

# **ANNUAL REPORT & ACCOUNTS**

## **2017-18**



**MAHANADI COAL RAILWAY LIMITED**  
(A subsidiary of Mahanadi Coalfields Limited)



# **MAHANADI COAL RAILWAY LIMITED**

**(A subsidiary of Mahanadi Coalfields Limited)**

## **3<sup>rd</sup> Annual Report and Accounts 2017-18**

**Regd Office:- Jagruti Vihar, Burla  
Sambalpur, Odisha - 768020**



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## COMPANY INFORMATION

### MANAGEMENT DURING 2017-18

#### CHAIRMAN

Shri J. P. Singh (w.e.f. 31.08.2015)

#### DIRECTORS

Shri K. K. Parida (up to 05.07.2017)  
Shri A. K. Gupta (up to 01.05.2017)  
Shri L. N. Mishra (w.e.f. 06.06.2016)  
Shri M. S. Mathur (up to 02.08.2017)  
Shri S. K. Mohanty (w.e.f. 01.06.2016)  
Shri S. L. Gupta (w.e.f. 25.08.2016)  
Shri K.R. Vasudevan (w.e.f. 12.02.2018)  
Shri D. Sabhlok (w.e.f. 01.05.2017)  
Shri A. Narendra (w.e.f. 02.08.2017)

#### CHIEF FINANCIAL OFFICER

Shri V.V.K. Raju (w.e.f. 03.07.2017)

#### STATUTORY AUDITORS

Bijay Dhaniram & Co  
Chartered Accountants  
Mararwaripara, Dhobigali,  
Sambalpur, Odisha - 768001.

#### BANKERS

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

#### REGISTERED OFFICE

Mahanadi Coal Railway Limited,  
Jagruti Vihar, Burla, Sambalpur  
Odisha-768020.

## **BOARD OF DIRECTORS AS ON 22.06.2018**

### **CHAIRMAN**

Shri J. P. Singh (w.e.f. 31.08.2015)

### **DIRECTORS**

Shri L. N. Mishra (w.e.f. 06.06.2016)

Shri D. Sabhlok (w.e.f. 01.05.2017)

Shri S. L. Gupta (w.e.f. 25.08.2016)

Shri S. K. Mohanty (w.e.f. 01.06.2016)

Shri A. Narendra (w.e.f. 02.08.2017)

Shri K.R. Vasudevan (W.e.f 12.02.2018)

## NOTICE OF 3<sup>rd</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 3<sup>rd</sup> Annual General Meeting of Mahanadi Coal Railway Limited will be held at 10.30 AM Sunday, the 8<sup>th</sup> July, 2018 at the registered Office of the Company, Jagruti Vihar, Burla, Sambalpur, Odisha - 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 31<sup>st</sup> March, 2018 including the Audited Balance Sheet as at 31<sup>st</sup> March, 2018 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 S. L. Gupta, Director (DIN - 07598920) 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 appoint Directors in place of Shri S. K. Mohanty, Director (DIN-06853652) who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To authorise Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2018-19 and onwards, 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 2018-19 and onwards.”

By order of the Board of Directors  
For Mahanadi Coal railway Limited

Sd/-  
(J. P. Singh)  
Chairman  
DIN :- 06620453

Place: Sambalpur  
Date: 22.06.2018

## DIRECTORS' REPORT

Dear Members,

On behalf of the Board of Directors of your Company, it is my privilege and honour to present the 3<sup>rd</sup> Annual Report of your Company together with the audited Financial Statements for the year 2017-18 along with the report of the Statutory Auditors and the comments of the Comptroller and Auditor General of India.

### 1. Brief Details of the project of MCRL.

Angul-Balaram-Jarapada and one leg to Tentuloi (68Km) section has identified by MCRL as its 1<sup>st</sup> project during its 1<sup>st</sup> BOD meeting held on 11.09.2015. The project consists primarily of 3 legs, Angul- Balaram, Balaram-Putagadia and Jarapada-Putagadia-Tentuloi. Land for the Angul-Balaram leg of the corridor has already been acquired by MCL. Land for the Balaram-Putagadia and Jarapada-Putagadia-Tentuloi legs are to be acquired after signing of concession agreement between Railway and MCRL.

### 2. HIGHLIGHTS OF PERFORMANCE:

#### A) Establishment of MCRL Office

Mahanadi Coal Railway Limited (MCRL) has set-up its Office at 5<sup>th</sup> floor of 11 storied OSHB Building on Plot No. A/32, Kharavel Nagar, Sachivalaya Marg, Bhubaneswar for development of Rail corridor in Talcher area in the state of Odisha for evacuation of coal. The office is functioning at the OSHB building from 01.02.2017.

#### B) Detailed Project Report (DPR)

DPR of Angul-Balaram-Putagadia–Jarapada and one leg upto Tentuloi (about 68 Km) has been approved in principle by Railway Board on 27.10.2017. Final approval of DPR by East Coast Railway has been accorded on 31.01.2018. COM, East Coast Railway sent the proposal to Railway Board on 29.01.2018 for approval of inflated mileage of 60% and for sanction as Railway project. The approval from Railway has not been received so far. Total cost of the project is Rs. 1700 Cr including inflation, Project Management and Interest during construction.

#### C) Meeting with Stakeholders

One meeting has been held with the prospective stakeholders i.e. National Thermal Power Corporation Limited (NTPC), National Aluminium Company Limited (NALCO), Singereni Coliery Company Limited (SCCL) and Odisha Mining Corporation Limited (OMC) on 18.11.2016 regarding mining plan and traffic generation which was included in O-D Traffic study.

#### D) Land

DCO had initiated land acquisition for M/s Brahmani Railway Limited (BRL) for comprehensive corridor to accommodate the railway, road and also water pipeline. Govt. of Odisha has published 6(1) notification on May, 2015 under LA Act, 1894 for land requirement of M/s Brahmani Railway Limited/IDCO.

It has been decided by Board of Director in its meeting on 21.03.2016 to reduce the width of land to accommodate only the rail line and additional land required for maintenance/approach road. Accordingly, fresh survey had to be undertaken and revised the land schedule.

The entire alignment of MCRL corridor strategically kept within the notified land boundary of M/s Brahmani Railway Limited/IDCO as 6(1) notification on May, 2015 under LA Act, 1894. State Govt. has been requested vide MCRL's letter dated 22.12.2017 to advise whether to continue the land acquisition process through IDCO or take up land acquisition afresh through Railway Act., since acquisition through IDCO involves procedural hurdles which needs intervention of State Govt. Remainder letter has also been written to State Govt. on 20.02.2018. Chief Secretary, Govt. of Odisha has conducted a meeting on 24.04.2018 to discuss the land issue of MCRL. It is expected that the decision of State Government will be communicated shortly.

**E) Appointment of Independent Engineer**

As per Article 20 of the Model Joint Venture Agreement of Railway of the year 2014, it is mandatory to deploy an Independent Engineer from approved list of Zonal Railway by the concessionaire i.e. MCRL to check the drawings and designs submitted by IRCON. Therefore, a consultant from approved list of East Coast Railway has to be engaged as an Independent Engineer for the commissioning of the project. The process of engagement of Independent Engineer is going on.

**F) Tie up with bank for Debt**

As per the financial study, the total expenditure for development of Angul-Balram-Putgadia-Tentuloi-Jarapada Rail corridor will be about Rs. 1,700 Crore. After taking 30% as equity from the promoter, about Rs.1190 Crore required in the form of debt from financial institutions. The initial processing has been taken up to engage the financial advisory consultant.

**G) Construction of Angul-Balaram Section**

During 6<sup>th</sup> BOD meeting, it was discussed that the work between Angul-Balram will take irrespective of financial closure. Requisite funds for this portion of the project shall be arranged by MCL in the form of loan. Accordingly, M/s IRCON has initiated the tendering work. However, due to delay in approval of DPR the tender was cancelled.

Again, IRCON had been invited the tender for civil work (excluding procurement of Rail and other misc. work) on 15.02.2018 under Two Packet system. The technical bid of the tender will be opened on 26.03.2018. The financial bid will be opened shortly and expected that the tender will be finalized by the Month of May, 2018.

MCRL requested to MCL for arrangement of the fund to the tune of Rs.145 Crore for construction of above section and also agreed to enhance Authorised Capital to the tune of Rs.510 Crore and paid up capital to the tune of Rs. 300 Crore. However, consent from stakeholders i.e. IRCON and IDCO has not been received so far.



**H) Survey for outer corridor**

In the 1<sup>st</sup> BOD meeting of MCRL on 11.09.2015, another corridor named as 'outer corridor' i.e. Tentuloi-Budhapank via Tiribira, Chandrabila, Sakhigopal about 106 Km has been identified by the Company. The initial work of this corridor is expected to be started after commencement of Angul-Balram-Putgadia-Tentuloi-Jarapada Rail corridor and considering the viability of the project.

**I) Connection from Tentuloi to OMC Mine**

Chief Secretary, Govt. of Odisha while reviewing the mining plan of M/s Odisha Mining Corporation Limited has decided that Tentuloi to Baitarani (West) may be connected by Rail. Minutes of meeting and follow up letter of MD/OMC was communicated to MCL on 02.03.2017. IRCON has been advised to conduct the survey and prepare the feasibility report/DPR keeping view that this action can be part of the western corridor of MCRL in future.

**2. ORGANISATION:**

Memorandum of Understanding (MoU) was signed between Mahanadi Coalfields Limited (MCL), IRCON International Limited (IRCON) and Odisha Industrial Infrastructure Development Corporation (IDCO) to create a Special Purpose Vehicle (SPV) for developing rail corridor in the state of Odisha, thus, an idea of forming a separate company was conceived in the name of Mahanadi Coal Railway Limited (MCRL) with an equity participation ratio of 64:26:10, incorporated on 31<sup>st</sup> of August, 2015. Such a venture creates synergy by seeking administrative support from Central and State Govt., Technical support from Railways and commercial support from MCL to meet the logistic challenges faced by coal mines. It has been conceptualized to sustain in the venture through a participative business model by investing in rail infrastructure and sharing of revenue generated from the traffic out of rail corridor.

As per MoU, IDCO share of equity shall correspond to the value of land provided by the Govt. of Odisha (GoO) or 10 % whichever is more. If the value of land provided by GoO exceeds 10 % of the equity, the shareholding percentage of IDCO and MCL shall stand modified accordingly. GoO shall provide land owned by State Govt. (Revenue and Forest land) and value of such land shall be adjusted towards its equity. Cost of compensatory afforestation, net present value, wildlife management plan, demarcation, felling and other charges for diversion proposal of forest plan under Forest Conservation Act shall be borne by MCRL. It has been envisaged to carry out preliminary activities through IRCON, having domain expertise on railway projects and to act as implementing agency for undertaking the construction work in two phases. MCRL shall enter into separate agreements with Ministry of Railways for Concession, Operation & Maintenance of assets.

### 3. CAPITAL STRUCTURE:

During the year under review, there is no change in the Authorised, Issued and Paid up Capital of the Company, which stood at Rs. 5.00 Lakh. The equity shareholding pattern of the promoter companies are as follows:

Name of the Promoter company	Shareholding pattern As on 31-03-2018	Shareholding pattern As on 31-03-2017
1. Mahanadi Coalfields Limited	64%	64%
2. IRCON International Limited	26%	26%
3. Odisha Industrial Infrastructure Development Corporation	10%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### 4. FINANCIAL RESULTS:

Financial Results for the financial year 2017-18 are given below:

Particulars	For the Year ended on 31-03-2018 (Rs)
Income for the year	11,000.00
Expenditure for the year excluding Depreciation and Amortization Exp.	62,000.00
Profit or Loss before Depreciation and Amortization Exp.	(51,000.00)
Less: Depreciation and Amortization Exp.	0.00
Profit or Loss after Depreciation and Amortization Exp. but before Tax	(51,000.00)
Less: Current Tax	0.00
Profit or Loss after Tax	(51,000.00)

The Company is in construction stage and operational activities have not yet been started. Hence, all the expenditure incurred by the Company, which is directly attributable to Project during F.Y. 2017-18, has been capitalized and other indirect expenses has been charged to "Profit and Loss Statement. During the financial year 2017-18, the Company has taken Rs.22,18,18,000/- Unsecured Short Term Loans from Mahanadi Coalfields Limited (Holding Company).

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 in terms of Rule 7 of The Companies (Accounts) Rules, 2014 and other relevant provisions of the Act, as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluated all recently issued or revised accounting standards on an on going basis. The Company has disclosed standalone audited financial results on quarterly and annual basis.

**5. DIVIDEND:**

The Company didn't declare any dividend during the year.

**6. RESERVES:**

The Company didn't transfer any amount in Reserves.

**7. CONTRIBUTION TO THE EXCHEQUER: NIL**

**8. SUBSIDIARY/ JV COMPANIES:**

Your company is a subsidiary of Mahanadi Coalfields Ltd (MCL) and it does not have any Subsidiary / JV Company.

**9. DEPOSITS:**

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

**10. 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. The Management monitors all critical factors continuously.

**11. 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.

**12. 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.

**13. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

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

**14. AUDITORS:**

Under Section 139 of the Companies Act, 2013, the following Audit Firm was appointed as Statutory Auditor of the Company for the financial year 2017-18:

**M/s Bijay Dhaniram & Co**

Chartered Accountants  
Mararwaripara, Dhobigali,  
Sambalpur – 768001,  
Odisha.

**15. BOARD OF DIRECTORS:**

The Board of Directors of Mahanadi Coal Railway Limited consists of 07 (Seven) members, viz., Chairman and 02 (two) Directors as nominees of MCL, 02 (two) Directors as nominee of IRCON, 01 (one) Director as nominee of IDCO and 01 (one) Director as nominee from MoR.

The Composition of Board of Directors as on 31.03.2018 is as under:

<b>Sl. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Date of Appointment</b>
1.	Shri J. P. Singh	Chairman	31.08.2015
2.	Shri K.R.Vasudevan	Director	12.02.2018
3.	Shri L. N. Mishra	Director	06.06.2016
4.	Shri D. Sabhlok	Director	01.05.2017
5.	Shri S. L. Gupta	Director	25.08.2016
6.	Shri S. K. Mohanty	Director	01.06.2016
7.	Shri A. Narendra	Director	02.08.2017

**16. BOARD MEETINGS:**

The Board met Five (05) times during the year 2017-18 on 22.05.2017, 21.08.2017, 18.12.2017, 28.02.2018 and 30.03.2018 and gap between two meetings was less than 120 days. The details of the Board meetings and Directors attendance held during the period are given as under.

Sl. No.	Name of Directors	Category	Board Meetings	
			Held during the tenure	Attended
1	Shri J. P. Singh	Chairman, Non-Executive (MCL)	5	5
2	Shri O. P. Singh	Non-Executive (MCL)	2	1
3	Shri L. N. Mishra	Non-Executive (MCL)	5	5
4	Shri K.R. Vasudevan	Non-Executive (MCL)	2	2
5	Shri S. L. Gupta	Non-Executive (IRCON)	5	5
6	Shri Deepak Sabhlok	Non-Executive (IRCON)	5	3
7	Shri Abhijit Narendra	Non-Executive (Railway Nominee)	5	2
8	Shri S. K. Mohanty	Non-Executive (IDCO)	5	4
9	Shri K.K. Parida	Non-Executive (MCL)	1	1

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

Information in accordance with the provision of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy, Technology absorption and Foreign Exchange earnings and Outgo is Annexed to this Report.

**18. INFORMATION UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014, REGARDING EMPLOYEES REMUNERATION:**

Information as per Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not applicable to your company as no employee in the Company was drawing more than Rs. 5,00,000/- per month or Rs. 60,00,000 per annum or in excess of that drawn by Managing Director or Whole-time Director or manager and holds by himself or along with spouse and dependent children, not less than two percent of the equity shares of the Company.

**19. 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 31.03.2018, 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 the year under review.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act-2013, 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 31.03.2018 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.

**20. BANKER'S NAME AND ADDRESS:**

Sl. No.	Name	Branch Address
1	State Bank of India	MCL Complex Branch, Jagruti Vihar, Burla, Sambalpur.

**21. C & A G COMMENTS:**

Comments of the Comptroller & Auditor General of India on the Accounts of the Company for the year ended 31<sup>st</sup> March, 2018 is annexed herewith.

**22. AUDITOR'S 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. The report is annexed herewith.

**23. ACKNOWLEDGEMENT:**

Your Directors acknowledge with deep sense of appreciation the co-operation, valuable support and guidance received from the Ministry of Coal, Ministry of Railways and Government of Odisha, Coal India Limited, Mahanadi Coalfields Limited, IRCON International Limited

and Odisha Industrial Infrastructure Development Corporation. Your Directors also express their sincere thanks to the District Administration and to all those, who have directly or indirectly extended their help and cooperation from time to time for the development of the Rail Corridor.

Your Directors express their deep felt thanks and best wishes to all the shareholders for their continued support and reposing trust on the management. Your Directors would like to place on record their appreciation for the untiring efforts and contributions made by the employees and associates at all levels to achieve the progress so far and moving closer towards reality.

Your Directors also record their appreciation for the services rendered by 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, Odisha.

**24. ADDENDA:**

The following documents are annexed:

1. Information regarding Conservation of Energy, Technology absorption and Foreign Exchange earnings and Outgo, (Annexure-I).
2. Report of the Statutory Auditor under Section 139 of the Companies Act, 2013, (Annexure-II).
3. Comment of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act 2013, (Annexure-III).

Date: 22.06.18  
Place: Sambalpur

Sd/-  
(J.P. Singh)  
Chairman  
DIN: 06620453

**Annexure – I**

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

(Information under Section 134 (3) (m) of the Companies Act, 2013 read with rule 8(3) the Companies (Accounts) Rules, 2014 and forming part of the Report of the Directors.)

**(A) Conservation of energy-**

- (i) The steps taken or impact on conservation of energy: NIL
- (ii) The steps taken by the company for utilising alternate sources of energy: NIL
- (iii) The capital investment on energy conservation equipments: NIL

**(B) Technology absorption-**

- (i) The efforts made towards technology absorption: NIL
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: NIL
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- : NIL
- (iv) The expenditure incurred on Research and Development: NIL

**(C) Foreign exchange earnings and Outgo-**

The Company's has been incorporated on 31<sup>st</sup> August, 2015 and no such activity has yet been started. Therefore, there are not any transaction w.r.t foreign exchange earnings or Outgo.

(Rs in Lakhs)

Particulars	2017-2018
Total Foreign Exchange Received (F.O.B. Value of Export)	-
Total Foreign Exchange used:	
i) Raw Materials	-
ii) Consumable Stores	-
iii) Capital Goods	-
iv) Foreign Travels	-
v) Others	-



## **AUDITOR'S REPORT**

TO,

THE MEMBERS OF MAHANADI COAL RAILWAY LIMITED

### **Report on the Financial Statements**

We have audited the accompanying Ind AS financial statements of MAHANADI COAL RAILWAY LIMITED ("the Company"), which comprise the Balance Sheet as at 31/03/2018, 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 (hereinafter referred to as 'Ind AS financial statements').

### **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 Ind AS 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 Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS 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 Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31/03/2018, and its cash flows for the year ended on that date.

### **Other Matters:**

We have issued an Audit Report dated 11<sup>th</sup> May, 2018 ( " the original report") at Sambalpur on the financial statements as adopted by Board of Directors on 9<sup>th</sup> May, 2018. Pursuant to the observation of Comptroller and Auditor General of India u/s. 143(6)(a) of the Companies Act, 2013, we have revised the said Audit Report. This revised Audit Report has no impact on the reported figures in the financial statements of the Company. This Audit Report supersedes the original report, which has been suitably revised to consider observations of Comptroller and Auditor General of India and amendment made to the following points as below:

- 1) Sl.No. (f) of the Report on other legal and regulatory requirements,
- 2) Replace Ind AS financial statement in place of Standalone Ind AS financial statement and
- 3) Point no. i) & iv) of the Annexure A to Audit Report.

Our Audit procedure on events subsequent to the date of the original report is restricted solely to the amendment to the above points.

### **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 Ind AS 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 31/03/2018 taken on record by the Board of Directors, none of the directors is disqualified as 31/03/2018 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 does not have any pending litigation which would impact its financial position in its financial statements.
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

Date : 5<sup>th</sup> June, 2018  
Place : SAMBALPUR

**FOR M/S. BIJAY DHANIRAM & CO.**  
**(Chartered Accountants)**  
**Reg No. : 324629E**

**Sd/-**  
**CA BIJAY KUMAR AGRAWAL**  
**Proprietor**  
**M.No. : 060126**

**Annexure - A**

**Annexure to the Auditors' Report**

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

**i) In Respect of Fixed Assets:**

- a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management at reasonable interval.
- c) No material discrepancies were noticed on such verification.

**ii) In Respect of Inventories:**

The company has no stock of stores, spares parts and raw materials during the year. Hence

**iii) 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:**

The company has not granted loans or made loans/ investments/guarantees/security hence reporting in respect of compliance of section 185 and 186 of the Companies Act, 2013 does not arise.

**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: NIL**

**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 : 5<sup>th</sup> June, 2018  
Place :SAMBALPUR

**FOR M/S. BIJAY DHANIRAM & CO.**  
**(Chartered Accountants)**  
**Reg No. :324629E**

**Sd/-**  
**CA BIJAY KUMAR AGRAWAL**  
**Proprietor**  
**M.No. : 060126**

**Annexure - B**

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

**COMPANY** : MAHANADI COAL RAILWAY LIMITED.  
JAGRUTI VIHAR, BURLA,  
SAMBALPUR -768020.

**FINANCIAL YEAR** : 2017-2018

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<b>Sl. No.</b>	<b>Direction issued</b>	<b>Statutory Auditor's Replay</b>
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.	Not applicable
2.	Whether there are any cases of waiver/write-off of debts/loans/interest etc. if yes, the reasons there for and the amount involved.	As per information given to us, there was no case of waiver of debts/loans/interest etc. during the year of audit.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gifts/grants from Government or other authorities?	Not Applicable

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*Date* : 5<sup>th</sup> June, 2018  
*Place* :SAMBALPUR

**FOR M/S. BIJAY DHANIRAM & CO.**  
**(Chartered Accountants)**  
**Reg No. :324629E**

**Sd/-**  
**CA BIJAY KUMAR AGRAWAL**  
**Proprietor**  
**M.No. : 060126**

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

**COMPANY** : **MAHANADI COAL RAILWAY LIMITED.  
JAGRUTI VIHAR, BURLA,  
SAMBALPUR -768020.**

**FINANCIAL YEAR** : **2017-2018**

<b>Sl. No.</b>	<b>Direction issued</b>	<b>Statutory Auditor's Replay</b>
1.	Whether coal stock measurement was done keeping in view the contour map. Whether physical stock measurement reports are accompanied by contour maps in all cases? Whether approval of the competent authority was obtained for new heap, if any, created during the year?	Not applicable
2.	Whether the company has conducted physical verification exercise of assets and properties at the time of merger/split/re-structure of an area. If so, whether the concerned subsidiary followed the requisite procedure?	Not Applicable
3.	Whether separate Escrow Accounts for each mine has been maintained in CIL and its subsidiary companies. Also examine the utilization of the fund of the account.	Not Applicable
4.	Whether the impact of penalty for illegal mining as imposed by the Hon'ble Supreme Court has been duly considered and accounted for ?	Not Applicable

*Date : 5<sup>th</sup> June, 2018  
Place :SAMBALPUR*

**FOR M/S. BIJAY DHANIRAM & CO.  
(Chartered Accountants)  
Reg No. :324629E**

**Sd/-  
CA BIJAY KUMAR AGRAWAL  
Proprietor  
M.No. : 060126**

## **Compliance Certificate**

We have conducted the audit of accounts of ***Mahanadi Coal Railway Limited*** for the year ended 31<sup>st</sup> March 2018 in accordance with the directions/sub-directions issued by the C&AG of India under Section 143 (5) of the Companies Act, 2013 and “certify that, we have complied with all the Directions/Sub-directions issued to us”.

*Date : 5<sup>th</sup> June, 2018*  
*Place :SAMBALPUR*

**FOR M/S. BIJAY DHANIRAM & CO.**  
**(Chartered Accountants)**  
**Reg No. :324629E**

**Sd/-**  
**CA BIJAY KUMAR AGRAWAL**  
**Proprietor**  
**M.No. : 060126**



**Annexure – III**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHANADI COAL RAILWAY LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018.**

The preparation of financial statements of Mahanadi Coal Railway Limited for the year ended 31 March, 2018 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 on 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 11.05.2018 and revised Audit Report dated 05.06.2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6) (a) of the Act of the financial statements of Mahanadi Coal Railway Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. In view of the revision made to the Independent Auditor's Report as indicated under "other matters" as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditor's Report under Section 143(6) (b) of the Act.

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

**Sd/-  
(Reena Saha)**

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

Kolkata  
Dated: 13.06.2018

**BALANCE SHEET AS AT 31.03.2018**

(₹ in Lakhs)

		<b>As at</b>	
	<b>Note</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
(a) Property, Plant & Equipments	3	9.08	8.56
(b) Capital Work in Progress	4	3,351.91	1,410.35
(c) Exploration and Evaluation Assets	5		
(d) Intangible Assets	6		
(e) Intangible Assets under Development			
(f) Investment Property			
(g) Financial Assets			
(i) Investments	7		
(ii) Loans	8		
(iii) Other Financial Assets	9		
(h) Deferred Tax Assets (net)			
(i) Other non-current assets	10	1.38	1.38
<b>Total Non-Current Assets (A)</b>		<b>3,362.37</b>	<b>1,420.29</b>
<b>Current Assets</b>			
(a) Inventories	12		
(b) Financial Assets			
(i) Investments	7		
(ii) Trade Receivables	13		
(iii) Cash & Cash equivalents	14	21.13	1.14
(iv) Other Bank Balances	15		
(v) Loans	8		
(vi) Other Financial Assets	9	3.54	1.70
(c) Current Tax Assets (Net)			
(d) Other Current Assets	11	0.36	0.02
<b>Total Current Assets (B)</b>		<b>25.03</b>	<b>2.86</b>
<b>Total Assets (A+B)</b>		<b>3,387.40</b>	<b>1,423.15</b>

**BALANCE SHEET AS AT 31.03.2018 Contd...**

(₹ in Lakhs)

	Note	As at	
		31.03.2018	31.03.2017
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity</b>			
(a) Equity Share Capital	16	5.00	5.00
(b) Other Equity	17	-1.64	-1.13
<b>Equity attributable to equityholders of the company</b>		<b>3.36</b>	<b>3.87</b>
Non-Controlling Interests			
<b>Total Equity (A)</b>		<b>3.36</b>	<b>3.87</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	18		
(ii) Trade Payables			
(iii) Other Financial Liabilities	20		
(b) Provisions	21		
(c) Other Non-Current Liabilities	22		
<b>Total Non-Current Liabilities (B)</b>		<b>-</b>	<b>-</b>
<b>Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	18		
(ii) Trade payables	19	68.45	38.07
(iii) Other Financial Liabilities	20	2,218.18	929.54
(b) Other Current Liabilities	23	1,097.41	451.67
(c) Provisions	21		
(d) Current Tax Liabilities (net)		-	-
<b>Total Current Liabilities (C)</b>		<b>3,384.04</b>	<b>1,419.28</b>
<b>Total Equity and Liabilities (A+B+C)</b>		<b>3,387.40</b>	<b>1,423.15</b>

The Accompanying Notes form an integral part of the Financial Statements.

Sd/-  
**(B. P. Mishra)**  
Sr. Mgr (Fin.)

Sd/-  
**(V.V.K Raju)**  
Chief Financial Officer

Sd/-  
**(R. Panigrahi)**  
Chief Executive Officer

Sd/-  
**(K.R. Vasudevan)**  
Director

**For Bijay Dhaniram & Co.**  
**Chartered Accountants**  
Firm Reg. No. - 324629E

Sd/-  
**(J. P. Singh)**  
Chairman

Date: 11.05.2018  
Place: SAMBALPUR

Sd/-  
**(CA B. K. Agrawal)**  
Proprietor  
(Membership No. 060126 )

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2018- CONSOLIDATED**

(₹ in Lakhs)

	Notes	For the Year ended 31.03.2018	For the Year ended 31.03.2017
<b>Revenue from Operations</b>	24		
A Sales (Net of other levies but including excise duty)			
B Other Operating Revenue (Net of other levies but including excise duty)			
<b>(I) Revenue from Operations (A+B)</b>			
(II) Other Income	25	0.11	0.19
<b>(III) Total Income (I+II)</b>		<b>0.11</b>	<b>0.19</b>
<b>(IV) EXPENSES</b>			
Cost of Materials Consumed	26		
Changes in inventories of finished goods/work in progress and Stock in trade	27		
Excise Duty			
Employee Benefits Expense	28		
Power Expense			
Corporate Social Responsibility Expense	29		
Repairs	30		
Contractual Expense	31		
Finance Costs	32		
Depreciation/Amortization/ Impairment			
Provisions	33		
Write off	34		
Stripping Activity Adjustment			
Other Expenses	35	0.62	0.67
<b>Total Expenses (IV)</b>		<b>0.62</b>	<b>0.67</b>
<b>(V) Profit before exceptional items and Tax (I-IV)</b>		<b>-0.51</b>	<b>-0.48</b>
(VI) Exceptional Items		-	-
<b>(VII) Profit before Tax (V-VI)</b>		<b>-0.51</b>	<b>-0.48</b>
(VIII) Tax expense	36	-	-
<b>(IX) Profit for the period from continuing operations (VII-VIII)</b>		<b>-0.51</b>	<b>-0.48</b>
(X) Profit/(Loss) from discontinued operations			
(XI) Tax exp of discontinued operations			
(XII) Profit/(Loss) from discontinued operations (after Tax) (X-XI)			
(XIII) Share in JV's/Associate's profit/(loss)			
<b>(XIV) Profit for the Period (IX+XII+XIII)</b>		<b>-0.51</b>	<b>-0.48</b>
<b>Other Comprehensive Income</b>	37		
A (i) Items that will not be reclassified to profit or loss			
(ii) Income tax relating to items that will not be reclassified to profit or loss			
B (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
<b>(XV) Total Other Comprehensive Income</b>		-	-

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2018- CONSOLIDATED Contd...

(₹ in Lakhs)

	For the Year ended 31.03.2018	For the Year ended 31.03.2017
<b>(XVI) Total Comprehensive Income for the period (XIV+XV) {Comprising Profit (Loss) and Other Comprehensive Income for the period}</b>	<b>-0.51</b>	<b>-0.48</b>
Profit attributable to:		
Owners of the company	<b>-0.51</b>	<b>-0.48</b>
Non-controlling interest		
Other Comprehensive Income attributable to:		
Owners of the company		
Non-controlling interest		
Total Comprehensive Income attributable to:		
Owners of the company	<b>-0.51</b>	<b>-0.48</b>
Non-controlling interest		
(XVII) Earnings per equity share (for continuing operation):		
(1) Basic	-1.02	-0.96
(2) Diluted	-1.02	-0.96
(XVIII) Earnings per equity share (for discontinued operation):		
(1) Basic		
(2) Diluted		
(XIX) Earnings per equity share (for discontinued & continuing operation):		
(1) Basic	-1.02	-0.96
(2) Diluted	-1.02	-0.96

**Sd/-**  
**(B. P. Mishra)**  
Sr. Mgr (Fin.)

**Sd/-**  
**(V.V.K Raju)**  
Chief Financial Officer

**Sd/-**  
**(R. Panigrahi)**  
Chief Executive Officer

**Sd/-**  
**(K.R. Vasudevan)**  
Director

**For Bijay Dhaniram & Co.**  
**Chartered Accountants**  
Firm Reg. No. - 324629E

**Sd/-**  
**(J. P. Singh)**  
Chairman

**Date: 11.05.2018**  
**Place: SAMBALPUR**

**Sd/-**  
**(CA B. K. Agrawal)**  
Proprietor  
(Membership No. 060126 )

**CASH FLOW STATEMENT (INDIRECT METHOD)**

(₹ in Lakhs)

	For the Year ended 31.03.2018	For the Year ended 31.03.2017
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Total Comprehensive Income before tax	(0.51)	(0.48)
Adjustments for :		
Depreciation / Impairment of Fixed Assets		
Interest from Bank Deposits		
Finance cost related to financing activity		
Interest / Dividend from investments		
Profit / Loss on sale of Fixed Assets		
Provisions made & write off during the period		
Liability write back during the period		
Advance Stripping Activity Adjustment		
<b>Operating Profit before Current/Non Current Assets and Liabilities</b>	<b>(0.51)</b>	<b>(0.48)</b>
<b>Adjustment for :</b>		
Trade Receivables		
Inventories		
Short/Long Term Loans/Advances & Other Current Assets	(2.18)	196.92
Short/Long Term Liabilities and Provisions	1,964.76	1,210.29
<b>Cash Generated from Operation</b>	<b>1,962.58</b>	<b>1,407.21</b>
Income Tax Paid/Refund		
<b>Net Cash Flow from Operating Activities (A)</b>	<b>1,962.07</b>	<b>1,406.73</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,942.08)	(1,410.58)
Investment in Bank Deposit		
Change in investments		
Investment in joint venture		
Interest pertaining to Investing Activities		
Interest / Dividend from investments		
<b>Net Cash from Investing Activities (B)</b>	<b>(1,942.08)</b>	<b>(1,410.58)</b>

**CASH FLOW STATEMENT (INDIRECT METHOD)**

(₹ in Lakhs)

	For the Year ended 31.03.2018	For the Year ended 31.03.2017
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Share Capital		
Repayment of Borrowings		
Short Term Borrowings		
Interest & Finance cost pertaining to Financing Activities		
Receipt of Shifting & Rehabilitation Fund		
Dividend & Dividend Tax		
Buyback of Equity Share Capital	-	
<b>Net Cash used in Financing Activities ( C )</b>	-	-
<b>Net Increase / (Decrease) in Cash &amp; Bank Balances (A+B+C)</b>	<b>19.99</b>	<b>(3.85)</b>
<b>Cash &amp; Bank Balance (opening balance)</b>	<b>1.14</b>	<b>4.99</b>
<b>Cash &amp; Bank Balance (closing balance)</b>	<b>21.13</b>	<b>1.14</b>

(All figures in bracket represent outflow.)

Sd/-  
**(B. P. Mishra)**  
Sr. Mgr (Fin.)

Sd/-  
**(V.V.K Raju)**  
Chief Financial Officer

Sd/-  
**(R. Panigrahi)**  
Chief Executive Officer

Sd/-  
**(K.R. Vasudevan)**  
Director

**For Bijay Dhaniram & Co.**  
**Chartered Accountants**  
Firm Reg. No. - 324629E

Sd/-  
**(J. P. Singh)**  
Chairman

Sd/-  
**(CA B. K. Agrawal)**  
Proprietor  
(Membership No. 060126 )

Date: 11.05.2018  
Place: SAMBALPUR

(₹ in Lakhs)

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2018**

**A. EQUITY SHARE CAPITAL**

Particulars	Balance as at 01.04.2016	Changes In Equity Share Capital during the year	Balance as at 31.03.2017	Changes In Equity Share Capital during the nine months	Balance as at 31.03.2018
	Share Capital	Share Capital	Share Capital	Share Capital	Share Capital
50000 Equity Shares of ₹10/- each	500,000.00		500,000.00		500,000.00
	500,000.00		500,000.00		500,000.00

**B. OTHER EQUITY**

	Equity portion of Preference Share Capital	Other Reserves			General Reserve	Retained Earnings	Total	Non-Controlling Interest
		Capital Redemption reserve	Capital reserve	CSR Reserve				
<b>Balance as at 01.04.2016</b>								
Additions during the year	-	-	-	-		(0.65)	(0.65)	
Adjustments during the year	-	-	-	-		-	-	
Changes in accounting policy or prior period errors	-	-	-	-		-	-	
<b>Restated balance as at 01.04.2016</b>						<b>(0.65)</b>	<b>(0.65)</b>	
Additions during the year	-	-	-	-				
Adjustments during the year	-	-	-	-				
Total comprehensive income during the period	-	-	-	-		(0.48)	(0.48)	
<b>Appropriations</b>								
Transfer to / from General reserve	-	-	-	-				
Transfer to / from Other reserves	-	-	-	-				
Interim Dividend	-	-	-	-				
Corporate Dividend tax	-	-	-	-				
Pre-operative expenses	-	-	-	-				
<b>Balance as at 31.03.2017</b>						<b>(1.13)</b>	<b>(1.13)</b>	
<b>Balance as at 01.04.2017</b>						<b>(1.13)</b>	<b>(1.13)</b>	
Additions during the period	-	-	-	-				
Adjustments during the period	-	-	-	-				
Changes in accounting policy or prior period errors	-	-	-	-				
Total comprehensive income during the period	-	-	-	-		(0.51)	(0.51)	
Adjustments during the period	-	-	-	-				
Appropriations	-	-	-	-				
Transfer to / from General reserve	-	-	-	-				
Transfer to / from Other reserves	-	-	-	-				
Interim Dividend	-	-	-	-				
Final Dividend	-	-	-	-				
Corporate Dividend tax	-	-	-	-				
Adjustment of Pre-operative expenses	-	-	-	-				
<b>Balance as at 31.03.2018</b>						<b>(1.64)</b>	<b>(1.64)</b>	



**Note: 1 CORPORATE INFORMATION**

**Company Overview**

Memorandum of Understanding (MoU) was signed between Mahanadi Coalfields Limited (MCL), IRCON International Limited (IRCON) and Odisha Industrial Infrastructure Development Corporation (IDCO) to create a Special Purpose Vehicle (SPV) for develop rail corridor in the state of Odisha, thus, an idea of forming a separate company was conceived in the name of Mahanadi Coal Railway Limited (MCRL) with an equity participation ratio of 64:26:10, incorporated on 31st of August 2015. Such a venture creates synergy by seeking administrative support from Central and State Govt., Technical support from Railways and commercial support from MCL to meet the logistic challenges faced by coalmines. It has been conceptualized to sustain in the venture through a participative business model by investing in rail infrastructure and sharing of revenue generated from the traffic out of rail corridor.

As per MoU, IDCO share of equity shall correspond to the value of land provided by the Govt. of Odisha (GoO) or 10 % whichever is more. If the value of land provided by GoO exceeds 10 % of the equity, the shareholding percentage of IDCO and MCL shall stand modified accordingly. GoO shall provide land owned by state govt. (Revenue and Forest land) and value of such land shall be adjusted towards its equity. Cost of compensatory afforestation, net present value, wildlife management plan, demarcation, felling and other charges for diversion proposal of forest plan under Forest Conservation Act shall be borne by MCRL. It has been envisaged to carry out preliminary activities through IRCON, having domain expertise on railway projects and to act as implementing agency for undertaking the construction work in two phases. MCRL shall enter into separate agreements with Ministry of Railways for Concession, Operation & Maintenance of assets.

**Note 2: SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31<sup>st</sup> March 2016, the Company prepared its financial statements in accordance with Accounting Standards (AS) notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and in accordance with companies (Accounting Standards), Rules 2006 (erstwhile - Indian GAAP). These financial statements for the year ended 31<sup>st</sup> March 2017 are the first financial statements of the Company prepared in accordance with Ind AS. Refer to Note no.40 for information on first time adoption of Ind AS.

The financial statements have been prepared on historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments in para 2.15).

### **2.1.1 Rounding of amounts**

Amounts in these financial statements have, unless otherwise indicated, have been rounded off to 'rupees in Lakh' upto two decimal points.

## **2.2 Basis of consolidation**

### **2.2.1 Subsidiaries**

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date when control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. A member of the group normally uses accounting policies as adopted by the group for like transactions and events in similar circumstances. In case of significant deviations, appropriate adjustments are made to the group member financial statement to ensure conformity with the groups accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

### **2.2.2 Associates**

Associates are all entities over which the group has significant influence but no control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted in accordance with Ind AS 105

The entity impairs its net investment in the associates on the basis of objective evidence.

### **2.2.3 Joint arrangements**

Joint arrangements are those arrangements where the group is having joint control with one or more other parties.

*Joint control is the contractually agreed sharing of control of the arrangement which exist only when decisions about the relevant activities require the unanimous consent of the parties sharing control.*

Joint Arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

#### **2.2.4 Joint Operations**

*Joint operations are those joint arrangements whereby the group is having rights to the assets and obligations for the liabilities relating to the arrangements.*

Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

#### **2.2.5 Joint ventures**

*Joint ventures are those joint arrangements whereby the group is having rights to the net assets of the arrangements.*

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Investments in Joint venture are accounted for using the equity method of accounting, after initially being recognized at cost, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted in accordance with Ind AS 105.

The entity impairs its net investment in the joint venture on the basis of objective evidence.

#### **2.2.6 Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

### **2.2.7 Changes in ownership interests**

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any fair value of consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### **2.3 Current and non-current Classification**

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when:

- (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) it holds the asset primarily for the purpose of trading;
- (c) it expects to realise the asset within twelve months after the reporting period; or
- (d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

An entity shall classify a liability as current when:

- (a) it expects to settle the liability in its normal operating cycle;
- (b) it holds the liability primarily for the purpose of trading;
- (c) the liability is due to be settled within twelve months after the reporting period; or
- (d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

## **2.4 Revenue recognition**

### **2.4.1 Sales revenue**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes, levies or duties collected on behalf of the government/ other statutory bodies.

However, based on the educational material on Ind AS 18 issued by The Institute of Chartered Accountants of India, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, other taxes, levies or duties are not considered to be received by the Company on its own account and are excluded from net revenue.

### **2.4.2 Interest**

Interest income is recognised using the Effective Interest Method.

### **2.4.3 Dividend**

Dividend income from investments is recognised when the rights to receive payment is established.

### **2.4.4 Other Claims**

Other claims (including interest on delayed realization from customers) are accounted for, when there is certainty of realisation.

#### **2.4.5 Rendering of Services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised with reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the entity;
- (c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

#### **2.5 Grants from Government**

Government Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in Statement of Profit & Loss on a systematic basis over the periods in which the company recognises as expenses the related costs against which the grants are intended to compensate.

Government Grants related to assets are presented in the balance sheet by setting up the grant as deferred income.

Grants related to income (i.e. grant related to other than assets) are presented as part of statement of profit or loss under the general heading 'Other Income'.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, is recognised in profit or loss of the period in which it becomes receivable.

#### **2.6 Leases**

A **finance lease** is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An **operating lease** is a lease other than a finance lease.

##### **2.6.1 Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

**2.6.1.1 Finance leases** are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**2.6.1.2 Operating lease-** Lease payments under an operating lease is recognised as an expense on a straight-line basis over the lease term unless either:

- (a) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- (b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

## **2.6.2 Company as a lessor**

**Operating leases** Lease income from operating leases (excluding amounts for services such as insurance and maintenance) is recognised in income on a straight-line basis over the lease term, unless either:

- (a) another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished, even if the payments to the lessors are not on that basis; or
- (b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary according to factors other than inflation, then this condition is not met.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as lease income.

**Finance leases** Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## **2.7 Non-current assets held for sale**

The Company classifies non-current assets and (or disposal groups) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely those significant changes to the plan will be made or that the plan will be withdrawn.

## **2.8 Property, Plant and Equipment (PPE)**

Land is carried at historical cost. Historical cost includes expenditure which are directly attributable to the acquisition of the land like, rehabilitation expenses, resettlement cost and compensation in lieu of employment incurred for concerned displaced persons etc.

After recognition, an item of all other Property, plant and equipment are carried at its cost less any accumulated depreciation and any accumulated impairment losses under Cost Model. The cost of an item of property, plant and equipment comprises:

- (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.



Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item depreciated separately. However, significant part(s) of an item of PPE having same useful life and depreciation method are grouped together in determining the depreciation charge.

Costs of the day to-day servicing described as for the 'repairs and maintenance' are recognised in the statement of profit and loss in the period in which the same are incurred.

Subsequent cost of replacing parts of an item of property, plant and equipment are recognised in the carrying amount of the item, if it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised in accordance with the derecognition policy mentioned below.

When major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised.

An item of Property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of assets. Any gain or loss arising on such derecognition of an item of property plant and equipment is recognised in profit and Loss.

Depreciation on property, plant and equipment, except freehold land, is provided as per cost model on straight line basis over the estimated useful lives of the asset as follows:

Other Land (incl. Leasehold Land)	: Life of the project or lease term whichever is lower
Building	: 3-60 years
Roads	: 3-10 years
Telecommunication	: 3-9 years
Railway Sidings	: 15 years
Plant and Equipment	: 5-15 years
Computers and Laptops	: 3 Years
Office equipment	: 3-6 years
Furniture and Fixtures	: 10 years
Vehicles	: 8-10 years

The residual value of Property, plant and equipment is considered as 5% of the original cost of the asset except some items of assets such as, Coal tub, winding ropes, haulage ropes, stowing pipes & safety lamps etc. for which the technically estimated useful life has been determined to be one year with nil residual value.

The estimated useful life of the assets is reviewed at the end of each financial year.

Depreciation on the assets added / disposed of during the year is provided on pro-rata basis with reference to the month of addition / disposal.

Value of "Other Lands" includes land acquired under Coal Bearing Area (Acquisition & Development) (CBA) Act, 1957, Land Acquisition Act, 1894, Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLAAR) Act, 2013, Long term transfer of government land etc, which is amortised on the basis of the balance life of the project; and in case of Leasehold lands such amortisation is based on lease period or balance life of the project whichever is lower.

Fully depreciated assets, retired from active use are disclosed separately as surveyed off assets at its residual value under Property, plant Equipment and are tested for impairment.

Capital Expenses incurred by the company on construction/development of certain assets which are essential for production, supply of goods or for the access to any existing Assets of the company are recognised as Enabling Assets under Property, Plant and Equipment.

#### *Transition to Ind AS*

The company elected to continue with the carrying value as per cost model (for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP.

#### **2.9 Mine Closure, Site Restoration and Decommissioning Obligation**

The company's obligation for land reclamation and decommissioning of structures consists of spending at both surface and underground mines in accordance with the guidelines from Ministry of Coal, Government of India. The company estimates its obligation for Mine Closure, Site Restoration and Decommissioning based upon detailed calculation and technical assessment of the amount and timing of the future cash spending to perform the required work. Mine Closure expenditure is provided as per approved Mine Closure Plan. The estimates of expenses are escalated for inflation, and then discounted at a discount rate that reflects current market assessment of the time value of money and the risks, such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The company records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding assets are recognised in the period in which the liability is incurred. The asset representing the total site restoration cost (as estimated by Central Mine Planning and Design Institute Limited) as per mine closure plan is recognised as a separate item in PPE and amortised over the balance project/ mine life.

The value of the provision is progressively increased over time as the effect of discounting unwinds; creating an expense recognised as financial expenses.

Further, a specific escrow fund account is maintained for this purpose as per the approved mine closure plan..

The progressive mine closure expenses incurred on year to year basis forming part of the total mine closure obligation is initially recognised as receivable from escrow account and thereafter adjusted with the obligation in the year in which the amount is withdrawn after the concurrence of the certifying agency.

## **2.10 Exploration and Evaluation Assets**

Exploration and evaluation assets comprise capitalised costs which are attributable to the search for coal and related resources, pending the determination of technical feasibility and the assessment of commercial viability of an identified resource which comprises inter alia the following:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geo chemical and geo physical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements;
- Conducting market and finance studies.

The above includes employee remuneration, cost of materials and fuel used, payments to contractors etc.

As the intangible component represents an insignificant/indistinguishable portion of the overall expected tangible costs to be incurred and recouped from future exploitation, these costs along with other capitalised exploration costs are recorded as exploration and evaluation asset.

Exploration and evaluation costs are capitalised on a project by project basis pending determination of technical feasibility and commercial viability of the project and disclosed as a separate line item under non-current assets. They are subsequently measured at cost less accumulated impairment/provision.

Once proved reserves are determined and development of mines/project is sanctioned, exploration and evaluation assets are transferred to "Development" under capital work in progress. However, if proved reserves are not determined, the exploration and evaluation asset is derecognised.

## **2.11 Development Expenditure**

When proved reserves are determined and development of mines/project is sanctioned, capitalised exploration and evaluation cost is recognised as assets under construction and disclosed as a component of capital work in progress under the head "Development". All subsequent development expenditure is also capitalised. The development expenditure capitalised is net of proceeds from the sale of coal extracted during the development phase.

### Commercial Operation

The project/mines are brought to revenue; when commercial readiness of a project/mine to yield production on a sustainable basis is established either on the basis of conditions specifically stated in the project report or on the basis of the following criteria:

- (a) From beginning of the financial year immediately after the year in which the project achieves physical output of 25% of rated capacity as per approved project report, or
- (b) 2 years of touching of coal, or
- (c) From the beginning of the financial year in which the value of production is more than total, expenses.

Whichever event occurs first;

On being brought to revenue, the assets under capital work in progress are reclassified as a component of property, plant and equipment under the nomenclature "Other Mining Infrastructure". Other Mining Infrastructure are amortised from the year when the mine is brought under revenue in 20 years or working life of the project whichever is less.

### **2.12 Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

An intangible asset with an indefinite useful life is not amortised but is tested for impairment at each reporting date.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss.

Exploration and Evaluation assets attributable to blocks identified for sale or proposed to be sold to outside agencies are however, classified as Intangible Assets and tested for impairment.

Cost of Software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or three years, whichever is less; with a nil residual value.

### **2.13 Impairment of Assets**

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. Company considers individual mines as separate cash generating units for the purpose of test of impairment.

### **2.14 Investment Property**

Property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both, rather than for, use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of businesses are classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

### **2.15 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **2.15.1 Financial assets**

##### **2.15.1 Initial recognition and measurement**

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### **2.15.2 Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### **2.15.2.1 Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

#### **2.15.2.2 Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### **2.15.2.3 Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### **2.15.2.4 Equity investments in subsidiaries, associates and Joint Ventures**

In accordance of Ind AS 101 (First time adoption of Ind AS), the carrying amount of these investments as per previous GAAP as on the date of transition is considered to be the deemed cost. Subsequently Investment in subsidiaries, associates and joint ventures are measured at cost.

#### **2.15.2.5 Other Equity Investment**

All other equity investments in scope of Ind AS 109 are measured at fair value through profit or loss.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### **2.15.2.6 Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement~ and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **2.15.2.7 Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

#### **2.15.3 Financial liabilities**

##### **2.15.3.1 Initial recognition and measurement**

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### **2.15.3.2 Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:



### **2.15.3.3 Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

### **2.15.3.4 Financial liabilities at amortised cost**

After initial recognition, these are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

### **2.15.3.5 Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

#### 2.15.4 Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

#### 2.15.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **2.16. Borrowing Costs**

Borrowing costs are expensed as incurred except where they are directly attributable to the acquisition, construction or production of qualifying assets i.e. the assets that necessarily takes substantial period of time to get ready for intended use, in which case they are capitalised as part of the cost of those asset up to the date when the qualifying asset is ready for its intended use.

## **2.17 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Taxable profit differs from “profit before income tax” as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## **2.18 Employee Benefits**

### **2.18.1 Short-term Benefits**

All short term employee benefits are recognized in the period in which they are incurred.

### **2.18.2 Post-employment benefits and other long term employee benefits**

#### **2.18.2.1 Defined contributions plans**

A defined contribution plan is a post-employment benefit plan for Provident fund and Pension under which the company pays fixed contribution into fund maintained by a separate statutory body (Coal Mines Provident Fund) constituted under an enactment of law and the company will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which services are rendered by employees.

#### **2.18.2.2 Defined benefits plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity, leave encashment are defined benefit plans (with ceilings on benefits). The company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return of their service in the current and prior periods. The benefit is discounted to determine its present value and reduced by the fair value of plan assets, if any. The discount rate is based on the prevailing market yields of Indian Government securities as at the reporting date that have maturity dates approximating the terms of the company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The application of actuarial valuation involves making assumptions about discount rate, expected rates of return on assets, future salary increases, mortality rates etc. Due to the long term nature of these plans, such estimates are subject to uncertainties. The calculation is performed at each balance sheet by an actuary using the projected unit credit method. When the calculation results in to the benefit to the company, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reduction in future contributions to the plan. An economic benefit is available to the company if it is realisable during the life of the plan, or on settlement of plan liabilities.

Re-measurement of the net defined benefit liability, which comprise actuarial gain and losses considering the return on plan assets (excluding interest) and the effects of the assets ceiling (if any, excluding interest) are recognised immediately in the other comprehensive income. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognised as expense immediately in the statement of profit and loss.

### **2.18.3 Other Employee benefits**

Certain other employee benefits namely benefit on account of LTA, LTC, Life Cover scheme, Group personal Accident insurance scheme, settlement allowance, post-retirement medical benefit scheme and compensation to dependents of deceased in mine accidents etc., are also recognised on the same basis as described above for defined benefits plan. These benefits do not have specific funding.

### **2.19 Foreign Currency**

The company's reported currency and the functional currency for majority of its operations is in Indian Rupees (INR) being the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are converted into the reported currency of the company using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies outstanding at the end of the reporting period are translated at the exchange rates prevailing as at the end of reporting period. Exchange differences arising on the settlement of monetary assets and liabilities or on translating monetary assets and liabilities at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in statement of profit and loss in the period in which they arise.

Non-monetary items denominated in foreign currency are valued at the exchange rates prevailing on the date of transactions.

### **2.20 Stripping Activity Expense/Adjustment**

In case of opencast mining, the mine waste materials ("overburden") which consists of soil and rock on the top of coal seam is required to be removed to get access to the coal and its extraction. This waste removal activity is known as 'Stripping'. In opencast mines, the company has to incur such expenses over the life of the mine (as technically estimated by CMPDIL and recorded in the project report).

Therefore, as a policy, in the mines with rated capacity of one million tonnes per annum and above, cost of Stripping is charged on technically evaluated average stripping ratio (COAL:OB) at each mine with due adjustment for stripping activity asset and ratio-variance account after the mines are brought to revenue. Net of balances of stripping activity asset and ratio variance at the Balance Sheet date is shown as Stripping Activity Adjustment under the head Non - Current Assets/ Non-Current 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 here under:-

Annual Quantum of OBOf 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.

## 2.21 Inventories

### 2.21.1 Stock of Coal

Inventories of coal/coke are stated at lower of cost and net realisable value. Cost of inventories are calculated using the First in First out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Book stock of coal is considered in the accounts where the variance between book stock and measured stock is upto +/- 5% and in cases where the variance is beyond +/- 5% the measured stock is considered. Such stock are valued at net realisable value or cost whichever is lower. Coke is considered as a part of stock of coal.

Coal & coke-fines are valued at lower of cost or net realisable value and considered as a part of stock of coal.

Slurry (coking/semi-coking), middling of washeries and by products are valued at net realisable value and considered as a part of stock of coal.

### 2.21.2 Stores & Spares

The Stock of stores & spare parts (which also includes loose tools) at central & area stores are considered as per balances appearing in priced stores ledger and are valued at cost calculated on the basis of weighted average method. The inventory of stores & spare parts lying at collieries / sub-stores / drilling camps/ consuming centres are considered at the yearend only as per physically verified stores and are valued at cost.

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

### **2.21.3 Other Inventories**

Workshop jobs including work-in-progress are valued at cost. Stock of press jobs (including work in progress) and stationary at printing press and medicines at central hospital are valued at cost.

However, Stock of stationery (other than lying at printing press), bricks, sand, medicine (except at Central Hospitals), aircraft spares and scraps are not considered in inventory considering their value not being significant.

### **2.22 Provisions, Contingent Liabilities &Contingent Assets**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the company, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent Assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

### **2.23 Earnings per share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per shares is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per shares and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

## **2.24 Judgements, Estimates and Assumptions**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and the amount of revenue and expenses during the reported period. Application of accounting policies involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimate are recognised in the period in which the estimates are revised and, if material, their effects are disclosed in the notes to the financial statements.

### **2.24.1 Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### **2.24.1.1 Formulation of Accounting Policies**

Accounting policies are formulated in a manner that result in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

In the absence of an Ind AS that specifically applies to a transaction, other event or condition, management has used its judgement in developing and applying an accounting policy that results in information that is:

- a) relevant to the economic decision-making needs of users and
- b) reliable in that financial statements:
  - (i) represent faithfully the financial position, financial performance and cash flows of the entity; (ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form; (iii) are neutral, i.e. free from bias; (iv) are prudent; and (v) are complete in all material respects on a consistent basis

In making the judgement management refers to, and considers the applicability of, the following sources in descending order:

- (a) the requirements in Ind ASs dealing with similar and related issues; and
- (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

In making the judgement, management considers the most recent pronouncements of International Accounting Standards Board and in absence thereof those of the other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources in above paragraph.



The Company operates in the mining sector (a sector where the exploration, evaluation, development production phases are based on the varied topographical and geomining terrain spread over the lease period running over decades and prone to constant changes), the accounting policies whereof have evolved based on specific industry practices supported by research committees and approved by the various regulators owing to its consistent application over the last several decades. In the absence of specific accounting literature, guidance and standards in certain specific areas which are in the process of evolution. The Company continues to strive to develop accounting policies in line with the development of accounting literature and any development therein shall be accounted for prospectively as per the procedure laid down above more particularly in Ind AS 8.

The financial statements are prepared on going concern basis using accrual basis of accounting.

#### **2.24.1.2 Materiality**

Ind AS applies to items which are material. Management uses judgment in deciding whether individual items or groups of item are material in the financial statements. Materiality is judged by reference to the size and nature of the item. The deciding factor is whether omission or misstatement could individually or collectively influence the economic decisions that users make on the basis of the financial statements. Management also uses judgement of materiality for determining the compliance requirement of the Ind AS. In particular circumstances either the nature or the amount of an item or aggregate of items could be the determining factor. Further an entity may also be required to present separately immaterial items when required by law.

#### **2.24.1.3 Operating lease**

Company has entered into lease agreements. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

#### **2.24.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **2.24.2.1 Impairment of non-financial assets**

There is an indication of impairment if, the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Company considers individual mines as separate cash generating units for the purpose of test of impairment. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other mining infrastructures. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in respective notes.

#### **2.24.2.2 Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 38.

#### **2.24.2.3 Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables of the country. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate.

#### **2.24.2.4 Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken

from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### 2.24.2.5 Intangible asset under development

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a project report is formulated by Central Mine Planning and Design Institute Limited.

#### 2.24.2.6 Provision for Mine Closure, Site Restoration and Decommissioning Obligation

In determining the fair value of the provision for Mine Closure, Site Restoration and Decommissioning Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of site restoration and dismantling and the expected timing of those costs. The Company estimates provision using the DCF method considering life of the project/mine based on following assumptions:

- Estimated cost per hectare as specified in guidelines issued by ministry of Coal, Government of India

#### 2.25 Abbreviation used:

a.	CGU	Cash generating unit
b.	DCF	Discounted Cash Flow
c.	FVTOCI	Fair value through Other Comprehensive Income
d.	FVTPL	Fair value through Profit & Loss
e.	GAAP	Generally accepted accounting principal
f.	Ind AS	Indian Accounting Standards
g.	OCI	Other Comprehensive Income
h.	P&L	Profit and Loss
i.	PPE	Property, Plant and Equipment
j.	SPPI	Solely Payment of Principal and Interest

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

	Free- hold Land	Other Land	Land Reclamation/ Site Restoration Costs	Building (including water supply, roads and culverts)	Plant and Equip- ments	Telecom- muni- cation	Railway Sidings	Furniture and Fixtures	Office Equip- ments	Vehicles	Aircraft	Other Mining Infra- structure	Surveyed off Assets	Others	Total
<b>Gross Carrying Amount:</b>															
As at 1st April 2016	-	-	-	-	-	-	-	8.01	0.63	-	-	-	-	-	8.64
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deletions/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March, 2017</b>	-	-	-	-	-	-	-	<b>8.01</b>	<b>0.63</b>	-	-	-	-	-	<b>8.64</b>
As at 1 April 2017	-	-	-	-	-	-	-	8.01	0.63	-	-	-	-	-	8.64
Additions	-	-	-	-	-	-	-	1.64	-	-	-	-	-	-	1.64
Deletions/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March, 2018</b>	-	-	-	-	-	-	-	<b>9.65</b>	<b>0.63</b>	-	-	-	-	-	<b>10.28</b>
<b>Accumulated Depreciation and Impairment</b>															
As at 1st April 2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	0.06	0.02	-	-	-	-	-	0.08
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deletions/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31st March 2017</b>	-	-	-	-	-	-	-	<b>0.06</b>	<b>0.02</b>	-	-	-	-	-	<b>0.08</b>
As at 1st April 2017	-	-	-	-	-	-	-	0.06	0.02	-	-	-	-	-	0.08
Charge for the year	-	-	-	-	-	-	-	0.92	0.20	-	-	-	-	-	1.12
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deletions/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31st March, 2018</b>	-	-	-	-	-	-	-	<b>0.98</b>	<b>0.22</b>	-	-	-	-	-	<b>1.20</b>
<b>Net Carrying Amount</b>															
As at 31st March, 2017	-	-	-	-	-	-	-	8.67	0.41	-	-	-	-	-	9.08
As at 31st March, 2018	-	-	-	-	-	-	-	7.95	0.61	-	-	-	-	-	8.56

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 4 : CAPITAL WIP

(₹ in Lakhs)

	Building (including water supply, roads and culverts)	Plant and Equipments	Railway Sidings	Other Mining infrastructure/ Development	Others	Total
<b>Gross Carrying Amount:</b>						
As at 1 <sup>st</sup> April 2016				8.33		8.33
Additions			1,272.19	109.36	20.47	1,402.02
Capitalisation/ Deletions						
<b>As at 31<sup>st</sup> March 2017</b>	-	-	1,272.19	117.69	20.47	1,410.35
As at 1 <sup>st</sup> April 2017			1,272.19	117.69	20.47	1,410.35
Additions			1,729.43	209.11	3.02	1,941.56
Capitalisation/ Deletions						
<b>As at 31<sup>st</sup> March 2018</b>	-	-	3,001.62	326.80	23.49	3,351.91
<b>Accumulated Provision and Impairment</b>						-
As at 1 <sup>st</sup> April 2016						-
Charge for the year						
Impairment						
Deletions/Adjustments						
<b>As at 31<sup>st</sup> March 2017</b>	-	-	-	-	-	-
As at 1 <sup>st</sup> April 2017						-
Charge for the year						
Impairment						
Deletions/Adjustments						
<b>As at 31<sup>st</sup> March 2018</b>	-	-	-	-	-	-
<b>Net Carrying Amount</b>						
<b>As at 31<sup>st</sup> March 2018</b>	-	-	3,001.62	326.80	23.49	3,351.91
<b>As at 31<sup>st</sup> March 2017</b>	-	-	1,272.19	117.69	20.47	1,410.35

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 : EXPLORATION AND EVALUATION ASSETS**

( ₹ in Lakhs)

	<b>Exploration and Evaluation Costs</b>
<b>Gross Carrying Amount:</b>	
As at 1 April 2016	
Additions	
Deletions/Adjustments	
<b>As at 31st March 2017</b>	-
As at 1st April 2017	
Additions	
Deletions/Adjustments	
<b>As at 30 Sept 2017</b>	-
<b>Accumulated Provision and Impairment</b>	
As at 1st April 2016	
Charge for the year	
Impairment	
Deletions/Adjustments	
<b>As at 31st March 2017</b>	-
As at 1st April 2017	
Charge for the year	
Impairment	
Deletions/Adjustments	
<b>As at 30 Sept 2017</b>	-
<b>Net Carrying Amount</b>	
<b>As at 30 Sept 2017</b>	-
<b>As at 31st March 2017</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 6 : OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

	Computer Software	Others	Total
<b>Gross Carrying Amount:</b>			
As at 1 April 2016			-
Additions			-
Deletions/Adjustments			-
<b>As at 31st March 2017</b>	-	-	-
As at 1st April 2017			-
Additions			-
Deletions/Adjustments			-
<b>As at 30 Sept 2017</b>	-	-	-
<b>Accumulated Amortisation and Impairment</b>			
As at 1 April 2016			-
Charge for the year			-
Impairment			-
Deletions/Adjustments			-
<b>As at 31st March 2017</b>	-	-	-
As at 1st April 2017			-
Charge for the year			-
Impairment			-
Deletions/Adjustments			-
<b>As at 30 Sept 2017</b>	-	-	-
<b>Net Carrying Amount</b>			
<b>As at 30 Sept 2017</b>	-	-	-
<b>As at 31st March 2017</b>	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS-CONSOLIDATED**

**NOTE - 8 : LOANS**

( ₹ in Lakhs)

	As at	
	30.03.2018	31.03.2017
<b>Non-Current</b>		
<b>Loans to Related parties</b>		
- Secured, considered good	-	-
- Unsecured, considered good	-	-
- Doubtful	-	-
Less: Allowance for doubtful loans	-	-
	-	-
<b>Loans to Employees</b>		
- Secured, considered good	-	-
- Unsecured, considered good	-	-
- Doubtful	-	-
Less: Allowance for doubtful loans	-	-
	-	-
<b>Other Loans</b>		
- Secured, considered good	-	-
- Unsecured, considered good	-	-
- Doubtful	-	-
Less: Allowance for doubtful loans	-	-
	-	-
<b>TOTAL</b>	-	-
<b>CLASSIFICATION</b>		
Secured, considered good	-	-
Unsecured, Considered good	-	-
Doubtful	-	-



## NOTES TO THE FINANCIAL STATEMENTS-CONSOLIDATED

## NOTE - 8 : LOANS Contd...

(₹ in Lakhs)

	As at	
	30.03.2018	31.03.2017
<b>Current</b>		
<b>Loans to Related parties</b>		
- Secured, considered good	-	-
- Unsecured, considered good	-	-
- Doubtful	-	-
	<u>-</u>	<u>-</u>
Less: Allowance for doubtful loans	-	-
	<u>-</u>	<u>-</u>
<b>Loans to Employees</b>		
- Secured, considered good	-	-
- Unsecured, considered good	-	-
- Doubtful	-	-
	<u>-</u>	<u>-</u>
Less: Allowance for doubtful loans	-	-
	<u>-</u>	<u>-</u>
<b>Other Loans</b>		
- Secured, considered good	-	-
- Unsecured, considered good	-	-
- Doubtful	-	-
	<u>-</u>	<u>-</u>
Less: Allowance for doubtful loans	-	-
	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<u>-</u>	<u>-</u>
<b>CLASSIFICATION</b>		
Secured, considered good	-	-
Unsecured, Considered good	-	-
Doubtful	-	-

Refer note 38 (3) for classification

**NOTES TO THE FINANCIAL STATEMENTS-CONSOLIDATED**

**NOTE - 9 : OTHER FINANCIAL ASSETS Contd...**

( ₹ in Lakhs)

	As at	
	31.03.2018	31.03.2017
<b>Current</b>		
Surplus Fund with CIL		
Balance with Coal India Ltd		
Receivable from Escrow Account for Mine Closure Expenses		
Current Account with Holding Co./ Other Subsidiaries of CIL - IICM		
Less : Allowance for doubtful Advances	-	-
Current maturities of long term loan	-	-
Interest accrued on		
- Investments		
- Bank Deposits	0.05	0.03
-Others		
Other deposits		
Less : Allowance for doubtful deposits	-	-
Claims receivables		
Less : Allowance for doubtful Claims	-	-
Other receivables	3.49	1.67
Less : Allowance for doubtful Claims		
<b>TOTAL</b>	<b>3.54</b>	<b>1.70</b>

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 10 : OTHER NON-CURRENT ASSETS

	(₹ in Lakhs)	
	As at	
	31.03.2018	31.03.2017
<b>(i) Capital Advances</b>	-	
Less : Provision for doubtful advances	-	-
<b>(ii) Advances other than capital advances</b>		
(a) Security Deposit for utilities	1.38	1.38
Less : Provision for doubtful deposits	<b>1.38</b>	<b>1.38</b>
(b) Other Deposits		
Less : Provision for doubtful deposits	-	-
(c) Advances to related parties	-	-
(d) Advance for Revenue		
Less : Provision for doubtful advances	-	-
(f) Prepaid Expenses		
(g) Others		
<b>TOTAL</b>	<b>1.38</b>	<b>1.38</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE -11 : OTHER CURRENT ASSETS**

( ₹ in Lakhs)

	As at	
	31.03.2018	31.03.2017
(a) Advance for Revenue (goods & services) Less : Provision for doubtful advances	-	-
(b) Advance payment of statutory dues Less : Provision for doubtful advances	0.31	0.02
	<b>0.31</b>	<b>0.02</b>
(c) Advance to Related Parties		
(d) Advance to Employees Less : Provision for doubtful advances	0.05	
	<b>0.05</b>	-
(e) Advance- Others Less : Provision for doubtful claims	-	-
(f) Deposits- Others Less: Provision	-	-
(g) CENVAT / VAT CREDIT Receivable Less: Provision	-	-
(h) Input Tax Credit Receivable Less: Provision	-	-
(h) MAT CREDIT ENTITLEMENT Less: Provision	-	-
(i) Prepaid Expenses	-	-
(j) Receivables- Others Less: Provision	-	-
<b>TOTAL</b>	<b>0.36</b>	<b>0.02</b>

## NOTES TO THE FINANCIAL STATEMENTS-CONSOLIDATED

## NOTE - 13 : TRADE RECEIVABLES

(₹ in Lakhs)

	As at	
	30.03.2018	31.03.2017
<b>Current</b>		
Trade receivables		
Secured considered good		
Unsecured considered good		
Doubtful		
	-	-
Less : Allowance for bad & doubtful debts		
	-	-
<b>Total</b>	-	-

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE - 14 : CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at	
	31.03.2018	31.03.2017
(a) Balances with Banks		
in Deposit Accounts	21.13	1.14
in Current Accounts		
in Cash Credit Accounts		
(b) Bank Balances outside India		
(c) Cheques, Drafts and Stamps in hand		
(d) Cash on hand		
(e) Cash on hand outside India		
(f) Others		
<b>Total Cash and Cash Equivalents</b>	21.13	1.14
(g) Bank Overdraft	-	-
<b>Total Cash and Cash Equivalents(net of Bank Overdraft)</b>	21.13	1.14

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE - 16 : EQUITY SHARE CAPITAL**

(₹ in Lakhs)

As at

	31.03.2018	31.03.2017
<b><u>Authorised</u></b>		
50,000 Equity Shares of ₹ 10/- each	5.00	5.00
<b><u>Issued, Subscribed and Paid-up</u></b>		
50,000 Equity Shares of ₹ 10/- each	5.00	5.00
	<b>5.00</b>	<b>5.00</b>

**1 Shares in the company held by each shareholder holding more than 5% Shares**

Name of Shareholder	No.of Shares Held (Face value of)	% of Total Shares
Mahanadi Coalfields Limited and its nominees	32000	64
IRCON International Limited and its nominees	13000	26
Odisha Industrial Infrastructure Development Corporation	5000	10

## NOTES TO THE FINANCIAL STATEMENTS-CONSOLIDATED

## NOTE 17 : OTHER EQUITY

(₹ in Lakhs)

	Other Reserves		General Reserve	Retained Earnings		Total
	Capital Redemption reserve	Capital reserve*		Surplus		
<b>Balance as at 01.04.2016</b>				(0.65)	(0.65)	
Changes in Accounting policy				-	-	
Prior period errors				-	-	
<b>Restated balance as at 01.04.2016</b>	-	-	-	<b>(0.65)</b>	<b>(0.65)</b>	
Additions during the year						
Adjustments during the year						
Total comprehensive income during the year				(0.48)	(0.48)	
<b>Appropriations</b>						
Transfer to / from General reserve						
Transfer to / from Other reserves						
Interim Dividend						
Final Dividend						
Corporate Dividend tax						
<b>Balance as at 31.03.2017</b>	-	-	-	<b>(1.13)</b>	<b>(1.13)</b>	
<b>Balance as at 01.04.2017</b>				(1.13)	(1.13)	
Additions during the period						
Adjustments during the period						
Changes in accounting policy or prior period errors						
Total comprehensive income during the period				(0.51)	(0.51)	
<b>Appropriations</b>						
Transfer to / from General reserve						
Transfer to / from Other reserves						
Interim Dividend						
Final Dividend						
Corporate Dividend tax						
Buyback of Equity Shares						
Tax on Buyback						
<b>Balance as at 31.03.2018</b>	-	-	-	<b>(1.64)</b>	<b>(1.64)</b>	

**NOTES TO THE FINANCIAL STATEMENTS-CONSOLIDATED**

**NOTE - 19 : TRADE PAYABLES**

( ₹ in Lakhs)

	As at	
	31.03.2018	31.03.2017
<b>Current</b>		
Trade Payables for Micro, Small and Medium Enterprises		
Other Trade Payables for Stores and Spares		
Power and Fuel		
Other expenses	68.45	38.07
<b>TOTAL</b>	<b>68.45</b>	<b>38.07</b>

**NOTES TO THE FINANCIAL STATEMENTS-CONSOLIDATED**

**NOTE - 20 : OTHER FINANCIAL LIABILITIES**

( ₹ in Lakhs)

	As at	
	31.03.2018	31.03.2017
<b>Non Current</b>		
Security Deposits		
Earnest Money		
Others	-	-
<b>Current</b>		
Surplus Fund from Subsidiaries		
Subsidiaries		
Current Account with MCL	2,218.18	929.54
Current maturities of long-term debt		
Unpaid dividends*		
Security Deposits		
Earnest Money		
Liability for Salary, Wages and Allowances		
Others		
<b>TOTAL</b>	<b>2,218.18</b>	<b>929.54</b>



NOTES TO THE FINANCIAL STATEMENTS

NOTE - 21 : PROVISIONS

(₹ in Lakhs)

	As at	
	31.03.2018	31.03.2017
<b>Non Current</b>		
Employee Benefits		
Gratuity		
Leave Encashment		
Other Employee Benefits		
	-	-
	-	-
Site Restoration/Mine Closure		
Stripping Activity Adjustment		
Others		
<b>TOTAL</b>	-	-
<b>Current</b>		
Employee Benefits		
Gratuity		
Leave Encashment		
Ex- Gratia		
Performance Related Pay		
Other Employee Benefits		
NCWA-X		
Executive Pay Revision		
	-	-
Site Restoration/Mine Closure		
Excise Duty on Closing Stock of Coal		
Others		
<b>TOTAL</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE - 23 : OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

	As at	
	For the Year ended 31.03.2018	For the Year ended 31.03.2017
Capital Expenditure	1,086.65	450.40
<b>Statutory Dues:</b>		
Goods and Service Tax		
GST Compenstaion Cess		
Clean Energy Cess		
Sales Tax / VAT		
Provident Fund & Others		
Central Excise Duty		
Royalty & Cess on Coal		
Stowing Excise Duty		
National Mineral Exploration Trust		
District Mineral Foundation		
Other Statutory Levies		
Income Tax deducted/collected at Source	10.76	1.27
	<b>10.76</b>	<b>1.27</b>
Advance from customers / others		
Tax on Dividend Distribution		
Others liabilities		
<b>TOTAL</b>	<b>1,097.41</b>	<b>451.67</b>

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE - 24 : REVENUE FROM OPERATIONS

(₹ in Lakhs)

	For the Year ended 31.03.2018	For the Year ended 31.03.2017
<b>A. Sales of Coal</b>		
<b>Less : Other Statutory Levies</b>		
Royalty		
Goods and Service Tax		
GST Compensation Cess		
Cess on Coal		
Assam Land Tax		
Stowing Excise Duty		
Central Sales Tax		
Clean Energy Cess		
State Sales Tax/VAT		
National Mineral Exploration Trust		
District Mineral Foundation		
Other Levies		
<b>Total Levies</b>	-	-
<b>Sale of Coal (Net) (A)</b>	-	-
<b>B. Other Operating Revenue</b>		
Subsidy for Sand Stowing & Protective Works		
Loading and additional transportation charges		
Less : Other Statutory Levies	-	-
<b>Other Operating Revenue (Net) (B)</b>	-	-
<b>Revenue from Operations (A+B)</b>	-	-

1. Subsidy for Sand Stowing & Protective Works of ₹ \_\_\_\_\_ Lakhs received from Ministry of Coal, Government of India in terms of Coal Mines (Conservation & Development) Act, 1974 towards reimbursement of expenditure incurred for the Sand Stowing & Protective Works during the year.
2. Sales of coal includes excise duty of ₹ \_\_\_\_\_ Lakhs (₹ \_\_\_\_\_ Lakhs). Sales of coal (Net) exclusive of excise duty is ₹ \_\_\_\_\_ Lakhs (₹ \_\_\_\_\_ Lakhs).
3. Loading and additional transportation charges includes excise duty of ₹ \_\_\_\_\_ Lakhs (₹ \_\_\_\_\_ Lakhs). Loading and additional transportation charges net of excise duty is ₹ \_\_\_\_\_ Lakhs (₹ \_\_\_\_\_ Lakhs).

**NOTES TO THE FINANCIAL STATEMENTS-CONSOLIDATED**

**NOTE 25 : OTHER INCOME**

(₹ in Lakhs)

	<b>For the Year ended 31.03.2018</b>	<b>For the Year ended 31.03.2017</b>
<b><u>Interest Income</u></b>		
Deposits with Banks	0.11	0.19
Investments		
Loans		
Funds parked within Group		
Others		
<b><u>Dividend Income</u></b>		
Investments in Subsidiaries		
Investments in Mutual Funds		
Investments in Govt Securities (8.5% Tax free Special Bonds)		
<b><u>Income on Buyback of Shares by Subsidiaries</u></b>		
<b><u>Other Non-Operating Income</u></b>		
Apex charges		
Profit on Sale of Assets		
Gain on Foreign exchange Transactions		
Exchange Rate Variance		
Lease Rent		
Liability / Provision Write Backs		
Excise Duty on Decrease in Stock		
Miscellaneous Income		
<b>Total</b>	<b>0.11</b>	<b>0.19</b>

## NOTES TO THE FINANCIAL STATEMENTS-CONSOLIDATED

## NOTE 33 : PROVISIONS (NET OF REVERSAL)

(₹ in Lakhs)

	For the Year ended 31.03.2018	For the Year ended 31.03.2017
<b>(A) Allowance/Provision made for</b>		
Doubtful debts		
Doubtful Advances & Claims		
Stores & Spares		
Others		
<b>Total(A)</b>	-	-
<b>(B) Allowance/Provision Reversal</b>		
Doubtful debts		
Doubtful Advances & Claims		
Stores & Spares		
Others		
<b>Total(B)</b>	-	-
<b>Total (A-B)</b>	-	-

## NOTE 34 : WRITE OFF ( Net of past provisions )

(₹ in Lakhs)

	For the Year ended 31.03.2018	For the Year ended 31.03.2017
Doubtful debts		
Less :- Provided earlier	-	-
Doubtful advances		
Less :- Provided earlier	-	-
Stock of Coal	-	-
Less :- Provided earlier	-	-
Others		
Less :- Provided earlier	-	-
<b>Total</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS-CONSOLIDATED**

**NOTE 35 : OTHER EXPENSES**

(₹ in Lakhs)

	<b>For the Period ended 31.03.2018</b>	<b>For the Year ended 31.03.2017</b>
Travelling expenses		
Domestic		
Foreign		
Training Expenses		
Telephone & Postage		
Advertisement & Publicity		
Freight Charges		
Demurrage		
Donation/Subscription		
Security Expenses		
Service Charges of CIL		
Hire Charges		
CMPDI Charges		
Legal Expenses		
Bank Charges	0.01	0.01
Guest House Expenses		
Consultancy Charges		
Under Loading Charges		
Loss on Sale/Discard/Surveyed of Assets		
Auditor's Remuneration & Expenses		
For Audit Fees	0.40	0.46
For Taxation Matters		
For Other Services		
For Reimbursement of Exps.	0.21	0.20
Internal & Other Audit Expenses		
Rehabilitation Charges		
Royalty & Cess		
Central Excise Duty		
GST		
Rent		
Rates & Taxes		
Insurance		
Loss on Foreign Exchange Transactions		
Loss on Exchange rate variance		
Lease Rent		
Rescue/Safety Expenses		
Dead Rent/Surface Rent		
Siding Maintenance Charges		
Land/Crops Compensation		
R & D expenses		
Environmental & Tree Plantation Expenses		
Expenses on Buyback of shares		
Miscellaneous expenses		
<b>Total</b>	<b>0.62</b>	<b>0.67</b>

## NOTE – 38:

**ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> March, 2018**

**1. Fair Value Measurement****(a) Financial Instruments by Category**

	31 <sup>st</sup> March 2018			31 <sup>st</sup> March 2017		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial Assets</b>						
Investments :						
Secured Bonds						
Preference Share in Subsidiary						
Mutual Fund						
Loans						
Deposits & receivable			3.54			1.70
Trade receivables						
Cash & cash equivalents			21.13			1.14
Other Bank Balances						
<b>Financial Liabilities</b>						
Borrowings						
Trade payables			68.45			38.07
Security Deposit and Earnest money						
Other Liabilities			2218.18			929.54

**(b) Fair value hierarchy**

Table below shows Judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value – recurring fair value measurement	31 <sup>st</sup> March 2018			31 <sup>st</sup> March 2017		
	Level I	Level II	Level III	Level I	Level II	Level III
<b>Financial Assets at FVTPL</b>						
Investments :						
Mutual Fund						
<b>Financial Liabilities</b>						
If any item	-	-	-	-	-	-

Financial assets and liabilities measured at amortised cost for which fair values are disclosed at 31 <sup>st</sup> Mar, 2018	31 <sup>st</sup> March 2018			31 <sup>st</sup> March 2017		
	Level I	Level II	Level III	Level I	Level II	Level III
<b>Financial Assets at FVTPL</b>						
Investments :						
Equity Shares in JV						
Mutual Fund						
<b>Financial Liabilities</b>						
Preference Share						
Borrowings						
Trade payables			68.45			38.07
Security Deposit and Earnest money						
Other Liabilities			2218.18			929.54

The Company uses the judgments and estimates in determining the fair values of the financial instruments that are recognized and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is given below.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.



Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level

This is the case for unlisted equity securities, preference shares, borrowings, security deposits and other liabilities taken included in level 3.

**(c) Valuation technique used in determining fair value**

Valuation techniques used to value financial instruments include the use of quoted market prices of instruments

**(d) Fair value measurements using significant unobservable inputs**

At present there are no fair value measurements using significant unobservable inputs.

**(e) Fair values of financial assets and liabilities measured at amortised cost**

- The carrying amounts of trade receivables, short term deposits, cash and cash equivalents, trade payables are considered to be the same as their fair values, due to their short-term nature.
- The Company considers that the Security Deposits does not include a significant financing component. The milestone payments (security deposits) coincide with the company's performance and the contract requires amounts to be retained for reasons other than the provision of finance. The withholding of a specified percentage of each milestone payment is intended to protect the interest of the company, from the contractor failing to adequately complete its obligations under the contract. Accordingly, transaction cost of Security deposit is considered as fair value at initial recognition and subsequently measured at amortised cost.

**Significant estimates:** the fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Company uses its judgement to select a method and makes suitable assumptions at the end of each reporting period.

## **2. RISK ANALYSIS AND MANAGEMENT**

### **Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that is derived directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a risk committee that advises, inter alia, on financial risks and the appropriate financial risk governance framework for the Group. The risk committee provides assurance to the Board of Directors that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

The Group is exposed to market risk, credit risk and liquidity risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and Cash equivalents, trade receivables financial asset measured at amortised cost	Ageing analysis	Department of public enterprises (DPE guidelines), diversification of bank deposits credit limits and other securities
Liquidity Risk	Borrowings and other liabilities	Periodic cash flows	Availability of committed credit lines and borrowing facilities
Market Risk-foreign exchange	Future commercial transactions, recognised financial assets and liabilities not denominated in INR	Cash flow forecast sensitivity analysis	Regular watch and review by senior management and audit committee.
Market Risk-interest rate	Cash and Cash equivalents, Bank deposits and mutual funds	Cash flow forecast sensitivity analysis	Department of public enterprises (DPE guidelines), Regular watch and review by senior management and audit committee.

The company risk management is carried out by the board of directors as per DPE guidelines issued by Government of India. The board provides written principals for overall risk management as well as policies covering investment of excess liquidity.

**A. Credit Risk:** Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as including outstanding receivables.

**Credit risk management:**

Macro - economic information (such as regulatory changes) is incorporated as part of the fuel supply agreements (FSAs) and e-auction terms

**Fuel Supply Agreements**

As contemplated in and in accordance with the terms of the NCDP, we enter into legally enforceable FSAs with our customers or with State Nominated Agencies that in turn enters into appropriate distribution arrangements with end customers. Our FSAs can be broadly categorized into:

- FSAs with customers in the power utilities sector, including State power utilities, private power utilities (“PPUs”) and independent power producers (“IPPs”);
- FSAs with customers in non-power industries (including captive power plants (“CPPs”)); and
- FSAs with State Nominated Agencies.

### E-Auction Scheme

The E-Auction scheme of coal has been introduced to provide access to coal for customers who were not able to source their coal requirement through the available institutional mechanisms under the NCDP for various reasons, for example, due to a less than full allocation of their normative requirement under NCDP, seasonality of their coal requirement and limited requirement of coal that does not warrant a long-term linkage. The quantity of coal to be offered under E-Auction is reviewed from time to time by the MoC.

#### A. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors forecasts of the group’s liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the company.

##### (i) Maturities of financial liabilities

The tables below analyse the group’s financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<b>Contractual maturities of financial liabilities 31.03.2018</b>	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 2 years	2 year to 5 years	Total
Borrowings						
Obligation under finance lease						
Trade payables	68.45					68.45
Other financial liabilities	2218.18					2218.18
<b>Total</b>	<b>2286.63</b>					<b>2286.63</b>

<b>Contractual maturities of financial liabilities 31.03.2017</b>	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 2 years	2 year to 5 years	Total
Borrowings						
Obligation under finance lease						
Trade payables	38.07					38.07
Other financial liabilities	929.54					929.54
<b>Total</b>	<b>967.61</b>					<b>967.61</b>

## B. Market risk

### a) Foreign currency risk

The group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk in respect of foreign operation is considered to be insignificant. The group also imports and risk is managed by regular follow up. Company has a policy which is implemented when foreign currency risk becomes significant.

### b) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from bank deposits with change in interest rate exposes the Company to cash flow interest rate risk. Company policy is to maintain most of its deposits at fixed rate.

Company manages the risk using guidelines from Department of public enterprises (DPE), diversification of bank deposits credit limits and other securities

## 3. Employee Benefits: Recognition and Measurement (Ind AS-19)

### i) Provident Fund:

Company pays fixed contribution towards Provident Fund and Pension Fund at pre-determined rates to a separate trust named Coal Mines Provident Fund (CMPF), which invests the fund in permitted securities. The contribution towards the fund during the quarter is (₹ \_Lakhs) for the FY 2017-18) has been recognized in the Statement of Profit & Loss (Note 28).

**4. Unrecognised items:****a) Contingent Liabilities**

Claims against the Company not acknowledged as debts (including interest, wherever applicable)

<b>Claims against the company not acknowledged as debt</b>			
		<b>31.03.2018</b>	<b>31.03.2017</b>
1	<b>Central Govt.</b> a. Royalty (NMET) b. Central Excise c. Clean Energy Cess d. Demurrage e. Perquisite Tax f. Railway Restoration Charges g. Service Tax h. Income Tax i. Any Other Item (disclose the nature)	-	-
2	<b>State Govt. and Local authorities</b> a. Sales Tax b. Stamp Duty c. Royalty d. Water Tax e. Entry Tax/OET f. Land dispute g. Surface Rent h. Any Other Item(disclose the nature)		
3	<b>Central Public Sector Enterprises</b> a. Suit against the company under litigation b. Any Item (disclose the nature)		
4	<b>Others</b> a. Resettlement & Rehabilitation Cost b. Compensation c. Coal Transportation d. Arbitration & Civil Suits e. Other Suits against the co. f. Any Other Item (disclose the nature)		
	<b>Total</b>		

**b) Commitments**

Estimated amount of contracts remaining to be executed on Capital account and not provided for:

Others (Revenue Commitment) :

**c) Letter of Credit :**

As on 31.03.2018 outstanding letters of credit is \_\_\_ (As at 31.03.2017 Lakhs) and bank guarantee issued is ₹ \_\_Lakhs (As at 31.03.2017 ₹ \_\_Lakhs).

**5. Other Information**

**a) Government Assistance**

Subsidy for Sand Stowing & Protective Works includes ₹ \_\_\_ received from Ministry of Coal, Government of India in terms of Coal Mines (Conservation & Development) Act, 1974 towards reimbursement of expenditure incurred for the Sand Stowing & Protective Works by NEC during the quarter ended on 31.03.2018.

CCDA Grant of ₹ \_\_\_ received as Capital Grant from Ministry of Coal, Government of India towards assistance for Road and Rail Infrastructure work and disclosed under Note-22 as Deferred Income.

**b) Provisions**

The position and movement of various provisions except those relating to employee benefits which are valued actuarially, as on 31.03.2018 are given below:

(₹ in Lakhs)

Provisions	Opening Balance as on 1.04.2017	Addition during the period	Write back/Adj. during the period	Unwinding of discounts	Closing Balance as on 31.03.2018
<b>Note 3:-Property, Plant and Equipment :</b> Accumulated Depreciation Impairment of Assets :	0.08	1.12			1.20
<b>Note 4:- Capital Work in Progress :</b> Against CWIP Impairment					
<b>Note 5:- Exploration And Evaluation Assets :</b> Provision Impairment					

<b>Note 6:- Non Current Assets Held For Sale :</b> Provision Impairment					
<b>Note 8:- Loans :</b> Provision for Doubtful Loans :					
<b>Note 9:- Other Financial Assets :</b> Claim receivables : Other Receivables :					
<b>Note 10:- Other Non-Current Assets :</b> Doubtful Advances Exploratory Drilling Work Against Security Deposit for Utilities Other Deposits					
<b>Note 11:- Other Current Assets :</b> Advances for Revenue : Advance Payment Against Statutory Dues : Other Deposits : Advances to Employees					
<b>Note 12:-Inventories :</b> Stock of Coal Stock of Stores & Spares WIP & Finished Goods					
<b>Note 13:-Trade Receivables :</b> Provision for bad & doubtful debts :					
<b>Note 20 :- Non-Current &amp; Current Provision :</b> Performance related pay NCWA-X Mine Closure Others					

**c) Segment Reporting**

In accordance with the provisions of Ind AS 108 'operating segment', the operating segment used for presenting segment information are identified based on internal reports used by BOD to allocate resources to the segments and assess their performance. The BOD is the group of Chief operating decision maker within the meaning of Ind AS 108.

The Board of directors consider a business from a prospect of significant product offerings and have decided that presently there is one single reportable segment being sale of Coal. Information of financial performance and net asset is presented in the consolidated information of p/L and Balance sheet.

Revenue by destination is as follows

	<b>India</b>	<b>Other countries</b>
Revenue		

Revenue by customer is as follows

<b>Customer name</b>	<b>Amount (in Lakhs)</b>	<b>Country</b>
Name of each parties having more than 10% of Net sales value		
Others		

Net current asset by location are as follows

	<b>India</b>	<b>Other countries</b>
<b>Net Current Asset</b>		

**d) Related Party Transactions within Group**

The Company being a Government related entity is exempt from the general disclosure requirements in relation to related party transactions and outstanding balances with the controlling Government and another entity under same Government.

Company has entered into transactions with its holding Company & other co-subsiaries which include Apex charges, Rehabilitation charges, CMPDIL Expenses, R&D Expenses, Lease rent, IICM charges and other expenditure incurred by or on behalf of other subsidiaries through current account.

As per Ind AS 24, following are the disclosures regarding nature and amount of significant transactions.



(₹ in Lakhs)

Name of the Company	Nature of relationship	Amount of transactions during the Period
Mahanadi coal fields limited	64% share in the company	102.19
Ircon international limited	26% share in the company	3001.62
Odisha industrial infrastructure development corporation	10% share in the company	

**e) Insurance and escalation claims**

Insurance and escalation claims are accounted for on the basis of admission/final settlement.

**f) Provisions made in the Accounts**

Provisions made in the accounts against slow moving/non-moving/obsolete stores, claims receivable, advances, doubtful debts etc. are considered adequate to cover possible losses.

**g) Current Assets, Loans and Advances etc.**

In the opinion of the Management, assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

**h) Current Liabilities**

Estimated liability has been provided where actual liability could not be measured.

**i) Balance Confirmations**

Balance confirmation/reconciliation is carried out for cash & bank balances, certain loans & advances, long term liabilities and current liabilities. Provision is taken against all doubtful unconfirmed balances.

**j) Value of imports on CIF basis**

(₹ in Lakhs)

Particulars	For the period ended 31.03.2018	For the period ended 31.12.2016	For the year ended 31.03.2017
(i) Raw Material			
(ii) Capital Goods			
(iii) Stores, Spares & Components			

**k) Expenditure incurred in Foreign Currency**

(₹ in Lakhs)

Particulars	For the period ended 31.03.2018	For the period ended 31.12.2016	For the year ended 31.03.2017
Travelling Expenses			
Training Expenses			
Consultancy Charges			
Interest			
Stores and Spares			
Capital Goods			
Others			

**l) Earning in Foreign Exchange:**

(₹ in Lakhs)

Particulars	For the period ended 31.03.2018	For the period ended 31.12.2016	For the year ended 31.03.2017
Travelling Expenses			
Training Expenses			
Consultancy Charges			

**m) Total Consumption of Stores and Spares**

(₹ in Lakhs)

Particulars	For the period ended 31.03.2018		For the period ended 31.12.2016		For the year ended 31.03.2017	
	Amount	% of total consumption	Amount	% of total consumption	Amount	% of total consumption
(i) Imported Materials						
(ii) Indigenous						

**n) Statement of Opening Stock, Production, Purchases, Turnover and Closing Stock of Coal**

(₹ in Lakhs and Quantity in MT)

	For the quarter ended 31.03.2018		For the year ended 31.03.2017	
	Qty.	Value	Qty.	Value
<b>Opening Stock</b>				
Production				
Sales				
Own Consumption				
Write Off				
<b>Closing Stock</b>				

**o) Details of Loans given, Investments made and Guarantee given covered u/s 186(4) of the Companies Act, 2013**

Loans given and Investments made are given under the respective heads.

Corporate guarantees given by the company in respect of loans as at 31.03.2017

(₹ in Lakhs)

Name of the Company	As at 31.03.2018	As at 31.03.2017

**p) Significant accounting policy**

Significant accounting policy (Note-38) has been suitably modified / re-drafted over previous period, as found necessary to elucidate the accounting policies adopted by the Company in accordance with Indian Accounting Standards (Ind ASs) notified by Ministry of Corporate Affairs (MCA) under the Companies (Indian Accounting Standards) Rules, 2015.

The impact of change in accounting policy and other changes to comply with Ind AS in Net Profit is stated below:

**q) Others**

- a) Previous period's figures have been restated as per Ind AS and regrouped and rearranged wherever considered necessary.
- b) Note 3 to 23 form parts of the Balance Sheet as at 31<sup>st</sup> March, 2018 and 24 to 37 form part of Statement of Profit & Loss for the quarter ended on that date. Note – 2 represents Significant Accounting Policies and Note – 38 represents Additional Notes to the Financial Statements.

**Sd/-**  
**(B. P Mishra)**  
Sr. Mgr (Fin.)

**Sd/-**  
**(V.V.K Raju)**  
Chief Financial Officer

**Sd/-**  
**(R. Panigrahi)**  
Chief Executive Officer

**Sd/-**  
**(K.R. Vasudevan)**  
Director

**For Bijay Dhaniram & Co.**  
**Chartered Accountants**  
Firm Reg. No. - 324629E

**Sd/-**  
**(J. P. Singh)**  
Chairman

**Sd/-**  
**(CA B. K. Agrawal)**  
Proprietor  
(Membership No. 060126 )

**Date: 11.05.2018**  
**Place: SAMBALPUR**

**MAHANADI COAL RAILWAY LIMITED**

(A subsidiary of Mahanadi Coalfields Limited)

At/PO - Jagruti Vihar, Burla  
Sambalpur - 768020 (ODISHA)