liabilities | | | 192.98 | | | 168.96 | | | | 123.98 |

The group considers that the “Security Deposits” does not include a significant financing component. The milestone payments (security deposits) coincide with the group’s performance and the contract requires amounts to be retained for reasons other than the provision of finance. The withholding of a specified percentage of each milestone payment is intended to protect the interest of the group, from the contractor failing to adequately complete its obligations under the contract’. Accordingly transaction cost of Security deposit is considered as fair value at initial recognition and subsequently measured at amortised cost.

**(b) Fair value hierarchy**

Table below shows Judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

| **Financial assets and liabilities measured at fair value – recurring fair value measurement** | **31st March 2017** | | | **31st March 2016** | | | **1 April 2015** | | |
|---|---|---|---|---|---|---|---|---|---|
| | Level I | Level II | Level III | Level I | Level II | Level III | Level I | Level II | Level III |
| **Financial Assets at FVTPL** | | | | | | | | | |
| Investments : | | | | | | | | | |
| Mutual Fund | 202.00 | | | 1345.00 | | | 247.70 | | |
| **Financial Liabilities** | | | | | | | | | |
| If any item | - | - | - | - | - | - | - | - | - |

| **Financial assets and liabilities measured at amortised cost for which fair values are disclosed at 31st March, 2017** | **31st March 2017** | | | **31st March 2016** | | | **1 April 2015** | | |
|---|---|---|---|---|---|---|---|---|---|
| | Level I | Level II | Level III | Level I | Level II | Level III | Level I | Level II | Level III |
| **Financial Assets at FVTPL** | | | | | | | | | |
| Investments : | | | | | | | | | |
| Equity Shares in JV | | | 116.71 | | | 116.71 | | | 116.68 |
| Mutual Fund | - | | | - | | | - | | |
| **Financial Liabilities** | | | | | | | | | |
| Preference Share | | | - | | | - | | | - |
| Borrowings | | | 2206.16 | | | 7.24 | | | 6.93 |
| Trade payables | | | 420.90 | | | 303.29 | | | 277.22 |
| Security Deposit and Earnest money | | | 189.67 | | | 159.72 | | | 125.09 |
| Other Liabilities | | | 192.98 | | | 168.96 | | | 123.98 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price and are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level

This is the case for unlisted equity securities, preference shares borrowings, security deposits and other liabilities taken included in level 3.

Comment: In case Level of Fair valuation hierarchy changes then the same shall be disclosed

**(c) Valuation technique used in determining fair value**

Valuation techniques used to value financial instruments include:

- The use of quoted market prices of instruments
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Fair value measurements using significant unobservable inputs

At present there are no fair value measurements using significant unobservable inputs.

Fair values of financial assets and liabilities measured at amortised cost

| | **31st March 2017** | | **31st March 2016** | | **1 April 2015** | |
|---|---|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial Assets** | | | | | | |
| Loans | 1201.38 | 1201.38 | 1.71 | 1.71 | 2.18 | 2.18 |
| **Financial liabilities** | | | | | | |
| Borrowings | 2206.16 | 2206.16 | 7.24 | 7.24 | 6.93 | 6.93 |
| Security Deposit and Earnest money | 189.67 | 189.67 | 159.72 | 159.72 | 125.09 | 125.09 |

- The carrying amounts of trade receivables, short term deposits, cash and cash equivalents, trade payables are considered to be the same as their fair values, due to their short-term nature.
- Other Financial assets accounted at amortised cost is not carried at fair value only if same is not material.
- The fair values for loans, security deposits and investment in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy.

**Significant estimates**: the fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Group uses its judgement to select a method and makes suitable assumptions at the end of each reporting period.

## 2. RISK ANALYSIS AND MANAGEMENT

### Financial risk management objectives and policies

The Group's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that is derived directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a risk committee that advises,inter alia, on financial risks and the appropriate financial risk governance framework for the Group. The risk committee provides assurance to the Board of Directors that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

The Group is exposed to market risk, credit risk and liquidity risk.This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Cash and Cash equivalents, trade receivables financial asset measured at amortised cost | Ageing analysis | Department of public enterprises (DPE guidelines), diversification of bank deposits credit limits and other securities |
| Liquidity Risk | Borrowings and other liabilities | Periodic cash flows | Availability of committed credit lines and borrowing facilities |
| Market Risk-foreign exchange | Future commercial transactions, recognised financial assets and liabilities not denominated in INR | Cash flow forecast sensitivity analysis | Regular watch and review by senior management and audit committee. |
| Market Risk-interest rate | Cash and Cash equivalents, Bank deposits and mutual funds | Cash flow fore-cast sensitivity analysis | Department of public enterprises (DPE guidelines), Regular watch and review by senior management and audit committee. |

The Group risk management is carried out by the board of directors as per DPE guidelines issued by Government of India. The board provides written principals for overall risk management as well as policies covering investment of excess liquidity.

**A. Credit Risk**: Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as including outstanding receivables.

**Credit risk management:** Macro - economic information (such as regulatory changes) is incorporated as part of the fuel supply agreements (FSAs) and e-auction terms

**Fuel Supply Agreements**

As contemplated in and in accordance with the terms of the NCDP, we enter into legally enforceable FSAs with our customers or with State Nominated Agencies that in turn enters into appropriate distribution arrangements with end customers. Our FSAs can be broadly categorized into:

- FSAs with customers in the power utilities sector, including State power utilities, private power utilities ("PPUs") and independent power producers ("IPPs");
- FSAs with customers in non-power industries (including captive power plants ("CPPs")); and
- FSAs with State Nominated Agencies.

**E-Auction Scheme**

The E-Auction scheme of coal has been introduced to provide access to coal for customers who were not able to source their coal requirement through the available institutional mechanisms under the NCDP for various reasons, for example, due to a less than full allocation of their normative requirement under NCDP, seasonality of their coal requirement and limited requirement of coal that does not warrant a long-term linkage. The quantity of coal to be offered under E-Auction is reviewed from time to time by the MoC.

Provision for expected credit loss: The Group provides for expected credit risk loss for doubtful/ credit impaired assets, by lifetime expected credit losses (Simplified approach)

Expected Credit losses for trade receivables under simplified approach:

(i) As on 31.03.2017

( ₹ in Crores )

| Ageing | Due for 2 months | Due for 6 months | Due for 1 year | Due for 2 year | Due for 3 year | Due for more than 3 year | Total |
|---|---|---|---|---|---|---|---|
| Gross carrying amount | 559.48 | 401.44 | 96.46 | 77.33 | 1.12 | 48.56 | 1184.39 |
| Expected loss rate | | 2.34% | 73.64% | 2.25% | 96.43% | 71.40% | 9.95% |
| Expected credit losses (Loss allowance provision) | | 9.38 | 71.03 | 1.74 | 1.08 | 34.67 | 117.90 |

(ii) As on 31.03.2016

| Ageing | Due for 2 months | Due for 6 months | Due for 1 year | Due for 2 year | Due for 3 year | Due for more than 3 year | Total |
|---|---|---|---|---|---|---|---|
| Gross carrying amount | 748.62 | 280.86 | 44.72 | 25.01 | 25.95 | 20.21 | 1145.37 |
| Expected loss rate | | | 11.34% | 26.67% | 52.79% | 60.96% | 3.30% |
| Expected credit losses (Loss allowance provision) | | | 5.07 | 6.67 | 13.70 | 12.32 | 37.76 |

(iii) As on 01.04.2015

| Ageing | Due for 2 months | Due for 6 months | Due for 1 year | Due for 2 year | Due for 3 year | Due for more than 3 year | Total |
|---|---|---|---|---|---|---|---|
| Gross carrying amount | 163.04 | 155.84 | 79.30 | 50.74 | 4.60 | 36.71 | 490.23 |
| Expected loss rate | | | 2.59% | 10.07% | 8.04% | 92.21% | 8.47% |
| Expected credit losses (Loss allowance provision) | | | 2.05 | 5.11 | 0.37 | 33.85 | 41.38 |

Reconciliation of loss allowance provision – Trade receivables

| | |
|---|---|
| **Loss allowance on 01.04.2015** | 41.38 |
| Change in loss allowance | -3.62 |
| **Loss allowance on 31.03.2016** | 37.76 |
| Changes in loss allowance | 80.14 |
| **Loss allowance on 31.03.2017** | 117.90 |

Significant estimates and judgements Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period

### B. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group.

#### (i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

| | 31.03.2017 | 31.03.2016 | 01.04.2015 |
|---|---|---|---|
| Expiring within one year (Bank overdraft and other facilities) | NIL | NIL | NIL |
| Expiring beyond one year (Bank Loans) | NIL | NIL | NIL |

#### (ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

( ₹ in Crores )

| Contractual maturities of financial liabilities 31.03.2017 | Less than 3 months | 3 months to 6 months | 6 months to 1 year | 1 year to 2 years | 2 year to 5 years | Total |
|---|---|---|---|---|---|---|
| Borrowings | 2200.00 | - | 0.03 | 0.51 | 5.62 | 2206.16 |
| Obligation under finance lease | - | - | - | - | - | - |
| Trade payables | 402.27 | 18.22 | 0.41 | - | - | 420.90 |
| Other financial liabilities | 209.32 | 29.35 | 103.79 | 24.25 | 15.94 | 382.65 |
| **Total** | 2811.59 | 47.57 | 104.23 | 24.76 | 21.56 | 3009.71 |

| Contractual maturities of financial liabilities 31.03.2016 | Less than 3 months | 3 months to 6 months | 6 months to 1 year | 1 year to 2 years | 2 year to 5 years | Total |
|---|---|---|---|---|---|---|
| Borrowings | - | - | 0.03 | 0.60 | 6.61 | 7.24 |
| Obligation under finance lease | - | - | - | - | - | - |
| Trade payables | 303.29 | - | - | - | - | 303.29 |
| Other financial liabilities | 175.59 | 22.56 | 87.06 | 26.23 | 17.24 | 328.68 |
| **Total** | 478.88 | 22.56 | 87.09 | 26.83 | 23.85 | 639.21 |

| Contractual maturities of financial liabilities 01.04.2015 | Less than 3 months | 3 months to 6 months | 6 months to 1 year | 1 year to 2 years | 2 year to 5 years | Total |
|---|---|---|---|---|---|---|
| Borrowings | - | - | 0.03 | 0.57 | 6.33 | 6.93 |
| Obligation under finance lease | - | - | - | - | - | - |
| Trade payables | 277.22 | - | - | - | - | 277.22 |
| Other financial liabilities | 135.31 | 18.19 | 67.10 | 17.18 | 11.29 | 249.07 |
| **Total** | 412.53 | 18.19 | 67.13 | 17.75 | 17.62 | 533.22 |

**Market risk**

**a) Foreign currency risk**

The Group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk in respect of foreign operation is considered to be insignificant. The Group also imports and risk is managed by regular follow up. Group has a policy which is implemented when foreign currency risk becomes significant.

**b) Cash flow and fair value interest rate risk 107(33)(a),**

The Group's main interest rate risk arises from bank deposits with change in interest rate exposes the Group to cash flow interest rate risk. Group policy is to maintain most of its deposits at fixed rate.

Group manages the risk using guidelines from Department of public enterprises (DPE), diversification of bank deposits credit limits and other securities.

**Capital Management**

The group being a government entity manages its capital as per the guidelines of Department of Investment and Public Asset Management under Ministry of Finance.

**Capital Structure of the group is as follows:**

( ₹ in Crores )

| | 31.03.2017 | 31.03.2016 | 01.04.2015 |
|---|---|---|---|
| **Equity Share capital** | 141.23 | 186.40 | 186.40 |
| **Preference share capital** | NIL | NIL | NIL |
| **Long term debt** | 6.13 | 7.21 | 6.90 |
| **Current maturities of long-term debt** | 0.51 | 0.56 | 0.50 |

**3. Group Information**:

| Name | Relationship with MCL | Principal activities | Country of Incorporation | % of Equity interest | | |
|---|---|---|---|---|---|---|
| | | | | 01.04.15 | 31.03.16 | 31.03.17 |
| MNH Shakti Ltd | Subsidiary Company | Coal Production | India | 70 | 70 | 70 |
| MJSJ Coal Ltd | Subsidiary Company | Coal Production | India | 60 | 60 | 60 |
| Mahanadi Basin Power Limited | Subsidiary Company | Power Generation | India | 100 | 100 | 100 |
| Mahanadi Coal Railway Limited | Subsidiary Company | Construct & Operate Rail Corridor projects | India | - | 64 | 64 |

**4. Employee Benefits: Recognition and Measurement (Ind AS-19)**

i) Provident Fund:

Company pays fixed contribution towards Provident Fund and Pension Fund at pre-determined rates to a separate trust named Coal Mines Provident Fund (CMPF), which invests the fund in permitted securities. The contribution towards the fund during the year is ₹ 204.91 Crore (₹ 195.69 Crore) has been recognized in the Statement of Profit & Loss (Note 28).

ii) The Group operates some defined benefit plans as follows which are valued on actuarial basis:

(a) Funded-

- Gratuity
- Leave Encashment

(b) Unfunded

- Life Cover Scheme
- Settlement Allowance
- Group Personal Accident Insurance
- Leave Travel Concession
- Medical Benefits
- Compensation to dependent on Mine Accident Benefits

Total liability as on 31.03.2017 based on valuation made by the Actuary, details of which are mentioned below is ₹ 1165.15 Crores.

The actuarial liability as on 31.03.2017:

( ₹ in Crores )

| Head | Opening Actuarial Liability as on 01.04.2016 | Incremental Liability during the Year | Closing Actuarial Liability as on 31.03.2017 |
|---|---|---|---|
| Gratuity | 686.00 | 32.74 | 718.74 |
| Earned Leave | 202.92 | 42.74 | 245.66 |
| Half Pay Leave | 41.06 | 13.96 | 55.02 |
| Life Cover Scheme | 5.26 | 0.42 | 5.68 |
| Settlement Allowance Executives | 3.80 | 0.81 | 4.61 |
| Settlement AllowanceNon-executives | 8.28 | 0.41 | 8.69 |
| Group Personal Accident Insurance Scheme | 0.11 | 0.01 | 0.12 |
| Leave Travel Concession | 33.82 | 8.41 | 42.23 |
| Medical Benefits Executives | 62.38 | 8.03 | 70.41 |
| Medical Benefits Non-Executives | 0.11 | 0.39 | 0.50 |
| Compensation to dependents in case of mine accidental death | 12.99 | 0.50 | 13.49 |
| **Total** | 1056.73 | 108.42 | 1165.15 |

## ACTUARIAL VALUATION OF GRATUITY LIABILITY AS AT 31.03.2017

## CERTIFICATES AS PER IND AS 19 (2015)

( ₹ in Crores )

| Changes in Present Value of defined benefit obligations | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Present Value of obligation at beginning of the period | 686.00 | 679.69 |
| Current Service Cost | 56.85 | 49.08 |
| Interest Cost | 46.68 | 51.31 |
| Actuarial (Gain) / Loss on obligations due to change in financial assumption | 43.54 | 0.00 |
| Actuarial (Gain) / Loss on obligations due to unexpected experience | (30.24) | (17.37) |
| Benefits Paid | 84.10 | 76.71 |
| Present Value of obligation at end of the period | 718.74 | 686.00 |

( ₹ in Crores )

| Changes in Fair Value of Plan Assets | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Fair Value of Plan Asset at beginning of the period | 669.61 | 665.69 |
| Interest Income | 48.55 | 53.26 |
| Employer Contributions | 81.24 | 26.41 |
| Benefits Paid | 84.10 | 76.71 |
| Return on Plan Assets excluding Interest income | 11.90 | 0.96 |
| Fair Value of Plan Asset as at end of the period | 727.20 | 669.61 |

( ₹ in Crores )

| Statement showing reconciliation to Balance Sheet | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Funded Status | 8.46 | (16.39) |
| Unrecognized actuarial (gain) / loss at end of the period | - | - |
| Fund Asset | 727.20 | 669.61 |
| Fund Liability | 718.74 | 686.00 |

( ₹ in Crores )

| Statement showing Plan Assumptions: | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Discount Rate | 7.25% | 8.00% |
| Expected Return on Plan Asset | 7.25% | 8.00% |
| Rate of Compensation Increase (Salary Inflation) | 9.00% for Executives and 6.50% for Non-Executives | 6.25% |
| Average Expected Future Service (Remaining Working Life) | 11 | 11 |
| Average Duration of Liabilities | 11 | 11 |
| Mortality Table | IALM 2006-2008 ULTIMATE | |
| Superannuation at Age | 60 | 60 |
| Early Retirement and Disablement | 1.00% | 1.00% |

( ₹ in Crores )

| Expense Recognized in Statement of Profit / Loss | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Current Service Cost | 56.85 | 49.08 |
| Net Interest Cost | (1.86) | (1.95) |
| Benefit Cost (Expense recognised in Statement of Profit/Loss) | 54.99 | 47.13 |

| Statement Showing Benefit Information Estimated Future payments (Past Service) | |
|---|---|
| Year | ₹ in Crore |
| 1 | 81.39 |
| 2 | 77.03 |
| 3 | 71.33 |
| 4 | 69.09 |
| 5 | 67.22 |
| 6 to 10 | 362.25 |
| More than 10 years | 676.10 |
| Total Undiscounted Payments Past and Future Service | - |
| Total Undiscounted Payments related to Past Service | 1404.41 |
| Less Discount For Interest | 685.67 |
| Projected Benefit Obligation | 718.74 |

| Statement Showing Cash Flow Information | ₹ in Crore |
|---|---|
| Next Year Total (Expected) | 55.23 |
| Minimum Funding Requirements | 29.59 |
| Company's Discretion | |

( ₹ in Crores )

| Other Comprehensive Income | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Actuarial (Gain) / Loss on obligations due to change in financial assumption | 43.54 | - |
| Actuarial (Gain) / Loss on obligations due to unexpected experience | (30.24) | (17.37) |
| Total Actuarial (Gain) / Loss | 13.30 | (17.37) |
| Return on Plan Asset, excluding Interest Income | 11.90 | 0.96 |
| Balance at the end of the period | 1.40 | 18.33 |
| Net (Income) / Expense for the period recognised in Other Comprehensive Income | 1.40 | 18.33 |

| Mortality Table | |
|---|---|
| Age | Mortality (Per Annum) |
| 25 | 0.000984 |
| 30 | 0.001056 |
| 35 | 0.001282 |
| 40 | 0.001803 |
| 45 | 0.002874 |
| 50 | 0.004946 |
| 55 | 0.007888 |
| 60 | 0.011534 |
| 65 | 0.0170085 |
| 70 | 0.0258545 |

( ₹ in Crores )

| Sensitivity Analysis | Increase | Decrease |
|---|---|---|
| Discount Rate (-/+ 0.5%) | 692.54 | 746.69 |
| % Change Compared to base due to sensitivity | -3.64% | 3.89% |
| Salary Growth (-/+ 0.5%) | 727.22 | 709.75 |
| % Change Compared to base due to sensitivity | 1.18% | -1.25% |
| Attrition Rate (-/+ 0.5%) | 719.53 | 717.94 |
| % Change Compared to base due to sensitivity | 0.11% | -0.11% |
| Mortality Rate (-/+ 10%) | 723.62 | 713.85 |
| % Change Compared to base due to sensitivity | 0.68% | -0.68% |

| Statement Showing Cash Flow Information | ₹ in Crore |
|---|---|
| Current service Cost (Employer portion Only) Next period | 58.80 |
| Interest Cost next period | 49.16 |
| Expected Return on Plan Asset | 52.72 |
| Benefit Cost | 55.24 |

( ₹ in Crores )

| Statement Showing expected return on Plan Asset at end Measurement | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Current liability | 78.59 | 87.56 |
| Non-Current Liability | 640.15 | 598.44 |
| Net Liability | 718.74 | 686.00 |

**ACTUARIAL VALUATION OF LEAVE ENCASHMENT BENEFIT (EL/HPL) AS AT 31.03.2017**

**CERTIFICATES AS PER IND AS 19 (2015)**

( ₹ in Crores )

| Changes in Present Value of defined benefit obligations | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Present Value of obligation at beginning of the period | 243.98 | 232.52 |
| Current Service Cost | 61.21 | 36.00 |
| Interest Cost | 16.84 | 17.57 |
| Actuarial (Gain) / Loss on obligations due to change in financial assumption | 49.02 | - |
| Actuarial (Gain) / Loss on obligations due to unexpected experience | (46.90) | (16.47) |
| Benefits Paid | 23.47 | 25.64 |
| Present Value of obligation at end of the period | 300.68 | 243.98 |

( ₹ in Crores )

| Changes in Fair Value of Plan Assets | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Fair Value of Plan Asset at beginning of the period | - | - |
| Interest Income | 6.69 | - |
| Employer Contributions | 220.69 | - |
| Benefits Paid | 23.47 | - |
| Return on Plan Assets excluding Interest income | (0.34) | - |
| Fair Value of Plan Asset as at end of the period | 203.57 | - |

( ₹ in Crores )

| Statement showing reconciliation to Balance Sheet | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Funded Status | (97.11) | (243.98) |
| Unrecognized actuarial (gain) / loss at end of the period | - | - |
| Fund Asset | 203.57 | - |
| Fund Liability | 300.68 | 243.98 |

( ₹ in Crores )

| Statement showing Plan Assumptions: | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Discount Rate | 7.25% | 8.00% |
| Expected Return on Plan Asset | 7.25% | NA |
| Rate of Compensation Increase (Salary Inflation) | 9.00% for Executives and 6.50% for Non-Executives | 6.25% |
| Average Expected Future Service (Remaining Working Life) | 11 | 11 |
| Mortality Table | IALM 2006-2008 ULTIMATE | |
| Superannuation at Age | 60 | 60 |
| Early Retirement and Disablement | 1.00% | 1.00% |
| Voluntary Retirement | Ignored | Ignored |

( ₹ in Crores )

| Expense Recognized in Statement of Profit / Loss | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Current Service Cost | 61.22 | 36.00 |
| Net Interest Cost | 10.14 | 17.58 |
| Net Actuarial Gain / Loss | 2.46 | -16.47 |
| Benefit Cost (Expense recognised in Statement of Profit/Loss) | 73.82 | 37.10 |

| Sensitivity Analysis | Increase | Decrease |
|---|---|---|
| Discount Rate (-/+ 0.5%) (₹) | 287.63 Crore | 314.75 Crore |
| % Change Compared to base due to sensitivity | -4.34% | 4.68% |
| Salary Growth (-/+ 0.5%) (₹) | 314.57 Crore | 287.69 Crore |
| % Change Compared to base due to sensitivity | 4.62% | -4.32% |
| Attrition Rate (-/+ 0.5%) (₹) | 301.01 Crore | 300.35 Crore |
| % Change Compared to base due to sensitivity | 0.11% | -0.11% |
| Mortality Rate (-/+ 10%) (₹) | 302.52 Crore | 298.85 Crore |
| % Change Compared to base due to sensitivity | 0.61% | -0.61% |

| Mortality Table | |
|---|---|
| Age | Mortality (Per Annum) |
| 25 | 0.000984 |
| 30 | 0.001056 |
| 35 | 0.001282 |
| 40 | 0.001803 |
| 45 | 0.002874 |
| 50 | 0.004946 |
| 55 | 0.007888 |
| 60 | 0.011534 |
| 65 | 0.0170085 |
| 70 | 0.0258545 |

| Statement Showing Benefit Information Estimated Future payments (Past Service) | |
|---|---|
| **Year** | **₹ in Crore** |
| 1 | 22.33 |
| 2 | 24.64 |
| 3 | 21.52 |
| 4 | 21.06 |
| 5 | 22.20 |
| 6 to 10 | 156.73 |
| More than 10 years | 385.40 |
| Total Undiscounted Payments Past and Future Service | - |
| Total Undiscounted Payments related to Past Service | 653.88 |
| Less Discount For Interest | 353.20 |
| Projected Benefit Obligation | 300.68 |

( ₹ in Crores )

| Statement Showing expected return on Plan Asset at end Measurement | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Current liability | 21.56 | 20.26 |
| Non-Current Liability | 279.12 | 223.71 |
| Net Liability | 300.68 | 243.98 |

**5. Unrecognised items:**

**a) Contingent Liabilities**

Claims against the Group not acknowledged as debts (including interest, wherever applicable)

( ₹ in Crores )

| Claims against the Company not acknowledged as debt | | | |
|---|---|---|---|
| | | **31.03.2017** | **31.03.2016** |
| 1 | **Central Govt.** | | |
| | Central Excise | 166.08 | 119.33 |
| | Income Tax | 1306.29 | 1162.65 |
| | Clean Energy Cess | 155.12 | 31.40 |
| | Service Tax | 94.43 | 64.64 |
| | Others | 5.41 | 19.56 |
| 2 | **State Govt. and Local authorities** | | |
| | Sales Tax | 201.93 | 104.65 |
| | Royalty | 2448.12 | 2423.18 |
| | Others | 103.57 | 850.74 |
| 3 | **Central Public Sector Enterprises** | | |
| | Suit against the Company under litigation | 313.75 | - |
| 4 | **Others** | 227.76 | 171.88 |
| | **Total** | **5022.46** | **4948.03** |

**b) Commitments**

Estimated amount of contracts remaining to be executed on

Capital account and not provided for : ₹ 427.76 crores

Others (Revenue Commitment) : ₹ 2815.04 crores

**c) Guarantee**

The group has not provided any guarantee on behalf of any other Company.

**d) Letter of Credit :**

As on 31.03.2017 outstanding letters of credit is ₹ 26.77 crores (₹ 4.36 crores) as on 31.03.2016 and bank guarantee issued is ₹ 38..27 Crore (₹ 13.38 Crore) as on 31.03.2016.

## 6. Other Information

### a) Government Assistance

Subsidy received from Coal Controller Development Authority for ₹ 176.83 crore on account of infrastructural development has been shown as deferred income under Note-22 against the advance paid to railway authorities and subsidy for Sand Stowing & Protective Works includes ₹ 2.24 crore received from Ministry of Coal, Government of India in terms of Coal Mines (Conservation Development) Act, 1974 towards reimbursement of expenditure incurred for the Sand Stowing & Protective Works during the F.Y. 2016-17(Note-24).

### b) Provisions

The position and movement of various provisions except those relating to employee benefits which are valued actuarially, as on 31.03.2017are given below:

( ₹ in Crores )

| Provisions | Opening Balance as on 1.04.2016 | Addition during the year | Write back/ Adj. during the year | Unwinding of discounts | Closing Balance as on 31.03.2017 |
|---|---|---|---|---|---|
| **Note 3:-Property, Plant and Equipment:** Depreciation & Impairment of Assets : | 318.57 | 358.98 | 13.25 | | 690.80 |
| **Note 4:- Capital Work in Progress :** Against CWIP : | 11.88 | 3.65 | (1.26) | | 14.27 |
| **Note 5:- Exploration And Evaluation Assets :** Provision and Impairment: | 0 | 0 | 0 | | 0 |
| **Note 6:- Other Intangible Assets** Provision : | (0.09) | 16.00 | 0 | | 0.07 |
| **Note 8:- Loans :** Other Loans : | 0 | 0 | 0 | | 0 |
| **Note 9:- Other Financial Assets:** Current Account with Subsidiaries: | 0 | 0 | 0 | | 0 |
| Claim receivables: | 0 | 0 | 0 | | 0 |
| Other Receivables : | 0.16 | 0 | 0 | | 0.16 |
| **Note 10:- Other Non-Current Assets :** Capital Advances : | 0.55 | 0 | 0 | | 0.55 |
| Against Security Deposit for Utilities: | 0 | 0 | 0 | | 0 |

( ₹ in Crores )

| | | | | | |
|---|---|---|---|---|---|
| **Note 11:- Other Current Assets :** | | | | | |
| Advances for Revenue : | 2.10 | 0.06 | 0 | | 2.16 |
| Advance Payment Against Statutory Dues: | 0 | 0 | 0 | | 0 |
| Advance to employees: | 0 | 0.03 | 0 | | 0.03 |
| Other Deposits: | 0 | 0 | 0 | | 0 |
| Other Receivables: | 0 | 0 | 0 | | 0 |
| **Note 12:-Inventories :** | | | | | |
| Stock of Coal : | 0 | 0 | 0 | | 0 |
| Stock of Stores & Spares : | 19.12 | 0.77 | 0 | | 19.89 |
| **Note 13:-Trade Receivables :** | | | | | |
| Provision for bad & doubtful debts : | 37.76 | 80.14 | 0 | | 117.90 |
| **Note 21 :- Non-Current & Current Provision :** | | | | | |
| Performance related pay : | 277.93 | 17.51 | (237.43) | | 138.15 |
| NCWA-X: | 0 | 146.37 | 0 | | 146.37 |
| Executive Pay Revision: | 0 | 9.78 | 0 | | 9.78 |
| Mine Closure: | 685.57 | 0 | 0 | 49.66 | 735.23 |
| Others: | | | | | |
| Ex-Gratia | 100.33 | 109.75 | (100.33) | | 109.75 |
| Terminal benefits | 114.01 | 19.92 | 0 | | 133.93 |
| Grade Slippage | 0 | 80.76 | 0 | | 79.57 |
| Claim Receivable | 0 | 14.19 | 0 | | 14.19 |
| Clean Energy Cess & Excise Duty | 0 | 269.73 | 0 | | 269.73 |

**c) Segment Reporting**

In accordance with the provisions of Ind AS 108 ‘operating segment’, the operating segment used for presenting segment information are identified based on internal reports used by BOD to allocate resources to the segments and assess their performance. The BOD is the group of Chief operating decision maker within the meaning of Ind AS 108.

The Board of directors consider a business from a prospect of significant product offerings and have decided that presently there is one single reportable segment being sale of Coal. Information of financial performance and net asset is presented in the consolidated information of P/L and Balance sheet.

Revenue by destination is as follows

| India | Other countries |
|---|---|
| 14161.94 | Nil |

Revenue by customer is as follows

| Name of each parties having more than 10% of Net sales value | Amount (in Crores) | Country |
|---|---|---|
| **NTPC** | 2088.43 | India |
| **Vedanta** | 1493.66 | India |
| **TNEB** | 865.50 | India |
| Others | 8765.50 | India |

Net current asset by location are as follows

| India | Other countries |
|---|---|
| 12293.83 | Nil |

**d) Earnings per share**

| Sl. No. | Particulars | For the year ended 31.03.2017 | | For the year ended 31.03.2016 | |
|---|---|---|---|---|---|
| | | PAT | OCI | PAT | OCI |
| i) | Net profit after tax attributable to Equity Share Holders (₹ in Crore) | 4489.70 | (0.92) | 4193.83 | 11.99 |
| ii) | Weighted Average no. of Equity Shares Outstanding (in nos.) | 1412266 | 1412266 | 1864009 | 1864009 |
| iii) | Basic and Diluted Earnings per Share in Rupees (Face value Rs.1000/- per share) (₹ ) | 31790.75 | (6.51) | 22498.98 | 64.32 |

**e) Related Party Disclosures**

**(a) Key Managerial Personnel**

Mr. A.K. Jha , Chairman-Cum-Managing Director

Mr. J.P. Singh Director (Technical-Operation)

Mr. K.K. Parida, Director (Finance)

Mr. L.N. Mishra, Director (Personnel)

Mr. O. P. Singh Director (Technical-P&P).

Mr. A. K. Singh, Company Secretary

**(b) Independent Directors**

Mr. H. S. Pati

Dr. R. Mall

**Remuneration of Key Managerial Personnel**

( ₹ in Crores )

| Sl. No. | Payment to CMD, Whole Time Directors and Company Secretary | For the year ended 31.03.2017 | For the year ended 31.03.2016 |
|---|---|---|---|
| i) | **Short Term Employee Benefits** | | |
| | Gross Salary | 1.49 | 1.40 |
| | Perquisites | 0.00 | 0.00 |
| | Medical Benefits | 0.04 | 0.01 |
| ii) | **Post-Employment Benefits** | | |
| | Contribution to P.F. & other fund | 0.16 | 0.19 |
| iii) | **Termination Benefits** | | |
| | (Paid at the time of separation) | | |
| | Leave Encashment | | |
| | Gratuity | | |
| | **TOTAL** | **1.69** | **1.60** |

Note:

(i) Provision on the basis of actuarial valuation of defined benefits have not been considered in the above Director's remuneration.

(ii) Besides above, whole time Directors have been allowed to use of cars for private journey upto a ceiling of 750 KMs on payment of concessional rate, in accordance with the provisions of Government of India, Ministry of Finance, Bureau of Public Enterprises O.M. No.2 (18)/PC-64 dated 20.11.1964 as amended from time to time.

( ₹ in Crores )

| Sl. No. | Payment to Independent Directors | For the year ended 31.03.2017 | For the year ended 31.03.2016 |
|---|---|---|---|
| i) | Sitting Fees | 0.11 | 0.00 |

**Balances Outstanding as on 31.03.2017**

| Sl. No. | Particulars | As on 31.03.2017 | As on 31.03.2016 |
|---|---|---|---|
| i) | Amount Payable | Nil | Nil |
| ii) | Amount Receivable | Nil | Nil |

**ii. Related Party Transactions within Group**

The Company being a Government related entity is exempt from the general disclosure requirements in relation to related party transactions and outstanding balances with the controlling Government and another entity under same Government.

Mahanadi Coalfields Limited has entered into transactions with its holding Company, co-subsidiaries & subsidiaries which include Apex charges, Rehabilitation charges, CMPDIL Expenses, R&D Expenses, Lease rent, Interest on Surplus Fund, IICM charges and other expenditure incurred by or on behalf of other subsidiaries through current account.

As per Ind AS 24, following are the disclosures regarding nature and amount of significant transactions.

| Name of the Company | Nature of relationship | Amount of transactions during the year (₹ in crore) |
|---|---|---|
| Coal India Limited | 100% Holding Co. | (118.81) |
| Eastern Coalfields Limited | 100% Subsidiary of Holding Co. | (0.10) |
| Bharat Coking Coal Limited | 100% Subsidiary of Holding Co. | (0.05) |
| Central Coalfields Limited | 100% Subsidiary of Holding Co. | (0.41) |
| Western Coalfields Limited | 100% Subsidiary of Holding Co. | 0.06 |
| Northern Coalfields Limited | 100% Subsidiary of Holding Co. | (0.06) |
| South Eastern Coalfields Limited | 100% Subsidiary of Holding Co. | 1.11 |
| CMPDI Limited | 100% Subsidiary of Holding Co. | 48.03 |
| MJSJ Coal Limited | Subsidiary (60% share holding) | 0.60 |
| MNH Shakti Limited | Subsidiary (70% share holding) | 0.11 |
| Mahanadi Basin Power Limited | Subsidiary (100% share holding) | 1.32 |
| Mahanadi Coal Railway Limited | Subsidiary (64% share holding) | 0.26 |

**f) Taxation**

An amount of ₹ 2325.32 crore (₹ 2014.99 crore ) is provided in the accounts during current year towards income tax.

The Group is having a deferred tax liability (net) on the basis of calculation as per Ind AS-12, issued by the Institute of Chartered Accountants of India.

Deferred Tax Asset / (Liability) as at 31st March,2017 and as at 31st March 2016 is given below:-

( ₹ in Crores )

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| **Deferred Tax Liability**: | | |
| Related to Fixed Assets | **55.95** | **(2.68)** |
| **Deferred Tax Asset**: | | |
| Provision for doubtful Debts, claims, etc. | 36.89 | 9.15 |
| Employee separation and retirement | 34.88 | 83.52 |
| Others | (217.64) | (278.95) |
| Total deferred tax Assets | **(145.87)** | **(186.28)** |
| **Net Deferred Tax Asset/ (Deferred Tax Liability)** | **(201.82)** | **(183.60)** |

- **Relationship between tax expense (income) and accounting profit**

Numerical Reconciliation of difference

| Sl. No. | Nature of Adjustments | Year ended 31.03.2017 |
|---|---|---|
| 1 | Net Profit as per Statement of Profit and Loss (before tax) | 6853.32 |
| 2 | Applicable Tax rate | 34.608% |
| | 1*2 | 2371.80 |
| 3 | Net Profit as per Income Tax | 6719.02 |
| 4 | Tax Expense /(Income) | 2367.68 |
| 5 | **Difference** | 4.12 |

**g) Insurance and escalation claims**

Insurance and escalation claims are accounted for on the basis of admission/final settlement.

**h) Provisions made in the Accounts**

Provisions made in the accounts against slow moving/non-moving/obsolete stores, claims receivable, advances, doubtful debts etc. are considered adequate to cover possible losses.

**i) Current Assets, Loans and Advances etc.**

In the opinion of the Management, assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

**j) Current Liabilities**

Estimated liability has been provided where actual liability could not be measured.

**k) Balance Confirmations**

Balance confirmation/reconciliation is carried out for cash & bank balances, certain loans & advances, long term liabilities and current liabilities. Provision is taken against all doubtful unconfirmed balances.

**l) Value of imports on CIF basis**

| Particulars | For the year ended 31.03.2017 | For the year ended 31.03.2016 |
|---|---|---|
| (i) Raw Material | NIL | NIL |
| (ii) Capital Goods | 28.37 | NIL |
| (iii) Stores, Spares & Components | 0.10 | 0.02 |

**m) Expenditure incurred in Foreign Currency**

( ₹ in Crores )

| Particulars | For the year ended 31.03.2017 | For the year ended 31.03.2016 |
|---|---|---|
| Travelling Expenses | 0.36 | 0.01 |
| Training Expenses | NIL | NIL |
| Consultancy Charges | NIL | NIL |
| Interest | 0.09 | 0.09 |
| Stores and Spares | 0.10 | 0.02 |
| Capital Goods | 28.37 | NIL |
| Others | NIL | NIL |

**n) Earning in Foreign Exchange:**

( ₹ in Crores )

| Particulars | For the year ended 31.03.2017 | For the year ended 31.03.2016 |
|---|---|---|
| Travelling Expenses | NIL | NIL |
| Training Expenses | NIL | NIL |
| Consultancy Charges | NIL | NIL |

**o) Total Consumption of Stores and Spares**

( ₹ in Crores )

| Particulars | For the year ended 31.03.2017 | | For the year ended 31.03.2016 | |
|---|---|---|---|---|
| | Amount | % of total consumption | Amount | % of total consumption |
| (i) Imported Materials | 0.10 | 0.02 | 0.02 | 0.00 |
| (ii) Indigenous | 583.50 | 98.00 | 542.73 | 100.00 |

**p) Statement of Opening Stock, Production, Purchases, Turnover and Closing Stock of Coal**

(₹ in Crore and Quantity in '000 MT)

| | For the year ended 31.03.2017 | | For the year ended 31.03.2016 | |
|---|---|---|---|---|
| | Qty. | Value | Qty. | Value |
| **Opening Stock** | **10191.73** | **367.52** | **12524.26** | **405.42** |
| Production | 139208.39 | 13123.01 | 137901.13 | 12716.37 |
| Sales | 143008.03 | 13213.09 | 140229.22 | 12752.97 |
| Own Consumption | 4.80 | 0.90 | 4.83 | 1.30 |
| Write Off | - | - | - | - |
| Shortage beyond 5% | 119.40 | 21.85 | 126.23 | 20.70 |
| **Closing Stock** | **6267.89** | **254.69** | **10065.11** | **346.82** |

**q) Details of Loans given, Investments made and Guarantee given covered u/s 186(4) of the Companies Act, 2013.**

Loans given and Investments made are given under the respective heads.

| Name of the Company | Relation | Loan/Investment | Amount (₹ in Crores) |
|---|---|---|---|
| MJSJ Coal Limited | Subsidiary | Investment in Shares | 57.06 |
| MNH Shakti Limited | Subsidiary | Investment in Shares | 59.57 |
| Mahanadi Basin Power Limited | Subsidiary | Investment in Shares | 0.05 |
| Mahanadi Coal Railway limited | Subsidiary | Investment in Shares | 0.03 |
| Central Coalfields Limited | Co-Subsidiary | Loan Given | 1500.00 |

No Corporate guarantees given by the Company in respect of any loan as at 31.03.2017

**r) Significant accounting policy**

Significant accounting policy (Note-37) has been suitably modified / re-drafted over previous period, as found necessary to elucidate the accounting policies adopted by the Group in accordance with Indian Accounting Standards (Ind ASs) notified by Ministry of Corporate Affairs (MCA) under the Companies (Indian Accounting Standards) Rules, 2015.

The impact of change in accounting policy and other changes to comply with Ind AS in Net Profit is stated below:

**Reconciliation of Profit between IND AS and previous Indian GAAP**

( ₹ in Crores )

| Sl. No. | Nature of Adjustments | Year ended 31.03.2016 |
|---|---|---|
| | Net Profit as per previous Indian GAAP (after tax) | 4184.72 |
| 1 | Remeasurement of Mine Closure Provision as per Ind AS 16 | 47.29 |
| 2 | Actuarial loss/gain on remeasurement of employee defined benefit plan as per Ind AS 19 recognised in “Other Comprehensive Income” (Net of tax) | (11.99) |
| 3 | Effect of adjustments relating to Prior period | (24.28) |
| 4 | Interest Income from subsidiaries & Rent income from subsidiary (MNH) | (1.91) |
| | **Net Profit as per Ind AS (after tax) attributable to equityshareholders** | **4193.83** |
| | Other Comprehensive Income (after tax) | 11.99 |
| | **Total Comprehensive Income as per Ind AS (after tax) attributable to equityshareholders** | 4205.82 |

## 7. First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for period ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

### (i) Fair value measurement of financial assets or financial liabilities (Ind AS 101.D20)

First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transactions, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.

As a first time adopter of Ind AS, the Group has opted to apply Ind AS 109 prospectively.

### (ii) Mine Closure, Site Restoration and Decommissioning Obligation in Property, Plant and Equipment (Ind AS 101.D21)

Appendix 'A' to Ind AS 16 Changes in Existing Decommissioning, Restoration and Similar Liabilities requires specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to Ind AS. In other words, a first-time adopter will not need to estimate what provision would have been calculated at earlier reporting dates. Instead, the decommissioning liability is calculated at the date of transition and it is assumed that the same liability (adjusted only for the time value of money) existed when the asset was first acquired/ constructed.

As a first time adopter of Ind AS, the Group has calculated the Mine Closure, Site Restoration and Decommissioning Obligation at the date of transition assuming that the same liability (present value) existed when the asset was first acquired/ constructed.

**(iii) Resettlement & Rehabilitation Policy of MCL**

With changing aspirations of Project Affected Persons (PAPs) and for faster acquisition of land, Resettlement & Rehabilitation Policy of MCL was revised in 2012 making it liberal and PAP friendly with more flexibility to the Board of Subsidiary Companies. The Policy provides for conducting baseline socioeconomic survey to identify PAPs enlisted to receive R&R benefits as well as to formulate Rehabilitation Action Plan (RAP) in consultation with PAPs and State Govt. The R&R Policy of Mahanadi Coalfields Ltd., provides for payment of land compensation and solatium, employment or lump sum monetary compensation and annuity, compensation for home-stead, lump sum payment in lieu of alternate house site, subsistence allowance to each affected displaced family etc.

**Environmental Impact Assessment (EIA)/Environmental Management Plan (EMP)**

EIA/EMPs for all the new and expansion projects as per EIA Notification SO 1533 dated 14$^{th}$ September, 2006 of MoEF are prepared for peak and normative capacities and environmental clearance is obtained. During the year 2016-17, CMPDI has prepared a total of 02 nos and formulated Nil Draft EIA/EMPs.02 nos of Environmental clearances were also obtained from MoEF for different Projects/Group of Mines, Washeries and Sand Mine Project of MCL during the year 2016-17.

**8. Other Information**

The position of investment 31.03.2017 is as under:-

| Name of subsidiary | Address | Stake of parent Group | Date of incorpora-tion | Minority interest as per Consolidated Accounts as at 31.03.2017 ( ₹ in crore) |
|---|---|---|---|---|
| 1) MNH Shakti Ltd | Anand Vihar, Burla, Sambalpur | 70 % | 16.07.2008 | 25.53 |
| 2) MJSJ Coal Ltd | House No 42, 1st floor, Anand Nagar, Hakimpara, Angul | 60% | 13.08.2008 | 38.04 |
| 3) Mahanadi Basin Power Limited | Plot no G -3, Mancheswar, Railway Colony, Bhubaneswar | 100% | 02.12.2011 | - |
| 4) Mahanadi Coal Railway limited | MDF Room, Corporate Office,MCL HQ, Jagruti Vihar, Burla, Sambalpur | 64% | 31.08.2015 | 0.02 |
| **Total** | | | | **63.59** |

**a) Interests in Joint Ventures (Ind AS-31)**

On 8th January 2013 a joint venture group named Neelanchal Power Transmission Company Pvt Limited was incorporated by virtue of a joint venture agreement between the group and Odisha Power Transmission Corporation Ltd. Up to 31.03.2017, the group has incurred ₹ 0.02 crore (for previous year ₹ 0.02 crore) for miscellaneous expenses incidental for incorporation and the same has been included in claim receivables (Note -9). There is no investment in the joint venture group upto 31.03.2017.

**Reconciliation of equity as at 1st April, 2015 (date of transition to Ind AS)**

| | Foot Note | Indian GAAP | Adjustment | Ind AS |
|---|---|---|---|---|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| (a) Property, Plant &Equipments | | 3151.04 | 325.60 | 3476.64 |
| (b) Capital Work in Progress | | 658.98 | -0.25 | 658.73 |
| (c) Exploration and Evaluation Assets | | 133.38 | - | 133.38 |
| (d) Investment Property | | - | - | - |
| (e) Intangible Assets | | 4.91 | - | 4.91 |
| (f) Intangible Assets under Development | | - | - | - |
| (g) Financial Assets | | | | |
| (i) Investments | | 958.70 | - | 958.70 |
| (ii) Loans | | 1.74 | - | 1.74 |
| (iii) Other Financial Assets | | 594.58 | - | 594.58 |
| (i) Deferred Tax Assets (net) | | - | - | - |
| (j) Other non-current assets | | 653.33 | - | 653.33 |
| Total Non-Current Assets (A) | | 6156.66 | 325.35 | 6482.01 |
| | | | | |
| Current Assets | | | | |
| (a) Inventories | | 471.50 | - | 471.50 |
| (b) Financial Assets | | | | |
| (i) Investments | | 247.70 | - | 247.70 |
| (ii) Trade Receivables | | 447.30 | 1.55 | 448.85 |
| (iii) Cash & Cash equivalents | | 199.86 | - | 199.86 |
| (iv) Other Bank Balances | | 10175.25 | - | 10175.25 |
| (v) Loans | | 0.44 | - | 0.44 |
| (vi) Other Financial Assets | | 1153.37 | - | 1153.37 |
| (c) Current Tax Assets (Net) | | 226.22 | - | 226.22 |
| (d) Other Current Assets | | 2494.16 | -3.01 | 2491.15 |
| Total Current Assets (B) | | 15415.80 | -1.46 | 15414.34 |
| | | | | |
| Total Assets (A+B) | | 21572.46 | 323.89 | 21896.35 |
| | | | | |

| EQUITY AND LIABILITIES | Foot Note | Indian GAAP | Adjustment | Ind AS |
|---|---|---|---|---|
| Equity | | | | |
| (a) Equity Share Capital | | 186.40 | - | 186.40 |
| (b) Other Equity | | 4289.64 | 117.74 | 4407.38 |
| Equity attributable to equity holders of the company | | 4476.04 | 117.74 | 4593.78 |
| Non-Controlling Interests | | 63.57 | - | 63.57 |
| Total Equity (A) | | 4539.61 | 117.64 | 4657.35 |
| | | | | |
| Liabilities | **Foot Note** | **Indian GAAP** | **Adjustment** | **Ind AS** |
| Non-Current Liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | 6.90 | - | 6.90 |
| (ii) Trade Payables | | - | - | - |
| (iii) Other Financial Liabilities | | 28.47 | - | 28.47 |
| (b) Provisions | | 12791.00 | 208.09 | 12999.09 |
| (c) Deferred tax Liabilities(net) | | 122.90 | - | 122.90 |
| (d) Other Non-Current Liabilities | | 133.31 | - | 133.31 |
| Total Non-Current Liabilities (B) | | 13082.58 | 208.09 | 13290.67 |
| | | | | |
| Current Liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | 0.03 | - | 0.03 |
| (ii) Trade payables | | 275.14 | 2.08 | 277.22 |
| (iii) Other Financial Liabilities | | 224.62 | -4.02 | 220.60 |
| (b) Other Current Liabilities | | 2875.39 | - | 2875.39 |
| (c) Provisions | | 575.09 | - | 575.09 |
| Total Current Liabilities (C) | | 3950.27 | -1.94 | 3948.33 |
| | | | | |
| Total Equity and Liabilities (A+B+C) | | 21572.46 | 323.89 | 21896.35 |

**Reconciliation of equity as at 31st March, 2016 (date of transition to Ind AS)**

( ₹ in Crores )

| | Foot Note | Indian GAAP | Adjustment | Ind AS |
|---|---|---|---|---|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| (a) Property, Plant &Equipments | | 3320.25 | 276.63 | 3596.88 |
| (b) Capital Work in Progress | | 859.94 | -3.23 | 856.71 |
| (c) Exploration and Evaluation Assets | | 140.91 | - | 140.91 |
| (d) Investment Property | | - | - | - |
| (e) Intangible Assets | | 5.38 | - | 5.38 |
| (f) Intangible Assets under Development | | - | - | - |
| (g) Financial Assets | | | | |
| (i) Investments | | 958.70 | - | 958.70 |
| (ii) Loans | | 1.24 | - | 1.24 |
| (iii) Other Financial Assets | | 699.07 | - | 699.07 |
| (i) Deferred Tax Assets (net) | | - | - | - |
| (j) Other non-current assets | | 940.59 | - | 940.59 |
| Total Non-Current Assets (A) | | 6926.08 | 273.40 | 7199.48 |
| | | | | |
| Current Assets | | | | |
| (a) Inventories | | 425.59 | - | 425.59 |
| (b) Financial Assets | | | | |
| (i) Investments | | 1345 | - | 1345.00 |
| (ii) Trade Receivables | | 1123.16 | -15.55 | 1107.61 |
| (iii) Cash & Cash equivalents | | 239.90 | - | 239.90 |
| (iv) Other Bank Balances | | 11232.36 | - | 11232.36 |
| (v) Loans | | 0.47 | - | 0.47 |
| (vi) Other Financial Assets | | 873.99 | - | 873.99 |
| (c) Current Tax Assets (Net) | | 385.28 | - | 385.28 |
| (d) Other Current Assets | | 1740.96 | | 1740.96 |
| Total Current Assets (B) | | 17366.71 | -15.55 | 17351.16 |
| | | | | |
| Total Assets (A+B) | | 24292.79 | 257.85 | 24550.64 |

| EQUITY AND LIABILITIES | Foot Note | Indian GAAP | Adjustment | Ind AS |
|---|---|---|---|---|
| Equity | | | | |
| (a) Equity Share Capital | | 186.40 | - | 186.40 |
| (b) Other Equity | | 4131.31 | 138.84 | 4270.15 |
| Equity attributable to equity holders of the company | | 4317.71 | 138.84 | 4456.55 |
| Non-Controlling Interests | | 63.59 | - | 63.59 |
| Total Equity (A) | | 4381.30 | 138.84 | 4520.14 |
| | | | | |
| Liabilities | | | | |
| Non-Current Liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | 7.21 | - | 7.21 |
| (ii) Trade Payables | | - | - | - |
| (iii) Other Financial Liabilities | | 43.47 | - | 43.47 |
| (b) Provisions | | 15387.07 | - | 15506.52 |
| (c) Deferred Tax Liabilities | | 183.60 | - | 183.60 |
| (c) Other Non-Current Liabilities | | 167.83 | - | 167.83 |
| Total Non-Current Liabilities (B) | | 15789.18 | 119.45 | 15908.63 |
| | | | | |
| Current Liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | 0.03 | - | 0.03 |
| (ii) Trade payables | | 304.18 | -0.89 | 303.29 |
| (iii) Other Financial Liabilities | | 285.21 | - | 285.21 |
| (b) Other Current Liabilities | | 2904.47 | 0.45 | 2904.92 |
| (c) Provisions | | 628.42 | - | 628.42 |
| Total Current Liabilities (C) | | 4122.31 | -0.44 | 4121.87 |
| | | | | |
| Total Equity and Liabilities (A+B+C) | | 24292.79 | 257.85 | 24550.64 |

## Reconciliation of profit or Loss for the year ended 31.03.2016

( ₹ in Crores )

| | Foot Note | Indian GAAP | Adjustments | Ind AS |
|---|---|---|---|---|
| Revenue from Operations | | | | |
| Sales (Net) | | 13936.00 | -2.34 | 13933.66 |
| Other Operating Revenue (Net) | | 747.66 | - | 747.66 |
| Revenue from Operations (A+B) | | **14683.66** | **-2.34** | **14681.32** |
| Other Income | | 1346.08 | -1.71 | 1344.37 |
| Total Income (I+II) | | **16029.74** | **-4.05** | **16025.69** |
| EXPENSES | | | | |
| Cost of Materials Consumed | | 542.75 | - | 542.75 |
| Changes in inventories of finished goods/work in progress and Stock in trade | | 38.67 | - | 38.67 |
| Excise Duty | | 1224.73 | - | 1224.73 |
| Employee Benefits Expense | | 2077.96 | 18.33 | 2077.96 |
| Power Expense | | 123.53 | - | 123.53 |
| Corporate Social Responsibility Expense | | 184.64 | -0.02 | 184.64 |
| Repairs | | 121.26 | -0.21 | 121.05 |
| Contractual Expense | | 1974.05 | -0.91 | 1973.14 |
| Finance Costs | | 1.59 | 46.47 | 48.06 |
| Depreciation/Amortization/ Impairment expense | | 289.50 | 40.49 | 329.99 |
| Provisions | | 132.57 | -133.50 | -0.93 |
| Write off | | 0.10 | - | 0.10 |
| Stripping Activity Adjustment | | 2452.00 | - | 2452.00 |
| Other Expenses | | 628.51 | - | 628.51 |
| Total Expenses (IV) | | **9791.86** | **-29.35** | **9762.51** |
| Profit before Tax (V-VI) | | **6237.88** | **25.30** | **6263.18** |
| Tax expense | | 2063.01 | 6.34 | 2069.35 |
| Profit for the Period (IX+XII+XIII) | | **4174.87** | **18.96** | **4193.83** |
| Other Comprehensive Income | | | | |
| A (i) Items that will not be reclassified to profit or loss | | - | 18.33 | 18.33 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | -6.34 | -6.34 |
| B (i) Items that will be reclassified to profit or loss | | - | - | - |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - | - |
| Total Other Comprehensive Income | | **-** | **11.99** | **11.99** |
| Total Comprehensive Income for the period (XIV+XV) (Comprising Profit (Loss) and Other Comprehensive Income for the period) | | **4174.87** | **30.95** | **4205.82** |

**Others :**

a) Previous period's figures have been restated as per Ind AS and regrouped and rearranged wherever considered necessary.

b) Previous period's figures in Note No. 1 to 38 are in brackets.

c) Note 1 represents Corporate Information, Note 2 refers to Significant Accounting Policies. Note 3 to 23 form part of the Balance Sheet as at 31$^{st}$ March, 2017 and 24 to 37 form part of Statement of Profit & Loss for the year ended on that date. Note – 38 represents Additional Notes to the Financial Statements.

Signature to Note 1 to 38.

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**For and on behalf of the Board**

**Sd/-**
**A. K. Singh**
Company Secretary

**Sd/-**
**V.V.K. Raju**
General Manager (Finance)

**Sd/-**
**K.K. Parida**
Director (Finance)
DIN-07015077

**Sd/-**
**A.K. Jha**
Chairman-cum-Managing Director
DIN- 06645361

As per our report annexed
For & on behalf of

For **SINGH RAY MISHRA & CO.**
Chartered Accountants

Firm Regn No.318121E

**Sd/-**
**(CA J K Mishra)**
Partner
Membership No. 052796

Place: Sambalpur
Date: 25.05.2017

**Cashflow Statement for the Year ended on 31.03.2017** ( ₹ in Crores )

| | For the year ended 31.03.2017 | For the year ended 31.03.2016 (restated) |
|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| **Net Profit before tax and extraordinary items** | **6,851.01** | **6,281.51** |
| Adjustment for : | | |
| Depreciation & Impairment | 372.39 | 318.48 |
| Exchange Rate Fluctuation | (0.59) | 0.91 |
| OBR Adjustment | 1,313.31 | 2,452.00 |
| Interest / Dividend (Received) | (1,393.30) | (1,294.05) |
| Interest /financial charges (Paid) | 57.55 | 48.06 |
| Prov. against Debtors/Inventories/Other CA/ Loans & Advances etc | 405.89 | 118.67 |
| Deferred Tax Liability | | |
| **Operating Profit before Working Capital changes** | **7,606.26** | **7,925.58** |
| Adjustments for : | | |
| Changes in inventories | 102.69 | 44.26 |
| Changes in trade receivables | (39.02) | (655.14) |
| Changes in long term/non current Loan & advance/Assets | (812.86) | (391.12) |
| Changes in short term /current Loans and Advances/ Assets | 327.69 | 820.99 |
| Changes in trade payable/ Current Liabilities/long term liabilities | 3,603.58 | 169.67 |
| **Cash generated from operations** | **10,788.34** | **7,914.24** |
| Direct taxes paid | (2,665.27) | (2,174.05) |
| Deferred Tax Liabilities | | |
| **Cash Flow before extraordinary items** | **8,123.07** | **5,740.19** |
| Extraordinary items | - | - |
| **Net Cash from operating activities** | **8,123.07** | **5,740.19** |
| **B CASH FLOW FROM INVESTING ACTIVITIES:** | | |
| Purchase of Fixed Assets | (1,821.58) | (656.57) |
| Purchase of Fixed Assets(P&B,Dev.) | | |
| Short Term Deposit with CIL | 293.87 | 208.55 |
| Miscellaneous receipts | - | - |
| Acquisition of Companies | - | - |
| Purchase of New Investments (Current/Non-Current) | 1,143.00 | (1,097.30) |
| Interest received | 1,278.85 | 1,201.76 |
| Dividend from Mutual Funds received ( non trade) | 114.45 | 92.29 |
| **Net Cash used in investing activities** | **1,008.59** | **(251.27)** |

**Cashflow Statement for the Year ended on 31.03.2017**

( ₹ in Crores )

| | For the year ended 31.03.2017 | For the year ended 31.03.2016 (restated) |
|---|---|---|
| **C CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| World Bank Loans through CIL | - | - |
| Deferred Credit Loan | (1.13) | 0.37 |
| Exchange Rate Fluctuation | 0.59 | (0.91) |
| Repayment of CIL Loan | - | - |
| Redemption of preference share capital | - | - |
| Interest and financial charges | (57.55) | (48.06) |
| Dividend paid | (2,982.00) | (3,608.45) |
| Dividend Distribution Tax | (607.06) | (734.60) |
| Buyback of Equity Share Capital | (1,979.73) | - |
| **Net Cash used in financing activities** | **(5,626.88)** | **(4,391.65)** |
| **Net increase in cash and cash equivalents** | 3,504.78 | 1,097.27 |
| Cash and cash equivalents as at beginning of the year | 11,611.95 | 10,514.68 |
| **Cash and cash equivalents as at the end of the period** | **15,116.73** | **11,611.95** |

**The aforesaid statement is prepared on indirect method.**

The figures of the previous year have been reclassified to confirm to current period classification.

Note: Cash & cash equivalents amounting to ₹ 733.37 crore (as at 31.03.2016 ₹ 558.17 crore ) are not available for use by the group.

**For and on behalf of the Board**

**Sd/-**
**A. K. Singh**
Company Secretary

**Sd/-**
**V.V.K. Raju**
General Manager (Finance)

As per our report annexed
For **SINGH RAY MISHRA & CO.**
Chartered Accountants
Firm Regn No.318121E

**Sd/-**
**K.K. Parida**
Director (Finance)
DIN-07015077

**Sd/-**
**A.K. Jha**
Chairman-cum-Managing Director
DIN- 06645361

**Sd/-**
**(CA J K Mishra)**
Partner
**Membership No. 052796**

Date: 25.05.2017
Place: Sambalpur


PLANTED BY
CHAIRMAN
COAL INDIA LIMITED


स्वच्छ भारत
एक कदम स्वच्छता की ओर
25 MCL
MCL
MCL

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