

MNH SHAKTI LIMITED

(A subsidiary of Mahanadi Coalfields Limited)



8th Annual Report and Accounts 2015-16

**Regd Office: Anand Vihar , Po – Jagruti Vihar,
Sambalpur, Orissa, 768020**

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COMPANY INFORMATION

BOARD OF DIRECTORS:

Shri J.P. Singh	-	Chairman	(w.e.f. 19.06.2013)
Shri S. Ashraf	-	Director	(w.e.f. 03.04.2013)
Shri B.P. Mishra	-	Director	(w.e.f. 15.05.2013)
Shri S. Rajagopal	-	Director	(w.e.f. 26.10.2013 to upto 26.10.2015)
Shri Subir Das	-	Director	(w.e.f. 27.10.2015)
Shri P.C. Panigrahi	-	Director	(w.e.f. 27.12.2013 to upto 02.02.2016)
Shri L. N. Mishra	-	Director	(w.e.f. 03.02.2016)

CEO:

Shri S. M. Jha.

COMPANY SECRETARY:

Shri Sumanta Kumar Behera.

AUDITORS:

M/s SABD & Associates,
Chartered Accountants,
Main Road, Kesinga,
Kalahandi – 766012,
Odisha.

BANKERS:

State Bank of India,
MCL Complex Branch,
Jagruti Vihar, Burla,
Sambalpur - 768020.

UCO Bank
Jagruti Vihar Branch,
Jagruti Vihar, Burla,
Sambalpur - 768020.

Axis Bank Ltd.
RR Mall, Ashoka Talkis Road,
V.S.S. Marg,
Sambalpur – 768001.

Union Bank of India,
Besides Bazar Kolkata,
Gole Bazar,
Sambalpur - 768001

REGISTERED OFFICE:

Anand Vihar,
PO - Jagruti Vihar,
Sambalpur, Orissa-768020.

MNH SHAKTI LIMITED

Date: 04th July, 2016

NOTICE 8TH ANNUAL GENERAL MEETING

Notice is hereby given that the 8th Annual General Meeting of MNH Shakti Ltd will be held at 12.30 PM Thursday, the 14th July, 2016 at the registered Office of the Company, Anand Vihar, PO – Jagruti Vihar, Sambalpur, Orissa, 768020 to transact the following business.

Ordinary Business:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2016 including the Audit Balance Sheet as at 31st March, 2016 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.
2. To appoint Directors in place of Shri B. P. Mishra, (DIN - 06614358), Director who retires by rotation in terms of Section 152(6) of the Companies Act 2013 and being eligible, offers himself for re-appointment.
3. To authorise Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2016-17, in terms of the Section 139(5) read with section 142 of the Companies Act, 2013 and to pass the following resolution, with or without modification(s), as Ordinary Resolution:

“RESOLVED THAT pursuant to Section 142 of the Companies Act - 2013, the Board of Directors of the Company be and hereby authorized to fix the remuneration of the Auditors of the Company to be appointed by Comptroller & Auditor General of India under Section 139(5) for the Financial Year 2016-17.”

By order of the Board of Directors
For MNH Shakti Limited

Sd/-
(S.K.Behera)
Company Secretary

REGISTERED OFFICE:

Anand Vihar, PO- Jagruti Vihar , Burla, Sambalpur – 768020.

Note:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Corporate members intending to send their Authorised Representatives to attend the meeting and requested to send a certified copy of the Board

Resolution authorising their representative to attend and vote on their behalf at the meeting.

2. The shareholders are requested to give their consent for calling the Annual General Meeting at a shorter notice pursuant to the provisions under Section 101(1) of the companies Act, 2013.

Members:

1. Mahanadi Coalfields Limited, Jagruti Vihar, Burla, Sambalpur- 768020.
(Atten: Company Secretary, MCL).
2. Neyveli Lignite Corporation Limited, Neyveli House No. 13 J, Periyar EVR High Road, Kilpauk, Chennai-600010 (Atten: Company Secretary, NLC).
3. Hindalco Industries Limited, Century Bhawan, 3rd floor, Dr. Annie Besant Road, Worli Mumbai-400025(Atten. Company Secretary, Hindalco industries Ltd.).

Auditors:

1. M/s SABD & Associates, Chartered Accountants, Main Road, Kesinga, Kalahandi – 766012, Odisha.
2. Principal Director, Office of the Principal Director of Commercial Audit and Ex-Officio Member, Audit Board- II, Old Nizam Place , 234/4 Acharya Jagadish Chandra Bose Road, Kolkata – 700 020.
3. M/s. Jayashree Mishra & Associates, Company Secretaries, Plot No. 107/D, Laxmi Narayan Krupa, Acharya Vihar, Bhubaneswar – 751013.

Directors:

1. All Directors, MNH Shakti Limited Board.

MNH SHAKTI LIMITED

DIRECTORS' REPORT

To
The Shareholders,
MNH Shakti Limited.

Gentlemen,

I have great pleasure in welcoming you to the 8th Annual General Meeting of MNH Shakti Limited. Today, I am going to present the Eighth Annual Report of your company together with the audited Accounts for the year 2015-16 along with the report of the Statutory Auditor, Secretarial Auditor and the comments of the Comptroller and Auditor General of India.

The Project Report of Talabira III mine of 6.5 MTY capacities under command area of MCL was approved by the Government of India in June 2002. However, planning Commission directed to revise the Project Report with higher capacity. Accordingly, PR of 6.5 MTY was withdrawn in Nov 2004. Later considering the request of Aditya Aluminium, a division of Hindalco Industries Limited and Neyveli Lignite Corporation Ltd for allocation of Coal block of Talabira II for their captive consumption, the Ministry of Coal, Government of India decided to jointly allocate coal blocks of Talabira II and Talabira III to Mahanadi Coalfields Ltd, Neyveli Lignite Corporation and Hindalco Industries Ltd. And these blocks were jointly allocated by the Central Government to MCL, NLC and HIL on 10th November 2005. To ensure conservation of coal and deployment of optimum technology; the coal blocks of Talabira II and Talabira III, was decided by the Central Government, to be mined as one mine with ultimate capacity of 20 MTY and peak capacity 23 MTY by a joint venture company to be formed between MCL on one part and NLC and HIL on the other. In the joint venture company MCL would have an equity holding of 70% where as the balance 30% equity shall be equally held by M/s Neyveli Lignite Corporation Ltd and M/s Hindalco Industries Ltd, i.e 15% each. Subsequently, a JV Company namely MNH Shakti Ltd was incorporated and registered under the Companies Act, 1956 on 16th July, 2008. Project Report of Talabira OCP (20MTY) has been approved by MCL Board (a Miniratna company) on 29.03.2008 in its 94th meeting for both Coal and Overburden outsourcing variant with initial capital outlay of ₹447.72 Cr. And the same has been approved by MNH Shakti Board in its 7th meeting held on 15th July, 2010.

The Project comprises of 994.5 Ha of coal bearing area bounded by fault F1-F1 and no coal zone in West. Eastern boundary is marked by geological block boundary / no coal zone. Northern boundary is defined by Ib river and in South it has common boundary with Talabira-I mine being operated by HINDALCO.

Mineable coal reserve of this block is 553.98 M Te (in Ib seam and Rampur seam). Mine will operate in stripping ratio of 1:1.09. Most of the coal is of G11 & G17 grade, which is suitable for Thermal Power Plants. With ultimate capacity of 20 MTY, the mine will have a life of 34 years.

STATUS OF LAND ACQUISITION:

For Talabira III Coal Block- 1530.170 Ha of land was acquired under CBA (A&D) Act, by IB valley Area, MCL prior to joint allocation of the coal blocks and vested with MCL vide notification U/S 11(I) on 03.12.2005.

Subsequently, 383.893 Ha of land was acquired under CBA (A&D) Act for Talabira II coal Block and also vested with MCL vide notification U/s 11(I) on 26.02.2011.

Total land acquired for this project is 1914.063 Ha (excluding land required for Resettlement site and Residential colony) and involves villages Rampur, Malda and Patrapalli in Jharsuguda District & villages Talabira and Khinda in Sambalpur District. Details of land acquired is furnished below:

Tenancy land	451.829 Ha
Non Forest Govt land	424.047 Ha
Revenue Forest land	578.005 Ha
Deemed Forest land	460.182 Ha
TOTAL	: 1914.063 Ha

Possession of Govt (NF) Land

Subsequently, Tahsildars of Rengali and Jharsuguda Tahasils were requested to hand over the possession of Non forest Government land measuring 562.07 Acres and 378.41 Acres respectively.

On request to hand over possession of Non forest government (NF) land, the Tahasildars of Jharsuguda and Rengali raised the following demands for payment of land premium:

Jharsuguda : ₹ 15,15,77,930.00 for 352.45 Acres land (excluding public utility land)
Rengali : ₹ 42,19,04,000.00 for 527.38 Acres (excluding encroached land).

Both the demands were based on present sale statistics and very high. So MNH Shakti Ltd. objected both the demands and requested to modify the demands based on fair market value as on date of notification u/s 4(1) of CBA (A&D) Act for the concerned areas. After directive / clarification from Collector, Sambalpur; regarding cost of land, Tahasildar, Rengali has requested DFO, South Division, and Sambalpur for joint verification, enumeration of standing trees for assessment of the cost of standing trees. DFO, South Division, Sambalpur has assigned this job to the Range Officer, Rengali Range. Tree enumeration has been completed for Khinda village and was under progress in Talabira village.

Tahasidar, Jharsuguda again insisted for payment of their demanded amount of ₹15,15,77,930.00 and insisted to impose interest in case of failure in payment. After obtaining competent approval, the demanded premium of ₹ 15,15,77,930.00 was paid under protest to the Tahasildar, Jharsuguda on 22.03.2011. Similarly after receipt of revised demand notice from Tahsildar, Rengali, a sum of ₹11,42,66,971.00 was paid on 14.02.12, which includes land cost for 562.07 acres of Govt (NF) land of village Talabira and Khinda and cost of standing trees of village Khinda. The land will be taken possession after joint verification/demarcation. Possession of an area of 156.04 acres land of village patrapali and

199.53 acres land of village Malda (Jharsuguda District) has been taken and the remaining land of Sambalpur District will be taken possession after joint verification/demarcation.

Villagers of Talabira are resisting the Tree Enumeration on Govt. Non-Forest land of village Talabira. The matter has been informed to the state administration and also persuasion is going on with the villagers to start the work again.

Tenancy Land

For preparation of compensation roll and other R&R benefits to the Project affected Persons, Revenue Inspectors and Amins have been hired for Yadast (verification) of the land records and preparation of family genealogy etc. and the status is given below:

KHINDA VILLAGE: Total area of Tenancy land : 136.75 Acres. Yadast, family genealogy, house sketch and tree counting completed. Total Holdings: 198, Trees : 899 (on tenancy land), House sketch : 40 (on Tenancy land), 126 (on Govt land).

PATRAPALI: Total area of Tenancy land : 203.62 Acres. Yadast, family genealogy house sketch and tree counting completed. Total Holdings: 215, Trees: 798 (on Tenancy land), House sketch: 131(on Tenancy land), 118(on Govt land).

TALABIRA VILLAGE: Total area of Tenancy land: 317.79 Acres. Yadast, family genealogy, house sketch completed. Total Holdings: 204, House sketch: 19 (on Tenancy land), 170(on Govt land). Tree counting 1216 (on Tenancy Land) and work is under progress.

RAMPUR VILLAGE: Total Area of tenancy land: 49.09 acres. Total Holdings: 23, no house structure is affected. There will be no displacement from the village. Yadast, Family genealogy and tree counting completed.

MALDA VILLAGE: Total area of Tenancy land: 414.05 Acres. Total Holdings : 103, Yadast, family genealogy, completed, Trees: 5905 (on Tenancy land) has been counted, house sketch completed: 06 (on Govt land) and 04 (on tenancy land). For balance area work is under slow progress.

Structure Measurement:

One Sub-ordinate engineer (civil) has been posted at MNH Shakti Ltd, work of structure measurement started in Khinda Village. 372 out of 480 house measurement completed. Work was stopped by villagers from 22.06.2013. Persuasion with villagers is going on. A meeting was held between Chairman, MNH Shakti Limited and villagers on 03.09.2014, but some issues are still unresolved, however the work of structure measurement started in khinda village from 01.10.2013.

Socio-economic survey:

As per Orissa R&R Policy 2006, the Socio-economic survey; and socio-cultural resource mapping & infrastructural survey is to be conducted by an independent agency. Accordingly, the Government of Orissa approved the recommendation of RDC, Sambalpur for engagement of M/s Agricultural and Rural Development Consultancy Society, Bhubaneswar for conducting the said survey in respect of Talabira (II & III project). After due approval of the Board of MNH Shakti Ltd, the work order was issued to M/S ARDCOS, Bhubaneswar.

The agency has completed the field work and submitted the Preliminary Report along with Oriya version. The preliminary Report is submitted to the RDC, ND, Sambalpur & Collector Sambalpur and Collector, Jharsuguda. Now the report is to be published in the village and finalized by a committee, constituting the members from State Government, Survey agency and representatives of MNH Shakti Limited.

The agency has completed data collection of all the villages. Draft report submitted by the agency had some discrepancies and was asked to modify the report. The Agency has started inviting objections from the villagers if any for finalization of the report along with District administration. M/s ARDCOS has submitted its Final report on socio-economic survey of acquired area to Special Land Acquisition Officer, Sambalpur on 04/03/14 for further necessary action.

Rehabilitation site:

Lease Application for settlement of 94.32 acres of Govt. (Non-forest) land of village Hirma has been filed with Tahasildar, Jharsuguda for Rehabilitation site for the displaced families of Malda and Patrapali village. Lease application for settlement of 27.00 Acres of Govt. (Non- Forest) Land of village Dantamura has been filed with the Tahasildar, Rengali for Rehabilitation site for the displaced Families of Talabira village. Lease application for settlement of 57.65 Acres of Govt. (Non- Forest) Land of village Khinda has been filed with the Tahasildar, Rengali for Rehabilitation site for the displaced Families of Khinda village. Tahasildar Rengali issued notice for Proclamation for R&R site.

Site For Colony & Town- ship:

Lease Application for settlement of 78.32 acres of Govt. (Non-forest) land of village GURUPALI (On the side of State Highway No.10) has been filed with the Tahasildar, Rengali for Colony and Town-ship site. Tahasildar agreed for 19.45 acres land which is free for encroachment and tree growth. Also in continuation with above application for 27 Ac. Land in Bamaloai village has been filed with Tahasildar, Rengali.

STATUS OF FOREST DIVERSION:

Proposal for Diversion of 687.624 Ha of forest land was submitted to the CCF (Nodal), Bhubaneswar, on 21.01.2009 which was returned for compliance of certain observations on 17.02.2009. The proposal was resubmitted to CCF (Nodal) after compliance of the observation on 12.05.2010. After scrutiny, the proposal has been forwarded to DFO, North Division Sambalpur with State Serial No. 393/10 dated 26.05.2010 for demarcation of Forest land, preparation of scheme for compensatory afforestation, sample enumeration, revision of cost benefit analysis etc.

In the meantime an agency M/S Centre for Envotech Management Consultancy, Bhubaneswar has been engaged for execution of Forest Diversion Proposal and obtaining Forest Clearance (Stage I and Stage II) under F. C. Act, 1980. Work order has been issued to the agency on 04.11.2010.

Mean while, the DFO, Sambalpur, North Division (Nodal DFO) asked to modify the proposal for diversion of total forest land acquired for the project, which is 1038.187 Ha.

Modified diversion proposal submitted to DFO on 18.11.2011 for diversion of 1034.136 Ha of forest land and forest land to be undisturbed in safety zone is 4.051 Ha. (Total 1038.187 Ha). Demarcation of Forest land, pillar posting and tree enumeration works are under progress.

As per requirement of the MoEF, DGPS survey of the forest land, Geo-referencing and preparation of digital map on shape file and authentication of the same by ORSAC, an open e-tender has been floated on 09.04.2012.

The revised mining plan has been prepared by CMPDIL and submitted to the Advisor (Project) on 08.10.2011 for approval, which was approved on 11.1.2012

For DGPS survey, Geo-referencing of forest land, preparation of Digital Map on shape file and authentication of the same by ORSAC and concerned DFO. DGPS field survey completed. Digital map prepared on shape file and submitted to DFO (N) Sambalpur on dt.08.10.2012, Which was forwarded by DFO (N) Sambalpur to ORSAC BBSR for authentication. On 30.11.2012 M/S ORSAC BBSR informed that the vetting of forest proposal will be carried out only after completion of Mining lease boundary through DGPS by ORSAC. Vide letter No. 4400, dt. 02/11/2012 M/S ORSAC, BBSR has been awarded the work of digitization of Mining Lease boundary mapping of Talabira (II & III) OCP. An amount of ₹ 21,05,469.00 has been deposited on dt 10/12/2012. An amount of ₹ 10.40 lakh has been paid to M/S ORSAC, BBSR towards the processing fees for authentication of forest diversion proposal. Vide Letter No. 955(2), Dated 21.03.2013, M/s ORSAC has submitted authenticated map of forest area 1038.18 Ha. to DFO (N), Sambalpur.

2074.349 Ha of degraded forest land has been identified in Jharsuguda and Sambalpur district for compensatory afforestation. The site is surveyed and compensatory afforestation scheme is approved by both the DFOs. However, DFO (N) Sambalpur inform to identify 846 ha, non-forest Land for compensatory afforestation in lieu of forest land to be diverted for Talabira OCP. As MNH Shakti Ltd. is a Joint Venture Company with Private agencies allotting the Degraded forest land twice the area of diversion of Forest land does not arise as in the case of Public sector undertaking, though CEO MNH Shakti Ltd submitted representation to DFO(N) Sambalpur that the MNH Shakti Ltd. is public sector undertaking.

During the review meeting of forest diversion proposals held on dt 07/01/2013 at office of CCF(Nodal) BBSR. CCF(Nodal), BBSR requested Chief Conservator of Forest MCL that clarification from Ministry of Environment and Forest, Govt. of India under Forest(Conservation) Act 1980, may be requested as to whether non-forest Land required for compensatory afforestation or double the extent of forest land, as MCL made a joint venture with private companies.

CEO, MNH Shakti ltd requested vide letter no. 1274, dt, 25.01.13 to DG (Environment), MoEF, New Delhi for clarification regarding CA Lands in degraded forest land will be accepted for MNH Shakti Ltd. Accordingly AIGF MoEF New Delhi issued Office–Memorandum on 8th April 13, stating that the request of MNH Shakti ltd. may be accepted only if it certified by Ministry of Coal that it is a Central PSU under their administrative control.

The Under Secretary to Govt. of India MoC issued Office-Memorandum, stating that the MNH Shakti Ltd. is a Govt. Company in terms of Section 617 of Companies Act, 1956 and a central PSU/central govt. undertaking is also a subsidiary company of Mahanadi Coalfields Limited. AIGF, MoEF New Delhi issued letter on 3/7/13 to The Principal Secretary (Forest) Bhubaneshwar, Govt.of Odisha. On 8/7/13 CEO MNH Shakti Ltd. requested CCF (N) BBSR & DFO (N) Sambalpur to consider our case in light of letter issued By MoEF New Delhi.

The Collector Jharsuguda issued certificate under FR. Act.2006 for all four villagers i.e. Malda, Patrapali, Rampur and Dumermunda. The collector Sambalpur issued certificate under FR Act.2006 for Talabira village.

Forest Diversion Proposal forwarded to RCCF Sambalpur by DFO(N) on 14/8/13. RCCF Sambalpur inspected the forest area proposed for diversion on 24/01/14 and recommended the proposal to Addl. PCCF Bhubaneshwar on 1/2/14. The PCCF Bhubaneshwar after scrutiny has forwarded the proposal to Principal Sec. to Govt., Forest & Environment Department Odisha, Bhubaneshwar on 22/3/14.

STATUS OF ENVIRONMENTAL CLEARANCE

Form-I for EMP clearance was submitted to MoEF on 09.03.07. Expert Committee meeting for Terms of Reference (TOR) was held on 09.05.07. Approved Terms of Reference (TOR) was intimated on 23.05.07.

The required studies as below were completed and submitted to CMPDI, RI-VII, Bhubaneswar for incorporation in EMP:

- i) Study of Baseline data on Air, Water and Noise completed by CMPDI.
- ii) Taxonomical enumeration of Flora and Fauna in Core and Buffer zone of Talabira OCP done by Sambalpur University
- iii) Base line data on soil quality completed by ISM, Dhanbad.
- iv) Epidemiological study conducted by VSS Medical College, Burla

Public hearing was scheduled on 08.12.2010 and 19.12.2010 for Jharsuguda and Sambalpur districts respectively. Public hearing of Sambalpur district was conducted on 19.12.2010. Public hearing for Jharsuguda district could not be conducted on 08.12.2010 as a group of persons stopped the officials of State Govt and State Pollution Control Board from reaching the venue of the hearing. Proceedings of the both were sent to MoEF by SPCB, Bhubaneswar.

Final EIA/EMP has been submitted to MoEF on 30.03.2011 for consideration towards environmental clearance. A letter from Director, MoEF has been received and informed that the project falls under No-Go Area and was de listed from the list of pending projects.

In the mean time, in the meeting of Group of Ministers (GoM) it has been decided to do away with Go/NO-Go concepts. In the light of decision of GoM, to do away from Go/ No-Go concepts, a letter from CGM/CEO, MNH Shakti Ltd has been sent to the Director, MoEF to consider the case again.

CGM/CEO, MNH Shakti Ltd has sent a letter to the Secy. MoEF on 25.01.2012 and a letter to the Director General MoEF on 02.02.2012 to give necessary advice to the environment wing of the Ministry to enlist the proposal again in the light of decision of GoM regarding Go/No-Go concepts.

The public hearing of Jharsuguda district again rescheduled on 23.05.2013 at Malda Village, which was conducted subsequently. The report of public hearing of Jharsuguda district has been forwarded by the Under Secretary, OCPB to the Secretary, MoEF vide letter no. 16123/ND II PH/453, dated: 9.07.2012.

EAC meeting held on 09/01/2013 at SCOPE Complex, New Delhi, & discussed the EIA-EMP proposal of Talabira OCP in detail. EAC minutes Circulated. Committee advised for some more study such as : Conduct cumulative impact assessment study within 10 km of project area, in situ ore leaching, Coal gasification and use of carbonaceous shale in power generation, sequential mining to use the back coalfield area as agriculture land etc. CMPDIL, RI-VII, BBSR wrote a letter to CMPDIL, Ranchi for guidelines for following:

- (i) Cumulative impact assessment study within 10km of project area.
- (ii) In situ ore leaching, Coal gasification.
- (iii) Use of carbonaceous cell in power generation.

CMPDIL, Ranchi sent guidelines for cumulative impact assessment and action has been taken accordingly. CMPDIL, RI-VII, BBSR floated tender for conducting Cumulative impact assessment within 10 km project area.

On 26/6/13 CMPDIL BBSR submitted report /study for all points except the cumulative impact assessment study within 10 km of project area. On 8/7/13 interim reply submitted to Director IA MoEF New Delhi and requested for consider the case for next EAC meeting. On 3/10/13 EAC meeting was held at scope complex, & discussed the EIA- EMP proposal of Talabira OCP, for further consideration. Minutes of meeting is awaited. EAC Minutes received through e-mail on 4 Nov. 2013 and Committee sought following information:

- (i) To generate air quality data for one month so as to revalidate the data.
- (ii) CMPDIL has been engaged for undertaking a Cumulative Assessment study.
- (iii) Stone revetment (pitching) with grassing and plantation on the top of Embankment of the Reservoir shall be done.
- (iv) There shall be no external OB dump. The internal dump should be brought to the ground level and the voids should be below 40 Mt. of depth.
- (v) Transport of coal shall be by rail. It was noted that dispatch from railway siding has been planned with pay loader loading till silo is commissioned. It was desired that no pay loader loading shall be done and that all dispatches be done through silo.
- (vi) The CSR cost should be Rs. 5 per Tonnes of Coal produced which should be adjusted as per the annual inflation.

CMPDIL BBSR RI VII issued work order M/s Ecomen Lakhnow for collection of Base line data and work started from 31/10/13. On 11/1/14 reply of above six points submitted to MoEF New Delhi for consideration. EAC further considered Talabira EC, on 27/02/14 in its 12th EAC meeting. During meeting EAC informed that one ERC (NGO) has given representation with regard to issue of EIA & TOR, change in land use, impact on forest and wildlife, impact on Hirakund reservoir, and Ib river basin, impact of transportation and OB disposal etc. MNH Shakti Limited submitted reply on these issue to EAC on 5/3/14. EAC desired that the proponent may respond in detail to the issues raised in the letter of ERC for further deliberation by committee. MNH Shakti Limited submitted reply on these issue to EAC on 5/3/14.

EAC has recommended the Environmental Clearance of Talabira – II & III OCP in its minutes of the 15th EAC meeting held on 28.06.2014 at New Delhi, subject to the outcome of the investigation of CBI and also the judgment of honorable Supreme Court of India with certain specific conditions.

1. Additionally stone pitching with grassing and plantation on the top of the embankment of the reservoir shall be undertaken to prevent seepage or erosion.
2. The proponent has to provide flood embankment based on a hydrological study and approval by Flood and Irrigation Department.
3. Approval of the State Government for the road transportation of coal from the mine area to the end user.
4. Wildlife Management Plan be prepared and approval from Wildlife Conservation Board to be obtained. The recommendations of the Wildlife Board shall be implemented in toto.
5. Dumper movement shall be restricted to core area only. However, interim transportation up to a distance of around 12 Km is permitted for three years by road by mechanically covered trucks.

RAILWAY SIDING:

Work order has been issued to M/s RITES for preparation of feasibility study report for Railway siding for dispatching 20 MT Coal per annum by Rail. M/s RITES Limited has submitted draft feasibility report on 28.08.2012 to take up from Lapanga station. Recently, a

joint meeting was held on 03.10.2012 at MCL HQ. Between M/s RITES and MCL. (In presence of Officials of MNH Shakti Ltd.), wherein, M/s RITES has been requested for making a plan on bigger scale showing the surface features and MNH Shakti Ltd. has also been advised to make a plan of same scale with reference to different infrastructures of mine and future alignment if required, railway track alignment in lease hold area are to be situated towards Bheden River, M/S Rites to prepare plan. M/s RITES Ltd. submitted the revised Plan on 26/11/2012. CEO MNH Shakti Ltd, communicated the matter to GM (CP& P) vide letter No. 1199 dt. 21/12/2012. GM (CP&P) vide letter No. 1442 dt 12/01/2013 confirm that the modified alignment of Rly. Infrastructure seems to be correct, provided that It will not interfere any other activities.

CMPDIL was intimated to assess the suitability of the proposed alignment. However, CMPDI Vide Letter No. 727, Dt. 20.03.2013 advised other options also which was examined by GM (CP&P) and agreed for the existing proposal.

CMPDIL, RI – VII confirm the modification alignment of Railway infrastructure and M/s RITES has been communicated for confirmation of Draft feasibility report by CEO Vide letter No. MNH/CEO/2013-14/55, dated 23.04.2013. M/s RITES raised demand for 1% Codal charges Rs. 2.56 Cr. (Estimated DPR of Rs. 256 Cr.) to be deposited at East Coast Railways Division as advance. The proposal is under technical scrutiny. Rs 2.27 cr. Codal charges deposited to East Coast Rly. Bhubaneshwar on 7/9/2013. A meeting with East coast Railway and M/s RITES was held on 25/10/13, E.Co.Railway advised M/s RITES to submit clarification on certain points, regarding RTC, No. of Silo and others.

Accordingly CEO MNH shakti written letter to M/s NLC and M/s HINDALCO to submit destination of coal for End use. Still reply from M/s NLC is awaited. Meantime a meeting with officials of M/s RITES, MCL and MNH was conducted on 10/1/14 regarding clarification to be submitted to M/s RITES. As advised by E.CO. Rly. Bhubaneshwar, RTC has been applied to Railway Board on 24/03/14.

PRESENT STATUS:

The Hon'able Supreme Court of India has given a judgment on 24th September, 2014 on the allotment of coal blocks made by the Screening Committee of the Government of India, as also the allotments made through the Government dispensation route are arbitrary and illegal. Coal blocks allotted to Private parties or the govt. company having JV with private parties' w.e.f. 1993 are cancelled. In light of the Supreme Court judgment, Talabira – II & III coal block also stand cancelled with immediate effect from 24.09.2014. (As the block coming under Schedule – I category).

In light of the Supreme Court judgment, MoC and Nominating Authority issued various letter regarding furnishing of certain information with respect to Talabira – II& III Coal mine to all JV partners. The MNH Shakti Limited has submitted the reply within the stipulated time for behalf of all JV Partners.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO:

Disclosure on the above matter is not required as the Company has been incorporated in 2008-09 and no such activity has yet been started.

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 and environmental problems are some of the critical factors which are monitored continuously by the Management.

RELATED PARTY TRANSACTION:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

PARTICULARS OF LOANS GURANTEES OR INVESTMENTS:

Pursuant to the clarification dated February 13, 2015 issued by Ministry of Corporate Affairs and Section 186 (4) & (11) and of the Companies Act, 2013 requiring disclosure in the financial statements of full particulars of the investment made, loan given or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee is disclosed.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

Being a Govt. Company, the activities of the Company are open for audit by C&AG, Vigilance, CBI etc.

NOMINATION COMMITTEE:

The company has not formed the nomination committee yet.

CORPORATE SOCIAL RESPONSIBILITY:

The company is under development stage, during the year there is no expenditure towards CSR activities.

CAPITAL STRUCTURE:

The authorized Equity Share Capital of the Company as on 31.03.2016 is ₹ 10000.00 Lakh and the Issued and Subscribed Equity Capital is ₹ 8510.00 Lakh, which the Share holders of the Company have contributed as detailed below:-

Name of the Share holder	Amount in ₹ Lakh
Mahanadi Coalfields Limited	5957.00
Neyveli Lignite Corporation Limited	1276.50
Hindalco Industries Limited	1276.50

FINANCIAL REVIEW

The mines of the Company Talabira II and Talabira III are under development. So as per the Accounting Policies of the Company, all expenditure incurred during the period has been capitalised and therefore Statement of Profit & Loss for the period under review is showing nil balance at the end of the financial year 2015 – 16. Salient features of financial data out of the Accounts are as below.

Balance Sheet items

(₹ ` in lakh)

SL. NO.	Particulars	Current Year 2015-16	Previous Year 2014-15
1	Authorized Share Capital	10000.00	10000.00
2	Paid up Share Capital	8510.00	8510.00
3	Gross Fixed Assets	2675.05	2675.05
4	Depreciation Provision	374.22	294.26
5	Net Fixed Assets	2300.82	2380.79
6	Capital Work In Progress	2449.39	2569.28
7	Cash and Cash Equivalents(including Deposits)	3297.51	3374.14
8	Other Current Assets	124.47	53.13
9	Short Term Loans & Advances	405.01	146.78
10	Short Term Borrowing	111.29	63.24
11	Trade Payables	0.00	0.00
12	Other Current Liabilities	6.00	0.97
13	Short Term Provision	2.06	2.06
14	Preliminary Expenses Capitalized	52.15	52.15

Income & Expenditures directly transferred to Balance Sheet
(Capital Work in Progress Note-10C)

(₹ ` in lakh)

SL. NO.	Rev. Expenditure Transferred to Balance Sheet	Current Year 2015-16	Previous Year 2014-15
1	CMPDIL expenses Rev	10.50	39.55
2	Employee Remuneration & wages	34.46	155.08
3	Contractual Payment (Amin. Salary)	0.00	0.97
4	Repair expenses	0.02	0.12
5	Bank Charges for B.G/ Others	0.01	0.23
6	Vehicle Hire expenditure	5.14	12.93
7	Meeting expenses	0.68	0.95
8	Audit fees	1.25	1.58
9	Travelling Expenses	4.92	9.34
10	Rent for Building	2.40	3.00
11	Medical Reimbursement	0.38	2.45
12	Printing & Stationery	0.84	1.80
13	Director's fee	0.00	0.00
14	Interest to loan from MCL	7.80	27.03
15	EMP/R&D and other contractual Expenses	0.00	20.71
16	Other Expenses	5.12	1.83
17	Depreciation	79.96	80.99
18	Total Expenditure	153.48	358.56
19	Less: Interest income on Fixed Deposit & Others	273.37	331.78
20	Net expenditure Transferred to Balance Sheet (Scheduled – 10C)	(119.89)	26.78

AUDITORS :

Under Section 139 of the Companies Act, 2013, the following Audit Firm was appointed as Statutory Auditor of the Company to Audit the Accounts for the year 2015-16:-

M/s SABD & Associates,
Chartered Accountants,
Main Road, Kesinga,
Kalahandi – 766012,
Odisha.

Under Section 204 of the Companies Act 2013, the following Firm was appointed as Secretarial Auditor of the Company to conduct the secretarial audit for the year 2015-16:-

M/s Jayashree Mishra & Associates,
Practicing Company Secretary
Plot No. 107/D,
1st Floor,
Laxmi Narayan Krupa,
Acharya Vihar,
Bhubaneswar – 771013.

BOARD OF DIRECTORS:

The following persons were the Directors of the company during the period under report:

Shri J.P. Singh	-	Chairman
Shri S. Ashraf	-	Director
Shri B.P. Mishra	-	Director
Shri S. Rajagopal	-	Director
Shri P.C. Panigrahi	-	Director
Shri Subir Das	-	Director
Shri L. N. Mishra	-	Director

16. BOARD MEETINGS:

Three Board meetings were held during the Financial year 2015-16. The maximum time gap between two meetings was not more than 120 days. The details of the Board meetings held during the period are given as under.

Meeting No.	Date of Meeting	Venue of Meeting
30 th	06.04.2015	MCL Office, Sambalpur
31 st	08.05.2015	MCL Office, Sambalpur
32 nd	19.05.2015	MCL Office, Bhubaneswar
33 rd	20.07.2015	MCL Office, Bhubaneswar
34 th	27.10.2015	MCL Office, Sambalpur
35 th	25.01.2016	MCL Office, Sambalpur

Details on composition of the Board, attendance of the Directors individually:-

Name of Directors	Category	Board meetings	
		Held during the tenure	Attended
Shri J.P.Singh	Non -Executive	6	6
Shri S. Rajagopal	Non -Executive	4	2
Shri P.C. Panigrahi	Non -Executive	6	6
Shri S. Ashraf	Govt. nominee	6	2
Shri B.P. Mishra	Non -Executive	6	4
Shri Subir Das	Non -Executive	2	1
Shri L. N. Mishra	Non -Executive	0	0

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section- 134 (5) of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, it is hereby confirmed:-

1. That in the preparation of the Annual Accounts for the Financial Year ended 31.03.2016, the applicable Accounting Standards have been followed (except as disclosed in the Additional Notes on Accounts) along with proper explanation relating to material departures.
2. That the Directors have selected such Accounting Policies and applied them consistently and made judgments 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 that period.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the Accounts for the Financial Year ended 31.03.2016 on a GOING CONCERN BASIS.
5. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the company secretary in advance

BANKER'S NAME AND ADDRESS:

Sl. No.	Name	Branch Address
1	State Bank of India	MCL Complex Branch, Jagruti Vihar, Burla, Sambalpur PIN - 768020
2	UCO Bank	Jagruti Vihar Branch (Code 1890) Jagruti Vihar, Burla, Sambalpur. PIN – 768020
3	Axis Bank Ltd.	RR Mall, Ashoka Talkis Road, V.S.S. Marg, Sambalpur, Orissa PIN - 768001

4	Union Bank of India	Besides Bazar Kolkata, Gole Bazar, Sambalpur - 768001
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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 is annexed herewith.

AUDITOR'S REPORT/ SECRETARIAL AUDIT REPORT:

The observation made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013. As required under section 204 (1) of the Companies Act, 2013 the Company has obtained a secretarial audit report annexed herewith.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith.

ACKNOWLEDGEMENT

Your Directors are grateful to the CMD MCL for his valuable guidance, support and cooperation for the progress of the Company.

Your Directors express sincere thanks to the local administration for their help and cooperation extended from time to time for the development of the Company.

Your Directors also record their appreciation of the services rendered by the Auditors, the Officers and staff of the Principal Director of Commercial Audit & Ex-officio Member Audit Board – II, Kolkata, O/o the Comptroller & Auditor General of India and Registrar of Companies Orissa.

ADDENDA

The following papers are enclosed:-

1. Report of the Statutory Auditor who have been appointed under Section 139 of the Companies Act 2013.
2. Comment of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act 2013.
3. Report of the Secretarial Auditor.
4. Extract of Annual Return.

Date: 04th July, 2016
Place: Sambalpur

(J.P. Singh)
Chairman, MNH Shakti Limited

INDEPENDENT AUDITOR'S REPORT

TO,

THE MEMBERS OF MNH SHAKTI LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of MNH SHAKTI LIMITED ("the Company"), which comprise the Balance Sheet as at 31/03/2016, the Statement of Profit and Loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31/03/2016, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013. We give in the Annexure-A statements on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
- (ii) As required under section 143 (5) of the Companies Act 2013, we give in Annexure – B to this report, a statement on the directions, issued by the Comptroller and Auditor General of India after complying the suggested methodology of audit, the actions taken thereon and its impact on the accounts and financial statements of the company.

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.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the cash flow statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31/03/2016 taken on record by the Board of Directors, none of the directors is disqualified as 31/03/2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) 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 financial statements.
 - 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 derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Date : 17.05.2016
Place :Sambalpur

FOR SABD & Associates
(Chartered Accountants)
Reg No. :020830N

Sd/-
CA S.K. Jain
Partner
M.No. : 507368

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(1) In Respect of Fixed Assets:

The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

As explained to us, fixed assets of the company have been physically verified by the management in a phased periodical manner which in our opinion is reasonable having regards to the size of the company and nature of its assets.

The title deeds of immovable properties are held in the name of the company.

(2) In Respect of Inventories:

The company has no stock of stores, spares parts and raw materials during the year. Hence physical verification by management is not conducted during the year.

(3) Loans and advances to parties covered under section 189 of Companies Act – 2013:

No Loans and advances to parties covered under section 189 of Companies Act – 2013 has given during the year, hence:

- (a) Not Applicable
- (b) Not Applicable
- (c) Not Applicable

iv) Loans, investments, guarantees, and security:

In respect of loans, investments, guarantees, and security the section 185 and 186 of the Companies Act, 2013 have been complied with.

v) Accepting Deposits from public:

According to information and explanation given to us the company has not accepted any deposits from public, therefore this clause is not applicable to the company.

vi) Maintenance of cost records under Section 148 of the Companies Act – 2013:

Not Applicable.

vii) In respect of statutory dues:

- a) As the company has no direct staff except employees on deputation from MCL, the deduction and deposit of provident fund dues is not applicable during the year. Further as the company has not started production and sale during the year, no statutory dues is payable to the govt.
- b) The company is capitalizing all its revenue income and expenditure under the head Intangible assets under development since it has not commenced its commercial production. Therefore interest earned on FDR with banks is also capitalized. However Income Tax Department is considering it as a revenue income and thus the matter is pending before the Appellate Authority of IT Department.

viii) Default in Repayment of Loans taken from Bank or Financial Institutions:

The company has not taken any loans from any financial institutions or banks; hence, this clause is not applicable.

ix) Moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised:

The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans; hence, this clause is not applicable.

x) Reporting of Fraud During the Year (Nature and Amount):

According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

xi) Managerial Remuneration:

The company has not paid any managerial remuneration during the year.

xii) Provision related to Nidhi company:

Not Applicable.

xiii) Related party Transaction in compliance with sections 177 and 188 of Companies Act,2013:

According to information and explanation given to us there is no transaction with related party during the year.

xiv) Preferential allotment or private placement of shares or fully or partly convertible debentures during the year:

The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the reporting period.

xv) Non-cash transactions with directors or persons connected with him:

The company has not entered into any non-cash transactions with directors or persons connected with him during the reporting period.

xvi) Registration under section 45-IA of the Reserve Bank of India Act, 1934:

Not Applicable.

Date : 17.05.2016

Place : Sambalpur

FOR, SABD & Associates

(Chartered Accountants)

Reg No. :020830N

Sd/-

CA S. K. Jain

Partner

M.No. : 507368

**REPORT PURSUANT TO DIRECTIONS UNDER SECTION 143(5) OF
THE COMPANIES ACT, 2013**

COMPANY : *MNH SHAKTI LIMITED.*
ANAND VIHAR , BURLA, SAMBALPUR

FINANCIAL YEAR : 2015 – 16

Sl. No.	Direction issued	Statutory Auditor's Reply
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	The company has its own title/lease deeds for freehold and leasehold lands. Hence, not applicable.
2.	Please report 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/write off of debt/loans/interest etc. During the year under audit
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities?	Proper records whether necessary are maintained for inventories lying with third parties. As informed to us the company has not received any gift from Govt. Or other authority

Date : 17.05.2016
Place : Sambalpur

FOR, SABD & Associates
(Chartered Accountants)
Reg No. :020830N

Sd/-
CA S. K. Jain
Partner
M.No. : 507368

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MNH SHAKTI LIMITED FOR THE YEAR ENDED 31ST MARCH 2016.

The preparation of financial statements of MNH Shakti Limited for the year ended 31st March 2016 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 auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion of the financial statements under section 143 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 17.05.2016.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct supplementary audit of the financial statements of MNH Shakti Limited for the year ended 31 March 2016 under section 143 (6) (a) of the Act.

**For and on behalf of the
Comptroller and Auditor General of India**

Sd/-
(Praveer Kumar)

**Pr. Director of Commercial Audit
& Ex-officio Member, Audit Board-II, Kolkata**

Dated: 14.06.2016
Kolkata

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR 2015-16

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MNH Shakti Limited,
Anand Vihar,
Po. Jagruti Vihar, Burla,
Sambalpur, Orissa – 768020.
India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. MNH Shakti Limited (hereinafter called 'the Company') for the financial year ended 31st March, 2016. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/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 during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period, 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 :

1. 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, 2016, according to the provisions of :
 - (i) The Companies Act, 2013 (the Act), and the Rules made there under;
 - (ii) The Companies Act, 1956 and Rules made there under, to the extent for specified sections not yet notified;
 - (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under; Not applicable during the period under report.
 - (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; Not applicable during the period under report.

- (v) 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 during the period under report.
 - (vi) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') - Not applicable during the period under report.
 - (vii) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not applicable during the period under report.
 - (viii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 - Not applicable during the period under report.
 - (ix) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable during the period under report.
 - (x) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- Not applicable during the period under report.
 - (xi) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable during the period under report.
 - (xii) 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 during the period under report.
 - (xiii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not applicable during the period under report.
 - (xiv) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not applicable during the period under report.
2. We have relied on the representation made by the Company and its Officers for systems and mechanism adopted by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major heads/groups of Acts, Laws and Regulations as applicable to the Company like:
- a. Factories Act, 1948;
 - b. Industrial Disputes Act, 1947;
 - c. Industrial Laws relating to Trade Unions, Apprentices, Industrial employment, Motor transport workers, etc.
 - d. Acts prescribed related to Mining activities;

- e. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, bonus, gratuity, provident fund, ESIC, compensation, maternity benefits, labour welfare, etc;
- f. Act prescribed under Environment and conservation;
- g. Business Laws relating to Contracts, Stamps, Competitions etc.

We further report that:

The Board of Directors of the Company have been duly constituted as required under the provisions of the Act. The Company has represented to Ministry of Coal, Government of India, for nominating Independent Directors and Woman Director(s) on Board, so that the mandatory Nomination and Remuneration Committee can be constituted as per the Act and the DPE Guidelines on Corporate Governance. 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.

Adequate notice was given to all the 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.

All decisions are carried out unanimously while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that on the basis of documents and explanations provided by the Management, 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.

For Jayashree Mishra & Associates
Company Secretaries

Sd/-
CS Jayashree Mishra
M. Number: 31853
C.P Number: 11730

Place: Bhubaneswar
Date : 17.05.2016

This report is to be read with our letter of event date which is annexed as Annexure-A and forms an integral part of this report.

Annexure A

To,
The Members,
MNH Shakti Limited,
Anand Vihar,
Po. Jagruti Vihar, Burla,
Sambalpur, Orissa – 768020.
India.

Our report of event date is to be read along with this letter.

1. Maintenance of secretarial records 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 verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, followed by the Company 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 Jayashree Mishra & Associates
Company Secretaries

Sd/-
CS Jayashree Mishra
M. Number: 31853
C.P.Number:11730

Place : Bhubaneswar
Date : 17.05.2016

M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
BALANCE SHEET
As at 31st March, 2016



MNH

(₹` in lakh)

	Notes	As at 31/03/2016	As at 31/03/2015
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
a) ShareCapital	1	8,510.00	8,510.00
b) Reserves and Surplus	2	(52.15)	(52.15)
		8,457.85	8,457.85
(2) Non-Current Liabilities			
a) Long Term Borrowings	3	-	-
b) Deferred Tax Liability (Net)			
c) Other Long Term Liabilities	4	-	-
d) Long Term Provisions	5	-	-
		-	-
(3) Minority interest			
		-	-
(4) Current Liabilities			
a) Short Term Borrowings	6	111.29	63.24
b) Trade Payables	7	-	-
c) Other Current Liabilities	8	6.00	0.97
d) Short Term Provisions	9	2.06	2.06
		119.35	66.27
Total		8,577.20	8,524.11

II ASSETS

(1) Non-Current Assets

(a) Fixed Assets

i) Tangible Assets - Gross Block	10A	2,675.05	2,675.05
Less : Depreciation, Impairment & Provisions		374.22	294.26
Net Carrying Value		2,300.82	2,380.79
ii) Intangible Assets - Gross Block	10A	-	-
Less : Depreciation, Impairment & Provisions		-	-
Net Carrying Value		-	-
iii) Capital Work-in-Progress	10B	262.95	262.95
iv) Intangible Assets under Development	10C	2,186.43	2,306.32
(b) Non-Current Investments			
	11	-	-
(c) Deferred Tax Asset (Net)			
	12	-	-
(d) Long Term Loans & Advances			
	13	-	-
(e) Other Non-Current Assets			
		-	-





SABD & ASSOCIATES

(₹` in lakh)

	Notes	As at	
		31/03/2016	31/03/2015
(2) Current Assets			
(a) Current Investments	14	-	-
(b) Inventories	15	-	-
(c) Trade Receivables	16	-	-
(d) Cash & Cash equivalents	17	3,297.51	3,374.14
(e) Short Term Loans & Advances	18	405.01	146.78
(f) Other Current Assets	19	124.47	53.13
		3,826.98	3,574.05
Total		8,577.20	8,524.11

Significant Accounting Policies 20

Additional Notes on Accounts 21

The Notes referred to above form an integral part of Balance Sheet

Sumantra Kumar Behera
S.K. Behera
Asst. Manager (Finance)

S.M. Jha
S.M. Jha
Chief Executive Officer

L.N. Mishra
L. N. Mishra
Director

J.P. Singh
J.P. Singh
Chairman

Sumantra Kumar Behera
S.K. Behera
Company Secretary

As per our report of given date.
For & on behalf of M/s SABD & Associates.
Chartered Accountants

Date: 17.05.2016
Place: SAMBALPUR



S.K. Jain
(CA S. K. Jain)
Partner
(Membership No. 507368)
Firm Regd. No - 020830N

M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
STATEMENT OF PROFIT & LOSS
For the period 31st March, 2016



(₹ in lakh)

INCOMES

Notes	For the Quarter ended 31/03/2016	For the Year ended 31/03/2015
Sale of Coal	-	-
Less: Excise Duty	-	-
Other Levies	-	-
Revenue From Operations	-	-
Other Income	-	-
Total Revenue	-	-

EXPENSES

Cost of Materials Consumed	-	-
Change in inventories of finished goods, work in progress and Stock in trade	-	-
Employee benefit expenses	-	-
Power & Fuel	-	-
Welfare Expenses	-	-
Repairs	-	-
Contractual Expenses	-	-
Finance Costs	-	-
Depreciation/Amortization/Impairment	-	-
Provisions	-	-
Write off	-	-
Overburden Removal Adjustment	-	-
Other Expenditures	-	-
Total Expenses	-	-
Profit/Loss before extraordinary items ,exceptional items and tax	-	-
Prior Period Adjustment [Charges / (Incomes)]	-	-
Exceptional Items	-	-
Profit/Loss before extraordinary items and tax	-	-
Extraordinary Items [Charges/(Incomes)]	-	-
Profit/Loss before Tax	-	-
Less : Tax Expense		
- Current year (including wealth tax)		
- Deferred Tax		
- Earlier years		
Profit/Loss after Tax	-	-

Basic and Diluted Earnings per Share (in Rs.)
(Face Value of Rs. 10/- per share)

Significant Accounting Policies 20
Additional Notes on Accounts 21

The Notes referred to above form an integral part of Profit & Loss Account.

S.K. Behera
S.K. Behera
Asst. Manager (Finance)

L.N. Mishra
L. N. Mishra
Director

S.K. Behera
S.K. Behera
Company Secretary

S.M. Jha
S.M. Jha
Chief Executive Officer

J.P. Singh
J.P. Singh
Chairman

As per our report of given date.
For & on behalf of M/s SABD & Associates.
Chartered Accountants

Date: 17.05.2016
Place: SAMBALPUR



S.K. Jain
(CA S. K. Jain)
Partner
(Membership No. 507368)
Firm Regd. No - 020830N

M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
NOTES TO BALANCE SHEET
As at 31st. March, 2016



NOTE - 1

SHARE CAPITAL

(₹ in lakh)

	<u>As at</u> <u>31/03/2016</u>	<u>As at</u> <u>31/03/2015</u>
<u>Authorised</u>		
100000000 Equity Shares of Rs. 10/- each	10,000.00	10,000.00
	10,000.00	10,000.00
 <u>Issued, Subscribed and Paid-up</u>		
85100000 Equity Shares of Rs.10/- each fully paid up in cash	8510.00	8,510.00
	8,510.00	8,510.00

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 Rs. 10 each)	% of Total Shares
Mahanadi coalfields Ltd	59570000	70
Hindalco industries Ltd	12765000	15
Neyveli Lignite corporation	12765000	15
	85100000	100

2) During the year , there is no change in the number of shares.



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st March, 2016



NOTE - 2

RESERVES & SURPLUS

(₹ in lakh)

	As at 31/03/2016	As at 31/03/2015
RESERVES :		
Capital Reserve		
As per last Balance Sheet	-	-
Add: Addition during the year	-	-
Less: Adjustment During the year	-	-
	-	-
Capital Redemption Reserve		
As per last Balance Sheet	-	-
Add: Addition during the year	-	-
Less: Adjustment During the year	-	-
	-	-
Reserve for Foreign Exchange Transactions		
As per last Balance Sheet	-	-
Add: Addition during the year	-	-
Less: Adjustment During the year	-	-
	-	-
CSR Reserve		
As per last Balance Sheet	-	-
Add: Addition during the year/period	-	-
Less: Transfer to General Reserve	-	-
	-	-
General Reserve		
As per last Balance Sheet	-	-
Add: Transfer from Profit & Loss Account	-	-
Add:/ Less: Adjustment During the year/period	-	-
	-	-
Surplus in Profit & Loss Account		
As per last Balance Sheet	-	-
Profit/(Loss) after Tax During the Year/ period	-	-
Profit/(Loss) available for Appropriation	0.00	-
APPROPRIATION		
Reserve for Foreign Exchange Transaction	-	-
Transfer to General Reserve	-	-
Transfer to CSR Reserve	-	-
Interim Dividend	-	-
Proposed Dividend on Equity Shares	-	-
Corporate Dividend Tax	-	-
Corporate Dividend Tax - earlier year	-	-
	0.00	-
Miscellaneous Expenditure (to the extent not written off)		
Preliminary Expenses	52.15	52.15
Pre-Operational Expenses	-	-
Total :	(52.15)	(52.15)



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st March, 2016

NOTE - 3



LONG TERM BORROWINGS

(₹ in lakh)

	As at 31/03/2016	As at 31/03/2015
Loan from CIL		
- for IBRD	-	-
- for JBIC	-	-
Export Development Corp., Canada	-	-
Liebherr France S.A., France	-	-
 Loan From Coal India Limited	 -	 -
 Total	 -	 -

CLASSIFICATION 1

Secured	-	-
Unsecured	-	-

CLASSIFICATION 2

Loan Guaranteed by Directors & Others

Particulars of Loan	₹ in lakh	Nature of Guarantee
Nil	Nil	Nil

Note: 1. Amount outstanding in forign currency is to be disclosed.
2. State Security & Terms of Repayment of each line item.



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st March, 2016

NOTE - 4



OTHER LONG TERM LIABILITIES

(₹ in lakh)

	<u>As at</u> <u>31/03/2016</u>	<u>As at</u> <u>31/03/2015</u>
Shifting & Rehabilitation Fund		
Opening Balance	-	-
Add: Interest from Investment of the fund	-	-
Add: Contribution Received	-	-
Less: Amount utilised	-	-
Trade Payable	-	-
Security Deposits	-	-
Others (Specify Nature)	-	-
Total	-	-
CLASSIFICATION		
Secured	-	-
Unsecured	-	-



M N H SHAKTI LIMITED

As at 31st March, 2016

NOTE - 5

(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)



(₹ in lakh)

LONG TERM PROVISIONS

	<u>As at</u> <u>31/03/2016</u>	<u>As at</u> <u>31/03/2015</u>
For Employee Benefits		
- Gratuity	-	-
- Leave Encashment		
- Other Employee Benefits		
- NCWA IX		
For Foreign Exchange Transactions (Marked to Market)	-	-
OBR Adjustment Account		
Mine Closure		
For Others	-	-
TOTAL	-	-



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st March, 2016

NOTE - 6



SHORT TERM BORROWINGS

(₹ in lakh)

	As at 31/03/2016	As at 31/03/2015
Loan From Bank	-	-
Loans Repayable on Demand		
Balance with Mahanadi Coalfields Limited & other Subsidiaries of Coal India Limited	111.29	63.24
Overdraft against Pledge of Term Deposit	-	-
Other Loans and Advances		
Deferred Credits	-	-
Total :	111.29	63.24
CLASSIFICATION 1		
Secured	-	-
Unsecured	111.29	63.24

CLASSIFICATION 2

Loan Guaranteed by Directors & Others

Particulars of Loan	₹ in lakh	Nature of Guarantee
Nil	Nil	Nil



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st March, 2016

NOTE - 7



	(₹ in lakh)	
TRADE PAYABLE	As at 31/03/2016	As at 31/03/2015
Sundry Creditors For Supplies		
For Revenue Stores		



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st March, 2015

NOTE - 8



(₹ in lakh)

OTHER CURRENT LIABILITIES

	As at 31/03/2016	As at 31/03/2015
Current Maturities of Long Term Borrowings		
Term Loan From IBRD from CIL		
Term Loan From JBIC from CIL		
Term Loan From Liebherr France S.A., France		
Loan From Coal India Limited		-
Surplus fund from Coal India		-
Current account with Subsidiaries		-
Sundry Creditors for Capital Stores		-

FOR EXPENSES :

Salary Wages & Allowances		
Power & Fuel		
Others	3.65	1.74
	3.65	1.74

STATUTORY DUES :

Sales Tax		-
Sales Tax/VAT		-
Provident Fund & Pension Fund		-
Central Excise Duty		-
Royalty & Cess on Coal		-
Stowing Excise Duty		-
Clean Energy Cess		-
Other Statutory Levies		-
		-

Income Tax Deducted at Source	0.27	0.16305
Security Deposit	1.07	(1.94)
Earnest Money	1.01	1.01
Advance & Deposit from customers / others	-	-
Interest Accrued and due on Borrowings	-	-
Interest Accrued but not due on Borrowings	-	-
Cess Equilisation Account	-	-
Current Account with IICM	-	-
Unpaid Dividend	-	-
Ex-Owner Account	-	-
Advance deposit other Pre-Nationalisation	-	-
Gratuity	-	-
Others Liabilities	-	-

TOTAL	6.00	0.97
--------------	-------------	-------------

Note ; Loan repayment Liebherr France during 2015-16	Euro	NIL
Loan repayment IBRD during 2015-2016	USD	NIL
Loan repayment JBIC during 2015-16	Yen	NIL



M N H SHAKTI LIMITED
 (A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
 As at 31st March, 2016

NOTE - 9



(₹ in lakh)

SHORT TERM PROVISIONS

	As at 31/03/2016	As at 31/03/2015
For Employee Benefits		
- Gratuity	-	-
- Leave Encashment	-	-
- PPLB	2.06	2.06
- PRP	-	-
- Other Employee Benefits	-	-
- For NCWA IX	-	-
For Proposed Dividend	-	-
For Corporate Dividend Tax	-	-
For Income Tax	-	-
For Excise Duty on Closing Stock of Coal	-	-
For Others	-	-
 TOTAL	2.06	2.06





M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As At 31st March, 2016.

NOTE - 10 A
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			IMPAIRMENT LOSS / OTHER LOSS			Total Depreciation/ Impairment Loss / Other Loss	CARRYING VALUE	
	As on 01.04.2015	Addition during the period	Adj./Sales/Transfer during the period	As on 01.04.2015	Addition during the period	Adj./Sales/Transfer during the period	As on 01.04.2015	Addition during the period	Adj./Sales/Transfer during the period		As on 31.03.2016	As on 31.03.2016
Tangible Assets												
Land												
(a) Freehold												
(b) Leasehold	2,658.45	-	-	287.07	78.19	-	365.26	-	-	-	2,293.19	2,371.38
Building/Water Supply/Road & Culverts	3.61	-	-	-	0.69	-	0.69	-	-	-	2.92	3.61
Plant & Machinery	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & fittings/ Office Tools & Equipments/ Electrical Fittings/ Fire Arms	12.99	-	-	7.19	1.09	-	8.28	-	-	-	4.71	5.80
Railway Sidings	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle	-	-	-	-	-	-	-	-	-	-	-	-
Telecommunication	-	-	-	-	-	-	-	-	-	-	-	-
Development including Roads & Culverts in mining area	-	-	-	-	-	-	-	-	-	-	-	-
Surveyed off Assets	2,675.05	-	-	294.26	79.96	-	374.22	-	-	-	2,300.82	2,380.79
TOTAL	2,675.05	-	-	294.26	79.96	-	374.22	-	-	-	2,300.82	2,380.79
For the year ended 31.03.2016												
Tangible Fixed Assets	2,675.05	-	-	294.26	79.96	-	374.22	-	-	-	2,300.82	2,380.79
Intangible Assets												
Development	-	-	-	-	-	-	-	-	-	-	-	-
Software	-	-	-	-	-	-	-	-	-	-	-	-
Prospecting & Boring	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,675.05	-	-	294.26	79.96	-	374.22	-	-	-	2,300.82	2,380.79

Note: Land- Others includes land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1894., Orissa Government Land settlement Act 1962.





NOTE -10 B
CAPITAL WORK-IN-PROGRESS

(₹ in lakh)

PARTICULARS	COST			PROVISION			IMPAIRMENT LOSS / OTHER LOSS			CARRYING VALUE	
	As on 01.04.2015	Addition during the period	Adj./Sales/Transfer during the period	As on 01.04.2015	Addition during the period	Adj./Sales/Transfer during the period	As on 01.04.2015	Addition during the period	Adj./Sales/Transfer during the period	As on 31.03.2016	As on 31.03.2015
Tangible Assets											
Building/Water Supply/Road & Culverts	-			-	-	-	-	-	-	-	-
Plant & Machinery	-			-	-	-	-	-	-	-	-
Railway Sidings	262.95			262.95	-	-	-	-	-	262.95	262.95
Roads & Culverts in mining area	-			-	-	-	-	-	-	-	-
Others	-			-	-	-	-	-	-	-	-
TOTAL	262.95	-	-	262.95	-	-	-	-	-	262.95	262.95
As on 31.03.2016											
Tangible Assets											
Grand Total	262.95	-	-	262.95	-	-	-	-	-	262.95	262.95





NOTE -10 C
INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in lakh)

PARTICULARS	COST			PROVISION			IMPAIRMENT LOSS / OTHER LOSS			CARRYING VALUE		
	As on 01.04.2015	Addition during the period	Adj./Sales/Transfer during the period	As on 01.04.2015	Addition during the period	Adj./Sales/Transfer during the period	As on 01.04.2015	Addition during the period	As on 31.03.2016	Total Depreciation/ Impairment Loss / Other Loss	As on 31.03.2016	As on 31.03.2015
Intangible Assets Development	1,174.66	(119.89)	-	-	-	-	-	-	-	-	1,054.77	1,174.66
Prospecting & Boring	1,131.66			-	-	-	-	-	-	-	1,131.66	1,131.66
TOTAL	2,306.32	(119.89)	-	-	-	-	-	-	-	-	2,186.43	2,306.32
For the year ended 30.09.15												
Intangible Assets	2,306.32	(119.89)	-	-	-	-	-	-	-	-	2,186.43	2,306.32



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
AS AT 31.03.2016

NOTE - 11



NON - CURRENT INVESTMENTS - Unquoted at Cost

Number of shares/bonds/secu rities current period	Face value per shares/bonds/s ecurity current period (₹)	As at 31.03.2016 (₹ in lakh)	Number of shares/bonds/se curities as at 31.03.2016	Face value per shares/bonds/se curity as at 31.03.2016 (₹ in lakh.)	As at 31.03.2016 (₹ in lakh)
--	--	-------------------------------------	--	---	-------------------------------------

TRADE

8.5% Tax Free Special Bonds (Fully Paid up) :

(on securitisation of Sundry Debtors)

Major State-wise Break-up

UP	-	-	-	-	-
Haryana	-	-	-	-	-
Maharashtra State Electricity Board	-	-	-	-	-
Madhya Pradesh	-	-	-	-	-
Gujarat	-	-	-	-	-
West Bengal State Electricity Board	-	-	-	-	-
Others	-	-	-	-	-

Equity Shares in Subsidiaries Companies

Non-Trade

7.55 % Secured Non convertible IRFC Tax free
2021 series 79 bonds

Total :

-

-





NOTE - 12

LONG TERM LOANS & ADVANCES

	As at 31/03/2016	(₹ ' in lakh) As at 31/03/2015
LOANS		
ADVANCE TO SUPPLIERS & CONTRACTORS		
For Capital		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
Less : Provision for Doubtful Loans and Advances	-	-
For Revenue		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
Less : Provision for Doubtful Loans and Advances	-	-
Security Deposits		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
Less : Provision for Doubtful Loans and Advances	-	-
Deposit for P&T, Electricity etc.		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
Less : Provision for bad and doubtful trade receivables	-	-
LOAN TO EMPLOYEES		
For House Building		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
For Motor Car and Other Conveyance		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
For Others		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
Less: Provision for Doubtful Loans & Advances	-	-
LOAN TO SUBSIDIARIES		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
TOTAL	-	-

Note

	CLOSING BALANCE		MAXIMUM AMOUNT DUE AT ANY TIME	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Due by the Companies under the same management (With name of the Companies)	Nil	Nil	Nil	Nil
Due by the parties in which the Director(s) of company is /are interested	Nil	Nil	Nil	Nil

* This Loan should include interest accrued thereon.



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st. March, 2016



NOTE - 13

OTHER NON-CURRENT ASSETS

(₹ in lakh)

	As at 31/03/2016	As at 31/03/2015
Long Term Trade Receivable		
- Secured considered goods	-	-
- Unsecured considered goods	-	-
- Doubtful	-	-
Less: Provision for bad and doubtful trade receivables	-	-
Exploratory Drilling Work		
- Secured considered goods	-	-
- Unsecured considered goods	-	-
- Doubtful	-	-
Less: Provision for bad and doubtful trade receivables	-	-
Other Receivables		
- Secured considered goods	-	-
- Unsecured considered goods	-	-
- Doubtful	-	-
Less: Provision	-	-
TOTAL	-	-

Note

	CLOSING BALANCE		MAXIMUM AMOUNT DUE AT	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Due by the Companies under the same management (With name of the Companies)	Nil	Nil	Nil	Nil
Due by the parties in which the Director(s) of company is /are interested	Nil	Nil	Nil	Nil



M N H SHAKTI LIMITED
 (A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
 AS AT 31.03.2016

NOTE - 14



CURRENT INVESTMENTS - Quoted / Unquoted at Cost

(₹ in lakh)

	Number of shares/bonds/secu rities current period	Face value per shares/bonds/secu rity current period	As at		Face value per shares/bonds/ security		
			31/03/2016	previous year	previous year	31/03/2016	
NON-TRADE							
Investment in Mutual Fund (Canara Robeco interval Series 2)	-	-	-	-	-	-	
TRADE							
8.5% Tax Free Special Bonds (Fully Paid up) (on securitisation of Sundry Debtors)	-	-	-	-	-	-	
Total :	-	-	-	-	-	-	



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st. March, 2016



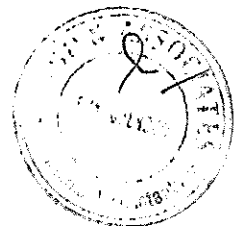
NOTE - 15

INVENTORIES

(Valuation as per Significant Accounting Policy No.10)

(₹' in lakh)

	<u>As at</u> <u>31/03/2016</u>	<u>As at</u> <u>31/03/2015</u>
Stock of Coal		
Coal stock Under Development		
Less : Provision		
A Stock of Coal (Net)	-	-
Stock of Stores & Spare Parts (at cost)		
Stores -in -transit		
Less : Provision		
Loss of Assets		
Less : Provision		
B Net Stock of Stores & Spare Parts (at cost)	-	-
<u>Workshop Jobs :</u>		
Work-in-progress and Finished Goods	-	-
Less : Provision	-	-
C Net Stock of Workshop Jobs	-	-
E Press :		
Work-in-Progress and Finished Goods	-	-
C Stock of Medicine at Central Hospital		
F Prospecting & Boring/ Development Exp./Coal Blocks meant for Sale		
Total (A to F)	-	-



ANNEXURE TO NOTE - 15

(Qty in lakh tonnes) (value in lakh Rs)



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 01.04.15 (B) Adjustment in Opening Stock	-	-	-	-	0.00	0.00
2. Production for the year	-	-	-	-	0.00	0.00
3. Sub-Total (1+2)	-	-	-	-	0.00	0.00
4. Off-Take for the period :						
(A) Outside Despatch	-	-	-	-	0.00	0.00
(B) Coal feed to Washeries	-	-	-	-	0.00	0.00
(C) Own Consumption	-	-	-	-	0.00	0.00
TOTAL(A)	-	-	-	-	0.00	0.00
5. Derived Stock	-	-	-	-	0.00	0.00
6. Measured Stock	-	-	-	-	0.00	0.00
7. Difference (5-6)	-	-	-	-	0.00	0.00
8. Break-up of Difference:						
(A) Excess within 5%	-	-	-	-	0.00	0.00
(B) Shortage within 5%	-	-	-	-	0.00	0.00
(C) Excess beyond 5%	-	-	-	-	0.00	0.00
(D) Shortage beyond 5%	-	-	-	-	0.00	0.00
9. Closing stock adopted in A/c. (6-8A+8B)	-	-	-	-	0.00	0.00

Summary of Closing Stock of Coal

Table : B

	Raw Coal				Washed / Deshale 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)	-	-	-	-	-	-	-	-	-	-	-	-
Less: Non-vendable Coal	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Opening Stock (Vendable)	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	-	-	-
Offtake												
(A) Outside Despatch	-	-	-	-	-	-	-	-	-	-	-	-
(B) Coal feed to Washeries	-	-	-	-	-	-	-	-	-	-	-	-
(C) Own Consumption	-	-	-	-	-	-	-	-	-	-	-	-
Closing Stock	-	-	-	-	-	-	-	-	-	-	-	-
Less: Shortage	-	-	-	-	-	-	-	-	-	-	-	-
Closing Stock	-	-	-	-	-	-	-	-	-	-	-	-

Note: The total value in the table B should tally with the net sales (less transportation and loading cost, and incentives on sales and other adjustment if any) as shown in Schedule 1(Sales) .

Should form Part of Notes to Accounts

Offtake *

- (A) Outside Despatch
- (B) Coal feed to Washeries
- (C) Own Consumption

Closing Stock *

Less: Shortage

Closing Stock **

*offtake includes outside despatch, Coal feed to washeries & own Consumption.

** Excluding non-vendable Stock



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st. March, 2016



NOTE - 16

TRADE RECEIVABLES

(₹ in lakh)

	As at 31/03/2016	As at 31/03/2015
Debts outstanding for a period exceeding six months from the due date		
- Secured considered goods	-	-
- Unsecured considered goods	-	-
- Doubtful	-	-
	0	0
Less : Provision for bad & doubtful debts	-	-
Other Debts		
- Secured considered goods	-	-
- Unsecured considered goods	-	-
- Doubtful	-	-
	-	-
Less : Provision for bad & doubtful debts	-	-
	-	-
Total	-	-

Note

	CLOSING BALANCE		MAXIMUM AMOUNT DUE AT ANY TIME DURING	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Due by the Companies under the same management (With name of the Companies)	Nil	Nil	Nil	Nil
Due by the parties in which the Director(s) of company is /are interested	Nil	Nil	Nil	Nil



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st. March, 2016

NOTE - 17



CASH & BANK BALANCE

(₹ in lakh)

	<u>As at</u>		<u>As at</u>	
	<u>31/03/2016</u>		<u>31/03/2015</u>	
Cash & Cash Equivalents				
Balances with Scheduled Banks				
- SBI Dividend Account (unpaid/unclaimed dividend account)	-		-	
- In Deposit Accounts with maturity upto 3 months				
- In Current Accounts				
State Bank of India	1.17		3.24	
UCO Bank	6.47		1.82	
Axis Bank	0.14		0.13	
Union Bank	0.01		0.01	
- In Cash Credit Accounts	<u>7.79</u>		<u>5.20</u>	
Balances with Non-Scheduled Banks	-		-	
In account with Banks outside India	-		-	
Remittance - in transit	-		-	
Cheques, Drafts and Stamps on hand	-		-	
Cash in hand	-		-	
Deposit with Scheduled Banks under Shifting and Rehabilitation Fund Scheme with maturity upto 3 months	-		-	
Other Bank Balances				
Balances with Scheduled Banks				
- In Deposit Accounts with maturity more than 3 months	-		-	
State Bank of India	-		-	
UCO Bank	3,289.72		3,368.94	
Deposit with Scheduled Banks under Shifting and Rehabilitation Fund Scheme with maturity more than 3 months	-		-	
Deposit with Scheduled Banks under mine Closure Plan Scheme	-		-	
Total	<u>3,297.51</u>		<u>3,374.14</u>	
Maximum amount outstanding with Banks other than Scheduled Banks at any time during the year	Nil		Nil	

Note:

- 1) Balances with banks to the extent held as margin money or security against the borrowings/others
- 2) Bank deposit of more than 12 months maturity shall be disclosed separately.



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st. March, 2016

NOTE - 18



SHORT TERM LOANS & ADVANCES

(₹ in lakh)

	As at 31/03/2016	As at 31/03/2015
LOANS		
ADVANCE (Recoverable in cash or in kind or for value to be received)		
ADVANCE TO SUPPLIERS & CONTRACTORS		
For Revenue		
- Secured considered goods	-	-
- Unsecured considered goods	-	-
- Doubtful	-	-
	0.00	0.00
Less : Provision for bad and doubtful Advances	-	-
ADVANCE PAYMENT OF STATUTORY DUES		
SalesTax		
- Secured considered goods	-	-
- Unsecured considered goods	-	-
- Doubtful	-	-
	-	-
Less : Provision	-	-
Advance Income Tax / Tax Deducted at Source by banks on fixed deposits	161.32	92.99
	161.32	92.99
Others		
- Secured considered goods	-	-
- Unsecured considered goods	243.53	-
- Doubtful	-	-
	243.53	-
Less : Provision	-	-
	243.53	-
	404.84	92.99
Advance to Employees		
- Secured considered goods	-	-
- Unsecured considered goods	0.17	6.01
- Doubtful	-	-
	0.17	6.01
Less : Provision	-	-
	0.17	6.01
Current Account with Coal India Limited & other Subsidiaries of Coal India Limited and MCL's subsidiaries		
LOAN ACCOUNT WITH SUBSIDIARIES		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
	-	-
Less : Provision	-	-
Claims Receivables		
- Secured considered good	-	-
- Unsecured considered good	-	47.78
- Doubtful	-	-
	-	47.78
Less : Provision for Doubtful claims	-	-
	-	47.78
Prepaid Expenses		
	0.17	53.79
TOTAL	405.01	146.78

Note

	CLOSING BALANCE		MAXIMUM AMOUNT DUE AT	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Due by the Companies under the same management (With name of the Companies)	Nil	Nil	Nil	Nil
Due by the parties in which the Director(s) of company is /are interested	Nil	Nil	Nil	Nil



M N H SHAKTI LIMITED
(A SUBSIDIARY OF MAHANADI COALFIELDS LIMITED)
As at 31st. March, 2016

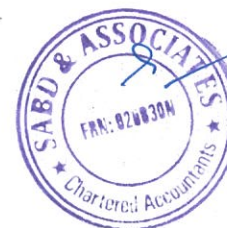
NOTE -19



OTHER CURRENT ASSETS

(₹ in lakh)

	As at 31/03/2016	As at 31/03/2015
Interest Accrued		
- Investment		
- Deposit with Banks	121.46	53.13
- Others	-	-
Ex Owner's Account	-	-
Other Advances		
Less : Provision	-	-
DEPOSITS		
Deposit for Customs Duty, Port Charges etc.	-	-
Deposit with Coal India Limited		
Deposit for Royalty, Cess & Sales Tax		
Less: Provision	-	-
Others	-	-
Less: Provision	-	-
Amount Receivable from Govt of India for transactions on behalf of Ex-Coal Board	-	-
Other Receivables	3.01	
Less: Provision	-	-
TOTAL	124.47	53.13



Points that should be considered while making notes

1. Contingent liabilities and commitments (to the extent not provided for)

(i) Contingent liabilities shall be classified as:

- (a) Claims against the company not acknowledged as debt;
- (b) Guarantees;
- (c) Other money for which the company is contingently liable

(ii) Commitments shall be classified as:

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for;
- (b) Uncalled liability on shares and other investments partly paid
- (c) Other commitments (specify nature).

2. The amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share shall be disclosed separately. Arrears of fixed cumulative dividends on preference shares shall also be disclosed separately.

3. Where in respect of an issue of securities made for a specific purpose, the whole or part of the amount has not been used for the specific purpose at the balance sheet date, there shall be indicated by way of note how such unutilized amounts have been used or invested.

4. If, in the opinion of the Board, any of the assets other than fixed assets and non-current investments do not have a value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion, shall be stated

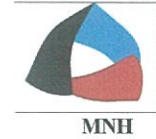
5. This note should be cross referenced to Note No. 5 & Note No. 9

The Position of various provisions as on 31.03.2016 is given below:

Provisions	Opening Balance	Addition during the Year	Write Back/Adj. During the year	Closing Balance
For Proposed Dividend	-	-	-	-
For Corporate Dividend Tax	-	-	-	-
For Gratuity	-	-	-	-
For Leave Encashment	-	-	-	-
For Other Employee Benefits	-	-	-	-
For Income Tax	-	-	-	-
For Foreign Exchange Transactions (Marked)	-	-	-	-
Cost of Stowing Lag	-	-	-	-
OBR Adjustment Account	-	-	-	-
Land Reclamation	-	-	-	-
Bad & Doubtful debts	-	-	-	-
Provision for Doubtful Advances & Claims	-	-	-	-
CWIP	-	-	-	-
Other Provisions-Fixed Assets	-	-	-	-

6. The Bifurcation of Sundry creditors for Supplies - For Capital & For revenue between Micro, Small & Medium Enterprises and others should be stated in Notes by cross referencing it to Note 7





MNH SHAKTI LIMITED

Cashflow Statement for the period quarter ended on 31st March, 2016

	For the period ended 31.03.2016 (₹ in Lakhs)	Previous Year ended 31.03.2015 (₹ in Lakhs)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extraordinary items	0.00	0.00
Adjustment for :		
Depreciation & Impairment	79.96	80.99
Exchange Rate Fluctuation	0.00	0.00
OBR Adjustment	0.00	0.00
Interest / Dividend (Received)	0.00	0.00
Interest / Dividend (Paid)	0.00	0.00
Prov. against Debtors/Inventories/Other CA/ Loans & Adv	0.00	0.00
Adjustment for Opening Deferred Tax Assets	0.00	0.00
Deferred Tax Liability	0.00	0.00
Operating Profit before Working Capital changes	79.96	80.99
Adjustments for :		
Changes in Investments	0.00	0.00
Changes in Inventories	0.00	0.00
Changes in Sundry Debtors	0.00	0.00
Changes in Other Current Assets	(71.34)	84.18
Changes in Short term Loans and Advances	(258.23)	(32.40)
Reduction in General Reserve	0.00	0.00
Changes in Current Liabilities	53.08	(456.57)
Cash generated from operations	(196.53)	(323.80)
Direct taxes paid	0.00	0.00
Deferred Tax Liabilities	0.00	0.00
Cash Flow before extraordinary items	(196.52)	(323.80)
Extraordinary items	0.00	0.00
Net Cash from operating activities	(196.52)	(323.80)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase/Sale of Fixed Assets(Other than P&B,Dev.)	0.00	(3.61)
Purchase of Fixed Assets(P&B,Dev.)-CWIP	119.89	(26.78)
Short Term Deposit with CIL	0.00	0.00
Miscellaneous receipts	0.00	0.00
Acquisition of Companies	0.00	0.00
Change in Investments	0.00	0.00
Interest received	0.00	0.00
Dividend received	0.00	0.00
Preliminary Expenses	0.00	0.00
Net Cash used in investing activities	119.89	(30.39)





MNH

C CASH FLOW FROM FINANCING ACTIVITIES:

World Bank Loans through CIL		
Deferred Credit Loan		
Exchange Rate Fluctuation		
Repayment of CIL Loan		
Redemption of preference share capital		
Interest and financial charges		
Dividend paid		
Issue of Share Capital		
Net Cash used in financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents as at beginning of the year		
Cash and cash equivalents as at the end of the year		

For the period ended 31.03.2016 (₹ in Lakhs)	Previous Year ended 31.03.2015 (₹ in Lakhs)
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
(76.63)	(354.19)
3374.14	3728.33
3297.51	3374.14

Notes:

1. The aforesaid statement is prepared on indirect method
2. The figures of the previous year have been reclassified to confirm to current year classification.
3. The Previous year figures given are audited ones as on 31.03.15 for the entire 2014-15.

S.K. Behera
S.K. Behera
Asst. Manager (Finance)

L.N. Mishra
L. N. Mishra
Director

S.K. Behera
S.K. Behera
Company Secretary

S.M. Jha
S.M. Jha
Chief Executive Officer

J.P. Singh
J.P. Singh
Chairman

As per our report of given date.
For & on behalf of **M/s SABD & Associates.**
Chartered Accountants

Date: 17.05.2016
Place: SAMBALPUR



S.K. Jain
(CA S. K. Jain)
Partner
(Membership No. 507368)
Firm Regd. No - 020830N

MNH SHAKTI LIMITED

NOTE – 20

SIGNIFICANT ACCOUNTING POLICIES

1.0 Accounting Convention:

Financial statements are prepared under the historical cost convention and on accrual basis of accounting and going concern concept, in accordance with the generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 including accounting standards notified there under , except otherwise stated.

2.0 Subsidies / Grants from Government:

2.1 Subsidies / Grants on capital account are deducted from the cost of respective assets to which they relate. The unspent amount at the Balance Sheet date, if any, is shown as current liabilities.

2.2 Subsidies / Grants on revenue account are credited to Statement of Profit & Loss under the head- Other Income and the relevant expenses are debited to the respective heads. The unspent amount at the Balance Sheet date, if any, is shown as current liabilities.

3.0 Fixed Assets:

3.1 Land:

Value of land includes cost of acquisition and cash rehabilitation expenses and resettlement cost incurred for concerned displaced persons. Other expenditure incurred on acquisition of land viz. compensation in lieu of employment etc. is, however, treated as revenue expenditure.

3.2 Plant & Machinery:

Plant & Machinery includes cost and expenses incurred for erection / installation and other attributable costs of bringing those assets to working conditions for their intended use.

3.3 Railway Siding:

Pending commissioning, payments made to the railway authorities for construction of railway sidings are shown in Note 10B under capital Work –in-progress.

3.4 Development:

Expenses net of income of the projects / mines under development are booked to Development Account and grouped under Capital Work-in-Progress till the projects / mines are brought to revenue account. Except otherwise specifically stated in the project report to determine the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of constructions, projects and mines under development are brought to revenue considering 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.

4.0 **Prospecting & Boring and other Development Expenditure:**

The cost of exploration and other development expenditure incurred in one "Five year" plan period will be kept in Capital work-in-progress till the end of subsequent two "Five year" plan periods for formulation of projects, before it is written-off, except in the case of Blocks identified for sale or proposed to be sold to outside agency which will be kept in inventory till finalisation of sale.

5.0 **Investments:**

Current investments are valued at the lower of cost and fair value as at the Balance Sheet date. Investments in mutual fund are considered as current investments.

Non-Current investments are valued at cost.

6.0 **Inventories:**

- 6.1 Book stock of coal / coke is considered in the accounts where the variance between book stock and measured stock is up to +/- 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.

- 6.1.1 Coal & coke fines are valued at lower of cost or net realisable value.

- 6.1.2 Slurry (coking / semi coking), middling of washeries and by products are valued at net realisable value.

6.2 **Stores & Spares:**

- 6.2.1 The closing stock of stores and spare parts has been considered in the accounts as per balances appearing in priced stores ledger of the Central Stores and as per physically verified stores lying at the collieries/units.

- 6.2.2 Stock of stores & spare parts at central & area stores are valued at cost calculated on the basis of weighted average method. The year-end inventory of stores & spare parts lying at collieries / sub-stores / drilling camps/ consuming centres, initially charged off, are valued at issue price of Area Stores, Cost / estimated cost. Workshop jobs including work-in-progress are valued at cost.

- 6.2.3 Stores & spare parts include loose tools.

- 6.2.4 Provisions are made at the rate of 100% for unserviceable, damaged and obsolete stores and at the rate of 50% for stores & spares not moved for 5 years.

- 6.3 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.



7.0 **Depreciation:**

7.1. Depreciation on fixed assets is provided on straight line method on the basis of useful life specified in Schedule II of the Companies Act, 2013 except for assets mentioned below, for which depreciation is provided on the basis of technically estimated useful life which are lower than that envisaged as per schedule II of Companies Act, 2013 to reflect/depict a more true and fair useful life of these assets :-

Telecommunication equipment	:-	6 years and 9 years
Photocopying machine	:-	4 years
Fax machine	:-	3 years
Mobile phone	:-	3 years
Digitally enhance cordless telephone	:-	3 years
Printer & Scanner	:-	3 years
Earth Science Museum	:-	19 years
High volume respiratory dust samples	:-	3 years
Certain equipment/HEMM	:-	7 years and 6 years as applicable.
SDL (equipment)	:-	5 years
LHD (equipment)	:-	6 years

7.2 The residual value of all assets for depreciation purpose is considered as 5% of the original cost of the asset except those item of assets covered under para 7.3.

7.3 In case of assets namely Coal tub, winding ropes, haulage ropes, stowing pipes & safety lamps the technically estimated useful life has been determined to be one year with a nil residual value.

7.4 Depreciation on the assets added/ disposed of during the year is provided on pro-rata basis with reference to the month of addition/disposal, except on those assets with one year useful life and nil residual value as mentioned under para 7.3, which are fully depreciated in the year of their addition. These Assets are taken out from the assets after expiry of two years following the year in which these are fully depreciated.

7.5 Value of land acquired under Coal Bearing Area (Acquisition & Development) Act, 1957 is amortised on the basis of the balance life of the project. Value of leasehold land is amortised on the basis of lease period or balance life of the project whichever is earlier.

7.6 Prospecting, Boring and Development expenditure are amortised from the year when the mine is brought under revenue in 20 years or working life of the project whichever is less.

8.0 **Impairment of Asset:**

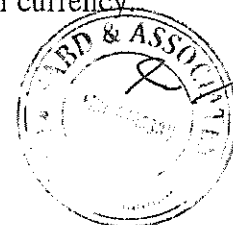
Impairment loss is recognised wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

9.0 **Foreign Currency Transactions:**

9.1 Balance of foreign currency transactions is translated at the rates prevailing on the Balance Sheet date and the corresponding effect is given in the respective accounts. Transactions completed during the period are adjusted on actual basis.

9.2 Transactions covered by cross currency swap options contracts to be settled on future dates are recognised at the rates prevailing on the Balance Sheet date, of the underlying foreign currency. Effects arising out of such contracts are taken into accounts on the date of settlement.



10.0 Retirement benefits / other employee benefits:

a) Defined contributions plans:

The company has defined contribution plans for payment of Provident Fund and Pension Fund benefits to its employees. Such Provident Fund and Pension Fund are maintained and operated by the Coal Mines Provident Fund (CMPF) Authorities. As per the rules of these schemes, the company is required to contribute a specified percentage of pay roll cost to the CMPF Authorities to fund the benefits.

b) Defined benefits plans:

The liability on the Balance Sheet date on account of gratuity and leave encashment is provided for on actuarial valuation basis by applying projected unit credit method. Further the company has created a Trust with respect to establishment of Funded Group Gratuity (cash accumulation) Scheme through Life Insurance Corporation of India. Contribution is made to the said fund based on the actuarial valuation.

c) Other employee benefits:

Further liability on the Balance Sheet date of certain other employee benefits viz. benefits on account of LTA/ LTC; Life Cover Scheme, Group Personal Accident Insurance Scheme, Settlement Allowance, Retired Executive Medical Benefit Scheme and compensation to dependants of deceased in mines accidents etc. are also valued on actuarial basis by applying projected unit credit method.

11.0 Recognition of Income and Expenditure:

Income and Expenditure are generally recognised on accrual basis and provision is made for all known liabilities.

11.1 Sales

- a) Revenue in respect of sales is recognised when the property in the goods with the risks and rewards of ownership are transferred to the buyer.
- b) Sale of coal is net of statutory dues and accepted deduction made by customer on account of quality of coal.
- c) The revenue recognition is done where there is reasonable certainty of collection. On the other hand, revenue recognition is postponed in case of uncertainty as assessed by management.

11.2 Dividend

Dividend income is recognised when right to receive is established.

12.0 Borrowing Costs:

Borrowing Cost directly attributable to the acquisition or construction of qualifying assets is capitalised. Other borrowing costs are recognised as expenses in the period in which they are incurred.



13.0 Taxation:

Provision of current income tax is made in accordance with the Income Tax Act., 1961. Deferred tax liabilities and assets are recognised at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

14.0 Provision:

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

15.0 Contingent Liability:

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations can not be made.

Contingent liabilities are not provided for in the accounts and are disclosed by way of Notes.

16.0 Overburden Removal (OBR) Expenses :

In open cast mines with rated capacity of one million tonnes per annum and above, cost of OBR is charged on technically evaluated average ratio (COAL:OB) at each mine with due adjustment for advance stripping and ratio-variance account after the mines are brought to revenue. Net of balances of advance stripping and ratio variance at the Balance Sheet date is shown as cost of removal of OB under the head Non - Current Assets/ Long Term Provisions 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%	Nil

However, where the variance is beyond the permissible limits as above, the measured quantity is considered.

17.0 Prior Period Adjustments and Prepaid Expenses:

Income / expenditures relating to prior period and prepaid expenses, which do not exceed ₹ 10 Lakh in each case, are treated as income / expenditure of current year.



MNH SHAKTI LIMITED

(A SUBSIDIARY COMPANY OF MAHANADI COALFIELDS LTD)

Note – 21

ADDITIONAL NOTES ON ACCOUNTS

1. SHARE CAPITAL:

The proportionate share holding and the share capital paid by the Joint venture partners at the end of 31.03.2016 are given below.

Name of Shareholders	No. of Share Held (of Rs.10/- each)	Share Value (Rs in Lakh)	% of Total Shares
Mahanadi Coalfields Limited	59570000	5957.00	70
Hindalco Industries Limited	12765000	1276.50	15
Neyveli Lignite Corporation Limited	12765000	1276.50	15
Total	85100000	8510.00	100

2. CONTINGENT LIABILITIES:

Nil.

3. SHORT TERM LOANS & ADVANCES:

Short Term Loans and Advances include Rs. 161.32 Lakh (P.Y. 140.77 lakh) Income Tax receivable from Income Tax Department as the TDS deducted in the year 2010-11, 2011-2012, 2012-13, 2013-14, 2014-15 and 2015-16.

4. CASH & CASH EQUIVALENTS:

Cash and Bank balance include Rs. 3289.72 lakh (P.Y. 3368.94 Lakh) deposited in Short Term Deposits at UCO Bank, Jagruti Vihar Branch. The deposits are interest bearing and the accrued interest on the deposits amounting to Rs. 121.46 Lakh (P.Y. 53.13 lakh) have been accounted for on 31.03.2016.

5. OTHER CURRENT ASSETS:

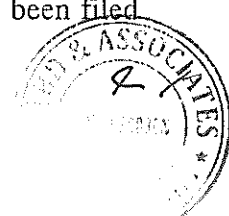
Other Current Assets (Note-19) include Accrued interest on deposits of Rs. 121.46 Lakh.

6. DRILLING AND BORING EXPENDITURE:

Prospecting and boring expenditure has been booked on the basis of debit advice received from MCL, the holding company, which is shown in Note- 10C of the Balance Sheet.

7. TAX MATTER:

TDS deducted by bank on interest on deposits upto the year ended 31.03.2016 is Rs. 161.32 Lakh, which has been shown in Short Term Loans & Advances in Note – 18 of Balance Sheet. A Demand notice was received from income tax department for the assessment year 2012-13 and 2013-14 of ₹ 128.36 Lakh and 115.17 Lakh respectively and same amount has been deposited under protest with Income Tax Department and further appeal has been filed with higher tax authority, decision is pending.



8. SHORT TERM BORROWINGS:

Short Term Borrowing (Note-6) includes Rs. 111.29 Lakh (P.Y. Rs. 63.24 lakh) is credit balance of Current Account, Mahanadi Coalfields Ltd.

9. TRANSFER TO DEVELOPMENT:

The company has not yet started mining operation and under development hence all expenditure incurred on revenue account has been transferred to Note – 10 (capital work in progress) during the quarter.

10. AUDIT FEE:

The Auditors remuneration

For Audit Fees	Rs.	0.57 Lakh
Out of pocket and travelling expenses	Rs.	0.68 Lakh

Total	Rs.	1.25 Lakh

11. RESERVE & SURPLUS:

Reserve & Surplus (Note-2) include Preliminary Expenses of Rs. 52.15 Lakh consisting of expenditure for filing fees, Registration fees and other incidental Fees & Expenses in relation to formation and incorporation of the Company and increase of Authorized Share Capital of the company.

12. OTHER:

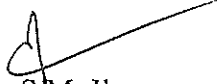
- All the expenditures of the current year has been directly charged to Capital Work in Progress (Note-10) as per revised Schedule of Companies Act 2013.
- Items/Expenditure pertaining to previous year has been regrouped / reclassified wherever necessary for uniformity and comparison.

S.K. Behera
Asst. Manager (Finance)




L. N. Mishra
Director

S.K. Behera
Company Secretary

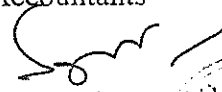


S.M. Jha
Chief Executive Officer



J. P. Singh
Chairman

As per our report of even date
For & on behalf of M/s SABD & Associates.
Chartered Accountants



(CA S. K. Jain)
Partner
(Membership No - 507368)
Firm Regd. No - 020830N

Place : Sambalpur
Date: 17.05.2016

