Purushottam Sarda, B.Com, FCA

Omprakash Bagdia, B.Com, FCA, FCS,

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GUPTA SARDA & BAGDIA
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF M/S. MAHARASHTRA STATE MINING CORPORATION LIMITED, NAGPUR

I. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **M/S. MAHARASHTRA STATE MINING CORPORATION LIMITED, NAGPUR**(hereinafter referred to as "the Holding Company") and its subsidiaries (the holding company and its subsidiaries together referred to as "the Group") and jointly controlled entity comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein referred to as "the consolidated financial statements").

II. Management's Responsibility for the Consolidated Financial Statements

The Holding 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 Consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendments Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

III. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 there under.

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

We conducted our audit in accordance with the Standards on Auditing, issued by The Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained and the evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

IV. Basis for Qualified Opinion

a) *In respect of Parent Company 'Maharashtra State Mining Corporation limited'*

Refer to Note 8.2, 8.3 and 30a. As on year end Sweat Money of Rs.4987.57 lacs is shown outstanding from Gupta Coal (India) Ltd. & Sunil hi-tech Energy Private Ltd. Consequent to deallocation of coal blocks to the company, sweat money received from these companies is due to be refunded after making necessary forfeiture & deductions. Company had referred the matter to Law & Judiciary department of Government of Maharashtra who had given its opinion on 17/06/2016. According to it, forfeiture amount is to be calculated as 10% of the sweat money paid by the Joint venture Partners. However company has not made the forfeiture. Considering the reply from Law & Judiciary department of Government of Maharashtra at least, 10% of the sweat money paid by JV Partner i.e. Rs.498.76 lacs should have been forfeited & taken to income. Due to non-accounting of this income profit of the company has been understated & liability has been overstated to this extent. This observation is a continuing one and was a subject matter of qualification in the previous year also.

b) *In respect of Subsidiary Company "MSMC Adkoli Natural Resources Limited'*

The company was formed to explore and develop Mari-Zari-Jamni Adkoli coal block allotted to the company. This coal block has been de-allocated as per the directives by the Supreme Court of India. The purpose, for which the company

GUPTA SARDA & BAGDIA
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was formed, stands defeated. Still the accounts of the company is prepared as a going concern.

c) In respect of Joint Venture Company 'Maha Tamil Collieries Limited'

The company was basically formed for the purpose of prospecting, exploring, opening and working coal mine at Gare Pelma Sector II coal block, Raigarh District in the state of Chattisgarh allotted to the promoters of the company by the Government of India. The Hon'ble Supreme Court vide its order dated 24th of September, 2014 cancelled the coal block so allotted. Consequent to de-allocation the company's business since last financial year was very limited and indicative of winding up process. Perusal of the minutes of the meetings of the Board of Directors substantiated the fact that Directors are deliberating on the possibilities of the winding up. However, the accounts for the current year were prepared and presented as going concern. On our query to the management during last year, it was represented vide letter dated 25-10-2016 received on 15-11-2016 that, the management is already deliberating on various possibilities of the winding up process and is awaiting for Insolvency Act to come in force (source 32nd meeting of Board of Directors dated 20-07-2016) which in the management's opinion shall ease the winding up process. It was also stated that, till the declaration of Solvency as per Section 488 of the Companies Act, 1956 is signed by the Directors, the firm shall be treated as a going concern only.

As regards the preparation of the current year accounts on going concern basis, the management has stated its justification vide note no. 37(iii) to the accounts. But on perusal of the accounts it can be observed that, company has already adjusted and accounted for the EMD of Rs.40,00,00,000/- against the dues of Rs. 35,79,80,175/- and Rs. 4,20,19,825/- were reflected as payable to MDO at the end of previous year itself i.e. 31-03-2016. Further the management's representation dated 12-10-2017 was contrary to the statement mentioned at paragraphs note no. 37(iii) to the accounts. The same is mentioned at paragraph 8 of the representation on page numbers 3 and 4, wherein the company has conceded that, whatever was receivable from Ministry of Coal (MoC), was already crystallized, vide its announcement dated 12-09-2016 and thereafter company has actually received Rs. 43,48,16,953/- on 16-06-2017 as final receipt from MoC. Secondly, the erstwhile Mine Developer and Operator (MOO) M/s Mahatamil Mining and Thermal Energy Limited (MMTEL) has also conditionally accepted to forgo all its past claims (of Rs.204.66 Lakhs) against final settlement of its claim against the company for Rs. 47,68,36,778/- (Rs. 43,48,16,953/- of MoC + Rs. 4,20,19,825/- already shown as payable in Financial Statements). Thus, the bottlenecks preventing the company from winding up appear to be already settled, though slightly after the financial year end in case of receipt of compensation, but before the preparation of financial statements.

The Board had decided to carry out valuation of furniture for final disposal. However, in the accounts prepared for previous financial year, the furniture was stated at book value after depreciation thereon. On our query relating to the issue, management had represented that, in the next board meeting (30th Board Meeting) it was decided that the valuation of assets and liabilities shall be done by the Company Liquidator once he is appointed by the shareholders. It was further stated that, in view of uncertainties of the situation involved, this fact could not be given effect in the financial statements.

Further to above, in the current financial year i.e. (F.Y.2016-2017), company vacated its old hired premises, which were hired from Maharashtra State Mining Corporation Ltd. (MSMCL). During such vacation, the company handed over the fixtures of Rs. 6,45,313.59 (book value) to the

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

landlord (MSMCL). The company accounted for the same after adjusting the dues payable to landlord, resulting into Rs. 4,89,913.59/- being reflected as receivable from the old landlord (MSMCL) at the year end. However, during audit, it was observed that, the MSMCL has neither acknowledged and accepted the value at which such fixtures were transferred nor it has acknowledged and accepted any statement of account confirming any balance amount payable by them to the company. The landlord (MSMCL) has not even acknowledged the receipt of the physical quantity of such fixtures handed over by the company. The company, however has reduced the depreciation charge on tangible assets, after considering above-mentioned red uction in the val ue of "Furniture of Fixtures". It was also noted that, Furniture worth Rs.65,622.40 was still reflected in the financial statements as at the year-end despite vacating the premises in the middle of the year. Also, depreciation was provided on such furniture value. On query to the management it was represented vide letter dated 12-10-2017 that, the detachable furniture was removed and shifted to new premises. However no third-party valuation details were available for verification to substantiate between the furniture value left and furniture value shifted and carried forward.

The company had appointed Mine Developer and Operator (MDO), Mis Mahatamil Mining and Thermal Energy Limited (MMTEL). Consequent to de-allocation, the services of the MDO got automatically terminated. The company at paragraph "b" of note no. 15 has stated the details of the transactions with MDO. At this paragraph it is also stated that MDO has made a claim of expenditure incurred on development of the coal block at Gare Pelma Sector-II. However, the quantum of the claim was not stated. From the minutes of the 29th Board Meeting, it was observed that claim was of Rs. 204.66 crores, which has not been acknowledged as debt by the company. In the matter it was also observed that, the company has adjusted Rs.35,79,80, 175/- against the earnest money deposit of the MDO of Rs.40,00,00,000/- in the previous year itself. The balance of Rs. 4,20,19,825/- has been reflected as liability payable as at 31-03- 2016 as well as 31-03-2017. Such adjustments by the company have noL been expressly and unconditionally accepted by the MDO, neither any confirmation and acceptance of statement of account as at 31-03-2017 has been issued by the MDO. In the matter attention is invited to paragraph "d" of Note no. 15.

In view of the above, we are unable to form an opinion whether the accounts should have been prepared on going concern basis or otherwise. Also in the circumstances stated above, we are unable to determine whether any adjustments of the amounts relating to matters stated above were necessary or otherwise.

V. Qualified Opinion

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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:

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

a) In the case of the consolidated Balance sheet, of the consolidated state of affairs of the Group and Jointly controlled entities as at March 31, 2017:

b) In the case of the Consolidated Statement of Profit & Loss, of the profit of the Group and jointly contolled entities for the year ended on that date:

c) Consolidated Cash flow for the year ended on that date.

VI. Emphasis of Matter

a) Refer note no. 17.1, 18.1 & 30(b), Balance Confirmation are not received towards the following amounts receivable from the Joint venture partners as at 31st March 2017 :

1. Gupta Coal (India) Ltd.: Rs.343.67 lacs (Towards expenses made for Joint Venture Company, to be recovered from them as per the JV agreement).

2. Gupta Coal (India) Ltd.: Rs.560.11 lacs (Towards interest receivable on deferred sweat money).

3. Sunil Hi-tech Energy Private Ltd.: Rs.88.62 lacs (Towards interest receivable on deferred sweat money).

Company has treated this amount as good & recoverable, considering that these amount will be adjusted from the Sweat Money payable to the above mentioned companies.

b) During the year company has made provision for Mine Closure expenses of Rs16.68 lacs (Rs.194.29 lacs till 31.03.2017) as required by mines &minerals (development & regulation) Act, 1957 & Mineral Conservation& Department Rules, 1988 as amended from time to time. Company has made this provision on the basis of estimation. As per explanation given to us Mine Closure expenses are estimated on the basis of activity to be carried out at the time of final mine closure and these activities may differ from the activities mentioned in progressive mine closure plan.

Our opinion is not qualified on the above matters.

VII. Other Matters:

a) We did not audit the financial statements of a subsidiary whose financial statement reflect the total assets of Rs. 326.47 Lacs as at March 31, 2017, total revenue Rs. NIL for the year ended on that date.

b) We did not audit the financial statements of one jointly controlled entity, whose financial statement reflect total assets of Rs.850.89 Lacs as at March 31, 2017 and total revenue of Rs. 64.33 Lacs for

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

the year ended on that date, as considered in the consolidated financial statements.

Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies and jointly controlled entity, and our report in terms of sub-section (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary companies and jointly controlled entity, is based solely on such audited financial statements/ financial information as provided to us by the management. In our opinion and according to the information and explanation given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the management.

VIII. Report on Other Legal and Regulatory Requirements

1. 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 consolidated Balance Sheet, the consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of the preparation of the consolidated financial statements

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendments Rules, 2016, ***except that disclosures as required as per AS-15 (Revised) on the Employee Benefits and AS-17 Segment reporting are not made.***

e) On the basis of the written representations received from the directors of the holding company as on 31st March, 2017 taken on record by the Board of Directors of the holding company, and the reports of the statutory auditors of the subsidiary company and jointly controlled company incorporated in India, none of the directors of the group company and jointly controlled entity is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to adequacy of Internal Financial Control over financial reporting of the company & the operating effectiveness of such controls, refer to our separate report in 'Annexure A' and;

g) 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:

GUPTA SARDA & BAGDIA
CHARTERED ACCOUNTANTS
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i. The impact of pending litigations on the consolidated financial position of the group and jointly controlled entity are disclosed at Note 24 to the financial statements.

ii. The Holding Company did not have any long-term contract including derivative contracts for which there were any material foreseeable losses.

A jointly controlled company has a long term contract with M/S. Mahatamil Mining and Thermal Energy Ltd. On the basis of Management representation received in respect of this contract, assessment of financial implication from such contract is not foreseeable at present and therefore no provision has been made by the company in account. As informed, the company has not entered into any derivative contract with any other person nor is a party to any such contract in previous years.

iii. There was no amount, required to be transferred, to the Investor Education and Protection Fund by the Company.

FOR GUPTA SARDA & BAGDIA
Chartered Accountants
(Registration No. 103447W)

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

Place : NAGPUR
Date :

(AMIT LUKKA)
(Partner)
Membership No. : 126323

GUPTA SARDA & BAGDIA
CHARTERED ACCOUNTANTS

Business Plaza, U.G.Floor, 6 Farmland
Central Bazar Road, Near Lokmat Square,
NAGPUR-440010.

ANNEXURE A TO THE AUDITORS' REPORT

(Referred to in paragraph VIII (1) (f) of our Report of even date on the Account for the year ended on 31st March 2017 of **M/S MAHARASHTRA STATE MINING CORPORATION LIMITED)**

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (' the Act)

In conjuction with our audit of the consolidated financial statements of the company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of M/S MAHARASHTRA STATE MINING CORPORATION LIMITED (herein after referred to as "the Holding company") and its subsidiaries (the holding company and its subsidiaries together referred to as "the Group") and jointly controlled entity, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, inlcuding adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fruads and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Reponsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and is such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial control over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting and the consolidated financial statements.

Meaning of Internal Financial Controls over Financial Reporting.

A Group's including joint venture entity's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the group are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls over financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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GUPTA SARDA & BAGDIA
CHARTERED ACCOUNTANTS
F.R.No. 103447W
NAGPUR

Opinion

a) In our opinion, the Holding company, Subsidiary companies and jointly controlled entity, which are incorporated in India and having materiality impact, have, in all material respects, an adequate internal financial controls systems over financial reporting and such internal financial controls systems over financial reporting were operating effectively as at 31st March, 2017, based on the internal financial controls over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

b) Management needs to perform an evaluation and make an assessment of adequacy and effectiveness of the company's internal financial controls based on the control criteria established by it, however management has not provided us the details of its evaluation and the conclusion regarding adequacy of internal financial control system that was operating effectively as at 31 March, 2017. However based on our verification of test of controls and considering nature of business, size of operation and organizational structure of the entity, the company has , in all material respects, except in the areas mentioned below, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting was operating effectively as at 31 March 2017.

1) Physical verification of Fixed asets is not conducted during the year and thus there is inadequate internal control over safe guarding of assets.
2) Many of the advances received from the customers were outstanding since long time. Balance confirmations were not called from parties. It is observed there is no proper review system in place to ensure the obligation towards long outstanding advances and credit balances outstanding as at the year end.
3) Many of the advances given to the parties were outstanding since long time. It is observed there is no proper review system in place to ensure the rights and obligation towards lo0ng outstanding advances and debit balances outstanding as at the year end.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the Subsidiary company and Jointly controlled entity having materiality impact, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

FOR GUPTA SARDA & BAGDIA
CHARTERED ACCOUNTANTS

(AMIT LUKKA)
PARTNER
M.NO. 126323
F.R.NO.103447W

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

PLACE: NAGPUR
Date:

MAHARASHTRA STATE MINING CORPORATION LIMITED

Cash Flow Statement for the year ended 31st March 2017

	Particulars	For the year 2016-17 In Rs. Lakhs	For the year 2015-16 In Rs. Lakhs
A	**CASH FLOW FROM OPERATING ACTIVITY**		
	Profit Before Tax	376.99	785
	Adjusted for :		
	Depreciation and amortisation expense	51.86	41
	Provision for mine closure expenses	-	11
	Profit on Sale of Assets	(0.70)	
	Provision for dimunition in value of investment	-	4
	Provision for Current Tax	-	21
	Provision for leave encashment	(4.19)	2
	Interest Income	(634.60)	(1,094)
	Interest & Financial Expenses	0.01	2
	Rent Income	(35.29)	(40)
	Operating profit before working Capital changes	**(245.93)**	**(268)**
	Adjusted for :		
	(Increase)/Decrease in Inventories	(301.31)	(204)
	(Increase)/Decrease in Accounts Receivables	(3.99)	729
	(Increase)/Decrease in Short term Loans and advances	(395.76)	19
	(Increase)/Decrease in Other Current Asset	116.79	(384)
	Increase/(Decrease) in Provision for Employee Benefit	(4.34)	(16)
	Increase/(Decrease) in trade payable , Other Long term Liabilities	-	(1,043)
	Increase/(Decrease) in Short term Provisions	9.58	9
	Increase/(Decrease) in other Current Liabilities , trade payable	520.43	44
	Cash generated from operations	**(304.53)**	**(1,114)**
	Less: Taxes paid (Net of refund)	**8.31**	**(115)**
	Net cash (Utilized) from operating activities (A)	**(296.21)**	**(1,229)**
B	**CASH FLOW FORM INVESTING ACTIVITY**		
	Receipt from loans & advances	-	79
	Interest income	634.60	1,094
	Purchase of fixed Assets	(6.16)	(12)
	Sale of Fixed Assets	2.38	
	CWIP Including incidental exp. Pending allocation	(0.62)	(0)
	Rent Income	35.29	40
	Net cash generated from investing activities (B)	**665.50**	**1,200**
C	**CASH FLOW FORM FINANCING ACTIVITY**		
	Receipts from Govt Of Maha.	-	**4,590**
	Payment to DGM	(4,550.00)	
	Long term advance	(0.10)	
	Long Term Borrowings	-	**(134)**
	Interest & Financial Charges	(0.01)	**(2)**
	Cash generated from financing activities (C)	**(4,550.11)**	**4,454**
	Net increase/ (decrease) in cash and cash equivalent (A+B+C)	**(4,180.77)**	**4,425**
	Cash and Cash equivalent at the beginnig of the year	**12,059.98**	**7,635**
	Cash and cash equilvalent at the end of the year	**7,879.21**	**12,060**
	Cash & Cash Equivalents Comprise		
	Cash on Hand	**1.90**	**3**
	Bank Balances with Scheduled Banks		
	In Current & Savings Accounts	**300.57**	**277**
	In fixed Deposit	**7,576.73**	**11,781**
	Cash and cash equilvalent as per note 14 to financial statements	**7,879.21**	**12,060**
	Restricted cash		
	Fixed depsosits pledged with bank	**800.16**	**800.16**

Notes :

1] The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard-3 on " Cash Flow Statement" prescibed under section 133 of Companies Act'2013 read with rule 7 of companies (Accounts) Rules, 2014 (as amended).

2] Figures in brackets represent outflows

For and on behalf of the Board of Directors

As per our report of even date
For Gupta Sarda & Bagdia
Chartered Accountants
(Firm Reg. No.:-103447W)

Shri.Aditya Rathore
General Maneger (F & CS)

Dr. A.M. Pophare
Director
(DIN: 01186221)

Dr. Nirupama Dange, IAS
Managing Director
(DIN: 07498248)

Amit Lukka
Partner
M. No. 126323
Nagpur
Date:

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

MAHARASHTRA STATE MINING CORPORATION LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2017

Sr.No.	PARTICULARS	Note No.	Consolidated Amount as at 31-03-2017 In Rs. Lakhs	In Rs. Lakhs	Consolidated Amount as at 31-03-2016 In Rs. Lakhs	In Rs. Lakhs
(I)	EQUITY AND LIABILITIES					
1.	**Shareholder's funds**					
	(a) Share Capital	2	206.69		206.69	
	(b) Reserves and Surplus	3	6316.92		6116.02	
				6523.61		6322.71
2.	**Share application money pending allotment**			0.00		0.00
3.	**Minority Interest**		0.49	0.49	0.49	0.49
4.	**Non- current liabilities**					
	(a) Long-term borrowings	4	782.65		782.65	
	(b) Deferred Tax liabilities (Net)	5	58.31		51.88	
	(c) Other Long term liabilities	6	24.26		24.26	
	(d) Long-term Provisions	7	252.52	1117.73	240.18	1098.96
5.	**Current Liabilities**					
	(a) Short term borrowings		0.00		0.00	
	(a) Trade payables		0.00		0.00	
	(c) Other current liabilities	8	29619.01		33285.35	
	(b) Short term provisions	9	179.05	29798.07	270.58	33555.93
	TOTAL (I)			37439.89		40978.09
(II)	ASSETS					
6.	**Non-current assets**					
	(a) Fixed assets	10				
	(i) Tangible assets		2543.75		2581.64	
	(ii) Intangible assets		0.00		0.00	
	(iii) Capital work-in-progress	11	315.84		313.49	
	(iv) Intangible assets under development		0.00		0.00	
	(b) Non-current investments	12	0.02		0.02	
	(c) Deferred tax assets (net)		0.00		0.00	
	(d) Long-term loans and advances	13	3.40		3.30	
	(e) Other non-current assets		0.00	2863.00	0.00	2898.44
7.	**Current assets**					
	(a) Current investments		0.00		0.00	
	(b) Inventories	14	933.40		632.09	
	(c) Trade receivables	15	17.90		13.91	
	(d) Cash and Cash Equivalents	16	7879.16		12059.98	
	(e) Short-term loans and advances	17	24665.12		24175.55	
	(f) Other current assets	18	1081.31	34576.89	1198.12	38079.65
	TOTAL (II)			37439.89		40978.09
	Significant Accounting Policies Followed by Company	1		0.00		0.00

For and on behalf of the Board of Directors

Shri.Aditya Rathore
General Maneger (F & CS)

Dr. A.M. Pophare
Director
(DIN: 01186221)

Dr. Nirupama Dange, IAS
Managing Director
(DIN: 07498248)

As per our report of even date
For Gupta Sarda & Bagdia
Chartered Accountants
(Firm Reg. No.:-103447W)

Amit Lukka
Partner
M. No. 126323
Nagpur
Date:

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

MAHARASHTRA STATE MINING CORPORATION LIMITED

Consolidated Statement Of Profit And Loss For The Period Ended 31St March 2017

Sr. No.	PARTICULARS	Note No.	For the year ended 31-03-2017		For the year ended 31-03-2016	
			In Rs. Lakhs	In Rs. Lakhs	In Rs. Lakhs	In Rs. Lakhs
1	Revenue from operations	19	243.68		91.09	
2	Other Income	20	670.94		1213.36	
3	**Total Revenue (1 + 2)**			914.63		1304.45
4	**Expenses**					
	Cost of Materials Consumed	21	93.04		73.39	
	Purchases of Stock in Trade		129.24		0.00	
	Changes in inventories of finished goods, work in progress and Stock-in- trade	22	-300.90		-203.50	
	Employee benefits expense	23	461.59		491.05	
	Finance Costs	24	0.01		1.95	
	Depreciation and amortization expense	25	35.19		40.99	
	Other expense	26	121.67		123.96	
	Total Expense			539.83		527.84
5	Profit before exceptional and extraordinary items			374.80		776.61
6	**(Add)** Prior Period (Income)/Exense (Net)			-2.20		-29.65
7	Profit before extraordinary items and tax (5-6)			376.99		806.26
8	Extraordinary & Exceptional Items			0.00		0.00
9	Profit before tax (7-8)			376.99		806.26
10	**Tax expense:**					
	(1) Income Tax Earlier Years		14.21		14.07	
	(2) Current tax		150.00		268.16	
	(3) Deferred tax		6.43		19.79	
				170.64		302.02
11	Profit/(Loss) for the period from continuing			206.36		504.24
12	Profit/(Loss) for the period from discontinuing			0.00		0.00
13	Tax expense of discontinuing operations			0.00		0.00
14	Profit/(Loss) from discontinuing operations (after			0.00		0.00
15	Profit/(Loss) for the period (XI + XIV)			206.36		504.24
16	**Earnings per equity share:**					
	(1) Basic (2) Diluted			99.84		243.96
	Significant Accounting Policies Followed by Company & Notes to Financial Statement					

For and on behalf of the Board of Directors

Shri.Aditya Rathore
General Maneger (F & CS)

Dr. A.M. Pophare
Director
(DIN: 01186221)

Dr. Nirupama Dange, IAS
Managing Director
(DIN: 07498248)

As per our report of even date
For Gupta Sarda & Bagdia
Chartered Accountants
(Firm Reg. No.:-103447W)

Amit Lukka
Partner
M. No. 126323
Nagpur
Date:

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

MSMC

MAHARASHTRA STATE MINING CORPORATION LIMITED

Notes on Accounts for the year ended 31st March, 2017

Note - 2 Share Capital

Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
Authorised share capital		
5,00,000 Equity Shares of Rs.100/- each	500.00	500.00
(5,00,000 Equity Shares of Rs.100/- each as at 31st March 2016)		
Issued and Subscribed and Fully paid up Shares		
2,06,687 Equity Shares of Rs. 100/- each	206.69	206.69
(2,06,687 Equity Shares of Rs. 100/- each as at 31st March 2016)		
Grand Total of Issued, Subscribed & Fully Paid Up Equity Shares	**206.69**	**206.69**

a) **Reconciliation of the shares outstanding at the beginning and at the end of the year**

No new shares were issued during the current year. Hence, there is no change in number of shares outstanding as at the beginning and as at the end of the reporting period.

b) **Share Holding more than 5% of the Ordinary Shares in the Company**

Details of the Shareholders holding with voting rights	No. Of Shares Held As at March 31, 2017	As at March 31, 2016
Government of Maharashtra 100% (including 3 shares held by 3 nominees)	**2,06,687**	**2,06,687**
% of holding in the class of shares	100%	100%

c) **Rights, Preference and restrictions attached to equity shares**

The company has only one class of shares referred to as equity shares having a per value of Rs.100 per share. Each holder equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the net assets of the Company. The distribution will be in proportion to the number of equity shares held by the share holders.

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

Maharashtra State Mining Corporation Ltd.

Notes to Financial Statements for the year ended 31st March 2017

Note - 3 Reserve & Surplus

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	**Capital Reserves :-**		
	Capital Grant from Mineral Development Fund		
	Opening Balance	1788.54	1788.54
	Add: Additions during the year	0.00	0.00
	Less: Utilized during the year (Pursuant to capital expenditure for Building at Mine)	5.45	0.00
	Closing Balance (A)	**1783.09**	**1788.54**
b)	**Surplus in Statement of Profit & Loss Accounts**		
	Opening Balance	4326.97	3822.75
	Add:- Profit for the year	206.36	504.22
	Add/Less :- Appropriations (See Note 2.1)	0.00	0.00
	Closing Balance (B)	**4533.33**	**4326.97**
c)	**Nominal Value of Assets received from Government**	0.00	0.00
	Closing Balance of Nominal Value (C)	0.00	0.00
d)	**Capital Reserve tranfer from MSMC Adkoli Natural Resources Ltd.**	**0.51**	**0.51**
	Total Reserve & Surplus (A + B + C)	**6316.92**	**6116.02**

3.1 No appropriations has been proposed from the accumalated profit of the company and thus appropriation is Nil.

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

Maharashtra State Mining Corporation Ltd.

Notes to Financial Statements for the year ended 31st March 2017

Note - 4 Long term Borrowings

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
	Unsecured Loan		
	From Others		
a)	From Government of Maharashtra (3.1)	457.46	457.46
	From Related Parties		
b)	Sunil Hitech Energy Pvt Ltd.	325.19	325.19
	Total	**782.65**	**782.65**

4.1 This Amount was received from Government of Maharashtra from time to time . Advance was given as assistance for payment of salary/ wages/bonus / voluntary retirements etc. In the absence of any information regarding duration of the loan the same has been classified as Long Term Borrowings and further in absence of terms of interest , no provision for interest has been made.

Note - 5 Deffered Tax Liability (Net)

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	**Deffered Tax Liability**		
	Related to Fixed Assets	59.57	55.11
b)	**Deffered Tax Assets**		
	Disallowances under the Income Tax Act	1.26	3.23
	Total	**58.31**	**51.88**

Note - 6 Other Long term Liabilities

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	**Earnest Money Deposits**		
	From Contractors / Tenderers	6.20	6.20
b)	**Security Deposits**		
	From Contractors /Tenderers/others	18.06	18.06
	Total	**24.26**	**24.26**

Note - 7 Long Term Provisions

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	**Provision for employees benefits:-**		
	Leave encashment unfunded	58.23	62.57
b)	**Other Provisions:-**		
	Provision for Mine Closure Expenses	194.29	177.61
	Total	**252.52**	**240.18**

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

Maharashtra State Mining Corporation Ltd.

Notes to Financial Statements for the year ended 31st March 2017

Note - 8 Other Current Liabilities

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	**Maharashtra Mineral Development Fund (Regular) (7.1)**	23702.82	23339.59
b)	**Sweat Money**		
	Gupta Coal (India) Ltd (7.2)	3122.58	3122.58
	Sunil Hitech Energy Pvt. Ltd. (7.3)	1865.00	1865.00
c)	**Advances Received from Customers**	417.77	18.11
d)	**Others**		
	Statutory Remittances Payable	9.37	38.43
	Earnest Money Deposit (From Contractors/Tenderers)	111.77	136.67
	Security Deposits (From Contractors/Tenderers)	7.88	7.13
	Security Deposits (From Contractors Coal)	171.87	
	MSMC Reserve A/c (7.4)	0.00	4550.00
	Other Payable (7.5)	209.96	207.84
	Total (A to G)	**29619.01**	**33285.35**

8.1 Represents the amount received from Government of Maharashtra in the capacity of shell agency. This fund is earmarked for utilisation as per the government directives and till that date it has been invested in fixed deposit in the name of Maharashtra Mineral Developement Fund account.

8.2 Coal block under JV with Gupta Coal India Pvt. Ltd Is de-allocated during the year 14 - 15 and as per the decision of BOD this amount is due to be refunded after making necessary forfeiture and deductions. The matter was referred to Law & Judiciary department of Government of Maharashtra who had given its opinion on 17/06/2016. According to it, forfeiture amount is to be calculated as 10% of the sweat money paid by the Joint venture Partners. However, no action is taken.

8.3 Coal block under JV with Sunil Hitech Energy Pvt. Ltd Is de-allocated during the year 14 - 15 and as per the decision of BOD this amount is due to be refunded after making necessary forfeiture and deductions. The matter was referred to Law & Judiciary department of Government of Maharashtra who had given its opinion on 17/06/2016. According to it, forfeiture amount is to be calculated as 10% of the sweat money paid by the Joint venture Partners. However, no action is taken.

8.4 Represents the amount receieved from various coal purchasers as security deposits as per Fuel Supply Agreement.

8.5 Other Payables includes provision for expenses, staff dues and amount refundable & also includes Rs1000000 payable to MSMC Shell Agency.

8.6 As per information available with the company, there are no suppliers covered under Micro, Small & Medium Enterprise Development Act, 2006. As a result, no interest provision/payment have been made by the company to such creditors if any and no disclosure thereof is made in these accounts.

GUPTA SARDA & BAGDIA
CHARTERED ACCOUNTANTS
F.R. No. 103447W
NAGPUR

FIXED ASSETS

Note No. 10

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2016	Addition During the Year	Delitions/Adjustment	Total as on 31.03.2017	As on 01.04.2016	For year 16-17	Deduction/ Adjustment during the year	Total as on 31.03.2017	Balance as on 31.03.2017	Balance as on 31.03.2016
Free Hold Land	7.06	0.00	0.00	7.06	0.00	0.00	0.00	0.00	7.06	7.06
Land	1938.23	0.00	0.00	1938.23	0.00	0.00	0.00	0.00	1938.23	1938.23
Plant & Machinery	37.31	0.21	0.00	37.52	35.73	0.65	0.00	36.39	1.14	1.58
Earth Moving equipme	30.16	0.00	0.00	30.16	30.16	0.00	0.00	30.16	0.00	0.00
Motor Vehicle	33.10	0.00	4.23	28.87	20.06	3.31	4.23	19.14	9.74	13.04
Furniture & Fixture	16.61	0.18	7.64	9.14	12.89	0.83	5.97	7.75	1.39	3.72
Office Equipment	15.88	0.31	0.00	16.19	13.82	0.84	0.00	14.67	1.53	2.06
Survey Instrument	3.72	0.00	0.00	3.72	3.43	0.15	0.00	3.58	0.13	0.29
Workshop equipment	0.44	0.00	0.00	0.44	0.44	0.00	0.00	0.44	0.00	0.00
Laboratory Equipment	0.49	0.00	0.00	0.49	0.49	0.00	0.00	0.49	0.00	0.00
Building	863.50	5.45	5.45	863.50	250.67	29.98	0.00	280.65	582.85	612.83
Well	2.28	0.00	0.00	2.28	2.21	0.00	0.00	2.21	0.08	0.08
Slab Curvert	0.62	0.00	0.00	0.62	0.60	0.00	0.00	0.60	0.01	0.01
Electrical Installation	3.44	0.00	0.00	3.44	2.59	0.27	0.00	2.87	0.57	0.85
Magazine Shed	0.67	0.00	0.00	0.67	0.29	0.04	0.00	0.33	0.34	0.38
Computer & Software	23.66	0.00	0.00	23.66	22.14	0.83	0.00	22.97	0.69	1.52
Cycle	0.02	0.00	0.00	0.02	0.02	0.00	0.00	0.02	0.00	0.00
TOTAL	**2977.19**	**6.16**	**17.33**	**2966.03**	**395.56**	**36.92**		**422.28**	**2543.75**	**2581.64**
Previous Year	**2965.44**	**11.76**	**0.00**	**2977.20**	**352.79**	**42.77**	**0.00**	**395.56**	**2581.64**	**0.00**

GUPTA SARDA & BAGDIA
CHARTERED ACCOUNTANTS
F.R.No. 103447W
NAGPUR

Maharashtra State Mining Corporation Ltd.

Notes to Financial Statements for the year ended 31st March 2017

Note - 9 Short Term Provisions

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	**Provision for employee benefits**		
	Leave Encashment Payable (unfunded)	13.39	23.66
b)	**Others:**		
	Provision for Taxation	150.00	246.92
	Provision for damage payable court	15.66	0.00
	Total (1 to 3)	**179.05**	**270.58**

Note - 11 Capital Work in Progress including incidental expenses pending allocation

Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
Opening Balance	313.48598	311.31347
Addition during the year		
Insurance Expenses	0	0.10752
Legal & Professional Expenses	0.0575	0
Taxes & Fee	0.2747	0
Statutory Audit Fees	0.2875	0.2875
Meeting Expenses	0	0
Bank Charges	0.00165	0
Postage & Courier Expenses	0	0.00109
Depreciation	1.73064	1.7764
Total	**315.84**	**313.49**

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

Maharashtra State Mining Corporation Ltd.

Notes to Financial Statements for the year ended 31st March 2017

Note - 12 Non current Investments (Non Current Assets)

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	**Non Trade Investments**		
i	**In Equity Shares**		
	Unquoted, Fully paid up		
	Maharashtra Mineral Corporation Ltd. (10.1)	3.97	3.97
	(P.Y. 3965) Equity Shares of Rs.100/- each)		
	Less : Provison made for Dimunition in value of Investment.	(3.97)	(3.97)
		0.00	0.00
ii	**Kisan Vikas Patra (10.2)**	0.02	0.02
	Total	**0.02**	**0.02**
a)	**Agrregate Value**		
i	Unquoted Investment	0.00	0.00
ii	Government Securities	0.02	0.02
	Total	**0.02**	**0.02**

12.1 Government securities (Kisan Vikas Patra) of the face value of Rs. 2000/- are assigned in favour of the collector Ratnagiri & Sindhudurg. The proceed have not yet been received by corporation.

12.2 Provision has been made for dimunition in value of investment of Rs. 3,96,500/- in shares of M/s Maharashtra Mineral Corporation Limited. The current book value which was assessed by the State's Industrial Investment Corporation of Maharashtra Limited was negative and this reduction in value of investment is considered as other than temporary.

Note - 13 Long Term Loans & Advances (Non Current Assets)

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	**Capital Advances** (11.1)	0.20	0.20
b)	**Loans and Advances to Related parties**	0.00	0.00
c)	**Security Deposits** (11.2)	3.20	3.10
	Total (A to C)	**3.40**	**3.30**
	Sub Classifcation:-		
	Secured, Considered Goods	0.00	0.00
	Unsecured, Considered Goods	3.40	3.30
	Doubtful	0.00	0.00
	Total	**3.40**	**3.30**

13.1 The Amount of Rs. 20000/- was paid for the purchase of 1 acre land at Dongergaon Mine and the same land is under possession of the MSMC. The adjustment cannot be made due to pendecy of Sale deed. The matter is pending before SDO Warora for transfer of land in in name of MSMC.

13.2 Includes various security deposits given towards Electricity, Telephone and same has been considered good & recoverable by management

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

Maharashtra State Mining Corporation Ltd.

Notes to Financial Statements for the year ended 31st March 2017

Note - 14 Inventories

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	Stores & Spare parts	4.73	1.71
b)	Loose Tools (at cost)	2.71	5.32
c)	Stock (Minerals at various mines)	925.97	625.06
	Total (A to C)	**933.40**	**632.09**

Note - 15 Trade Receivables

	Particulars		As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	**Outstanding exceeding for a period of Six Months**			
	Unsecured, Considered good		0.00	0.25
	Unsecured, Considered doubtful		0.00	0.00
			0.00	**0.25**
	Provision for Doubtful Receivables		0.00	0.00
	Total	(A)	**0.00**	**0.25**
b)	**Outstanding for a period of less than Six Months**			
	Unsecured Considered good		17.90	13.66
	Unsecured, Considered doubtful			
			17.90	**13.66**
	Provision for Doubtful Receivables		0.00	0.00
	Total	(B)	**17.90**	**13.66**
	TOTAL (A + B)		**17.90**	**13.91**

15.1 Trade receivables are subject to reconciliation and confirmation.

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

Maharashtra State Mining Corporation Ltd.

Notes to Financial Statements for the year ended 31st March 2017

Note - 16 Cash & Bank Balances

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	**Cash and Cash Equivalents**		
	Cash in Hand	1.85	2.63
	Balance with Banks		
	In Current Accounts	300.55	276.64
	In Saving Accounts	0.03	0.03
b)	**Other Bank Balances**		
	In Deposit Accounts (FDR) (14.1 & 14.2)	7576.73	11780.69
	TOTAL (A + B)	**7879.16**	**12059.98**

16.1 Includes deposits amounting to Rs. 19,23,840/- with maturity of more than 12 months.

16.2 Includes FDR of Rs 62,51,097/- pledged to various bank for issuing Bank gurantee to DGM , Indian Beurae of Mines & Maharashtra Pollution control Board

Note - 17 Short Term Loans & Advances

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
	Unsecured, Considered good		
a)	**Maharashtra Mineral Development Fund (Regular)**	23702.82	23339.59
b)	**MSMC Shell Agency**	0.00	0.00
c)	**Loans and Advances to Related parties**	0.00	0.00
d)	**Trade Advances (15.1)**	733.64	358.25
e)	**Loans & Advances to Employees**	7.17	10.19
f)	**Balance with Govt. Authorities**		
	Refund & Balances with Income Tax	163.44	432.57
	GST Refund Receivable	0.13	0.00
	Advance to Sales Tax Appealate Authority	0.25	0.25
	Advance to P.F. Authority	1.32	1.32
	Advance to Joint Controller of Explosive	0.05	0.00
	Deposit with Courts	17.70	6.00
	Deposit with Land Acquisition Officer	18.76	18.76
	Advance to Collector on Royalty A/c	17.75	8.61
g)	**District mineral fund**	2.09	0.00
	Total	**24665.12**	**24175.55**

17.1 Includes Rs. 343.67 lacs being expenses made on behalf of the JV Partner M/s. Gupta Coal (India) Ltd. Confirmation for this balance has not been received from the party. Company considers this balance as good and recoverable. Also includes Rs. 375.11 lacs of advance paid to Western Coalfield Limited as per Fuel Supply Agreement.

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

Maharashtra State Mining Corporation Ltd.

Notes to Financial Statements for the year ended 31st March 2017

Note - 18 Other Current Assets

	Particulars	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	Interest Accrued on FDR	421.21	537.39
b)	Interest Receivable on Deffered Sweat Money (16.1)	648.73	648.73
c)	Prepaid Expenses	11.37	12.00
	Total (A to C)	**1081.31**	**1198.12**

18.1 Includes interest due on Deffered Sweat Money towards JV agreement for coal block from M/s. Gupta Coal (India) Ltd. Rs. 560.11 Lacs and from Sunil Hightech Energy Pvt. Ltd Rs.88.62 Lacs. Company has not received the confirmation regarding these outstanding balances but consideres the same as good and recoverable.

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

MSMC

MAHARASHTRA STATE MINING CORPORATION LIMITED

Notes on Accounts for the year ended 31st March, 2017

Amount in Rs.

Note - 19 Revenue from Operations

Particualrs	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs.
a) Sale of Minerals	65.76	75.58
b) Sale of Coal	133.66	
c) Other Operating Revenue:		
Premium & Facilitation Charges	9.06	11.67
Registration fees(Coal)	35.12	0.00
Liquidated Damages	0.10	3.84
Total	**243.68**	**91.09**

Note - 20 Other Income

	Particualrs	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	Interest Income	634.60	1093.64
b)	Rent Receipt	35.29	40.27
c)	Excess Provision Written Back	0.00	6.89
d)	Other Non Operating Income	0.35	72.56
e)	Profit on sale of assets	0.70	0.00
	Total	**670.94**	**1213.36**

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

Note - 21 Ore Raising Expenses at Mines

	Particualrs	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	Power Fuel & Water Expenses	26.60	20.87
b)	Explosive , Drilling and Earth cutting	0.56	0.50
c)	Sampling & Processing Charges	0.94	0.77
d)	Repairs & Maintenance	10.44	9.48
e)	Rent	1.00	1.46
f)	Rates & Taxes	1.47	0.73
g)	Stores , Spares & Tool Consumed	0.70	0.50
h)	Travelling Expenses	1.23	0.56
i)	Insurance Premium	1.21	1.02
j)	Mining Plan Preparation Expenses	4.10	13.50
k)	Royalty Expenses	10.35	11.78
l)	Dead Rent & Surface Rent	6.64	6.44
m)	Machinery Hiring Charges	1.50	1.80
n)	Janshree Bima Yojana (Premium)	0.15	0.16
o)	Stationery & Printing	0.48	0.33
p)	Bank Charges & Commission	0.03	0.03
q)	Other Expenses	4.60	3.34
r)	Environmental Expenss	0.27	0.13
s)	Survey Expenses	1.43	0.00
t)	Mining Lease Expenses	19.34	0.00
	Total (A to Q)	93.04	73.39

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Note - 22 Changes in Inventories of Stock in Trade

Particualrs	As at 31st March 2017	As at 31st March 2016
Opening Stock of Mineral	625.06	421.57
Less :- Closing Stock	925.97	625.06
Total	(300.90)	(203.50)

Note - 23 Employees Benefit Expenses

	Particualrs	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	Salary& Bonus (Including remuneration of Managing Director)	323.18	376.95
b)	Contributions to Provident and Other Funds	118.54	105.67
c)	Staff Welfare Expenses	19.87	8.42
	Total	461.59	491.05

Note - 24 Finance Cost

	Particualrs	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	Interest on Late Payment of TDS	0.01	0.09
b)	Interest on Late payment of Advance Tax	0.00	1.86
c)	Bank Charges	0.00	0.00
		0.01	1.95

Note - 25 Depreciation and Amortizating Expenses

	Particualrs	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	Depreciation of Tangible Assets (As per Note 9)	35.19	40.99
b)	Amortization of Tangible Assets	0.00	0.00
	Total	35.19	40.99

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Note - 26 Other Expenses (Administrative)

	Particualrs	As at 31st March 2017 (In Rs. Lakhs)	As at 31st March 2016 (In Rs. Lakhs)
a)	Travelling Expenses	5.69	3.21
b)	Repairs & Maintenance	4.22	2.34
c)	Petrol Oil & Lubricants	5.71	3.70
d)	Rates & Taxes	1.44	4.90
e)	Rent	0.89	2.85
f)	Office Building Maintenance	9.32	4.34
g)	Stationery & Printing	0.87	1.14
h)	Postage, Telegram & Telephone	3.12	3.36
i)	Legal & Professional Fees	15.59	3.41
j)	Internal Audit & Consultation Charges	1.66	0.32
k)	Surface & Dead Rent	1.85	0.59
l)	Electricity Charges	4.97	5.05
m)	Insurance Premium	0.83	0.45
n)	Advertisement	2.63	2.09
o)	Mining Lease Expenses	0.02	3.80
p)	Other Expenses	15.28	4.29
q)	Payment to Auditor		
i	For Audit Fees	0.62	0.64
ii	For Tax Audit	0.15	0.33
r)	Security Guard Expenses	8.43	11.40
s)	Bank charges	0.08	0.11
t)	Service Tax Expense	2.65	0.27
u)	Manpower Consulting Charges	0.00	4.66
v)	Mine Closure Expenses	16.68	10.96
w)	Provision for dimunition in value of long term investment	0.00	3.97
x)	Facilitation charges Written off (23.1)	0.00	36.56
y)	VAT Audit fees	0.23	0.27
z)	Conveyance Reimbursement	0.82	1.40
aa)	Board Meeting Expense	1.15	1.46
ab)	Prior Period Expenses	0.77	6.05
ac)	Computer Maintenance	0.06	0.05
ad)	Professional Tax	0.01	0.01
ae)	Audit Expenses	0.22	0.00
af)	Damages payble as per Court	15.66	0.00
ag)	Brokerage ad commission	0.05	0.00
	Total	121.67	123.96

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Other Notes to Consolidated Financial Statements:

Note No.:27: Subsidiary Company and a Joint Venture Company considered in Consolidated Financial Statements are as follows:

S.No.	Name of the Company	Country of Incorporation	Proportion (%) of Company's ownership interest As on 31/03/2017	Proportion (%) of Company's ownership interest As on 31/03/2016
A	**Subsidiary Company**			
	MSMC Adkoli Natural Resources Limited	India	51.00%	51.00%
B	**Joint Ventures**			
1	Maha Tamil Collieries Limited	India	25.99%	25.99%

a) The Consolidated financial statements are drawn by considering audited financial statement of above mentioned subsidiary & Joint Venture Company for the year ended 31/03/2017.

Note No.:27.1: Subsidiary Company not considered in Consolidated Financial Statements and reason thereof is as follows:

a) The financial statements of the subsidiary company MSMC Warora Collieries Limited are not prepared for the year ended 31st March, 2017. Also financial statements of the previous year are not available and hence same is not considered for preparation of consolidated financial statement.

Note No:27.2: Additional information, as required under Schedule III to the Companies Act,2013 of enterprises consolidated as Joint venture

S.No.	Name of the Entity	Net Assets i.e. Total Asset minus Total Liabilities		Share in Profit or (Loss)	
		As a % of Consolidated Net Assets	Amount (Rs. in Lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. in Lakhs)
	Parent				
1	Maharashtra State Mining Corporation Limited	98.330%	6416.56	106.42%	219.60
	Subsidiaries				
1	MSMC Adkoli Natural Resources Limited	0.006%	0.51	0.00%	0.00
2	MSMC Warora Collieries Limited*	-	-	-	-
	Minority Interest in all Subsidiaries (As per Equity method)	0.004%			
1	MSMC Adkoli Natural Resources Limited	-	0.49	0.00%	0.00
2	MSMC Warora Collieries Limited*	-	-	-	-
	Joint Ventures (as per proportionate consolidation)				
1	Maha Tamil Collieries Limited	1.650%	107.84	(6.42%)	(13.25)
	Total	**100%**	**6525.40**	**100%**	**206.35**

*** Not Consolidated as financial statement of the company is not prepared & available for consolidation.**

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Note No. 28: Contingent Liabilities & Commitments:

Rs. In lacs

S.No.	Particulars	31.03.2017	31.03.2016
a)	**Claims against the Company / Disputed Liabilities not acknowledged as debts**		
1.	Claim by Employees for Salary & other benefits	11.70 (All the Amount not ascertainable)	11.70 (All the Amount not ascertainable)
2.	Claims for the arrears of 6th Pay Arrears to the Employees of the Corporation	69.09	69.09
3.	Claims under Arbitration award appealed by the company	672.00	672.00
4.	Interest on Government Loan	Interest rate not stipulated	Interest rate not stipulated
b)	**Guarantees:**		
1.	Guarantees issued by Company's Bankers on behalf of the Company	62.51	800.16
c)	**Commitments:**		
1.	Estimated amount of contracts remaining to be executed on capital accounts and not provided for during the year	Nil	Nil
2.	Uncalled liability on shares and other investment which are partly paid up during the year	Nil	Nil

28.1.1 The Government of Maharashtra implemented Sixth Pay Commission with effect from July 2010, however Company has not paid arrears towards 6th Pay for the earlier period. Company has not made provision towards the arrears liability as it is unsure about the applicability of Government GR and Companies obligation towards payment of arrears. The matter has been referred to Government of Maharashtra.

28.1.2 Company had entered into JV agreements with Gupta Coal (India) Pvt. Ltd. and Sunil Hi-tech Energies Ltd. for development of Coal blocks allotted to it. These Coal blocks were de-allocated in the year 2014 and consequently Sweat money is refundable to the JV partners. JV Partners had demanded the refunds of Sweat Money and Interest thereupon. Sweat money received from the JV partners of Rs.4987.58 lacs is yet to be refunded after necessary deductions and adjustments as matter is being under consideration and final decision is not yet taken. Details of claims and contingencies that will arise on settlement of claims made by these companies is uncertain and un-ascertainable.

Note no. 29: Disclosure regarding difference in accounting policy of Depreciation followed by Parent Company and that as per Subsidiary Company:

The accounting policies followed in preparation of the financial statements are the same except in case of depreciation, wheredepreciation charged on all assets in case of Subsidiary Company ' MSMC Adkoli Natural Resources Limited' is on straight line method (as against written down value followed in the parentcompany). However, impact of the same is insignificant, as detailed below

Rs. in Lakhs

S.No.	Particulars	Amount of Subsidiary	Total Consolidated Amount	Proportion	Remarks
1.	Fixed Assets (Net)	6.20	2543.75	0.24%	SLM Method instead of WDV Method
2.	Depreciation for the year	1.73	35.16	4.92%	

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Note no. 30: Deferment of income recognisation/ non recognisation of income

As per the accounting policy of the company on Revenue recognisation, Interest income from others and/or income from forfeiture or any such income is recognized only when there is reasonable certainty and regarding its realization and reasonableness of amount to be recognized. Considering this policy company has not recognized or deferred the recognisation of income in the following cases.

a) Company had entered into JV agreements with Gupta Coal (India) Pvt. Ltd. and Sunil Hi-tech Energies Ltd. for development of Coal blocks allotted to it and for the purpose had formed the Joint Venture Company. As per the terms of JV agreement, Sweat money was received from these JV Partners. As on 31st March 2016, Rs. 3122.58 lacs is outstanding towards Sweat money received from Guptal Coal (India) Ltd. and Rs. 1865.00 lacs is outstanding towards Sweat money received from Sunil Hitech Engineers Ltd. Coal blocks allotted to the company were de-allocated and consequently sweat money received from these companies is due to be refunded. As per the terms of JV agreement, consequent to de-allocation of coal blocks due to non adherence to time line, company has to make forfeiture from the sweat money received. The matter was referred to Law & Judiciary department of Government of Maharashtra who had given its opinion on 17/06/2017. According to it, forfeiture amount is to be calculated as 10% of the sweat money paid by the joint venture partner. However, no action is taken. Income on account of forfeiture has been deferred till the necessary action is taken.

b) As on 31.03.2016, Interest receivable of Rs. 5,60,11,170 is outstanding to be receivable from Gupta Coal (India) Ltd. Company has recognised the income till the date of deferment allowed as per the JV agreement i.e.17.08.2013 although deferred sweat money was not received from the said company. Interest for the period 18.08.13 to the 06.01.2014 (date of coal block de-allocation) is not recognised and accounted for as coal block is de-allocated and there is uncertainity regarding receiving the same.

Note No. 31: Employee Benefit Expenses

As per Accounting Standard 15 'Employee Benefits' the disclosure of Employee Benefits as defined in the Accounting Standard are given here under:

Employee Benefits Expenses	**Year ended March 31, 2017**	**Year ended March 31, 2016**
	Rupees in Lakhs	**Rupees in Lakhs**
Salaries, Wages and Bonus	304.28	357.94
Contribution to Provident Fund and Other Funds	109.86	55.11
Gratuity	5.15	45.90
Staff Welfare Expenses	7.13	7.90
As per P&L	**426.42**	**466.87**

1. Employee Benefits

The disclosures required as per Accounting Standard 15 - "Employee Benefits" (Revised 2005) are as under:

a) The Company has various schemes for employee benefits such as provident fund, employees' state insurance scheme, Defnedcontrbution pension scheme (DCPS) , Group Insurance schme (GIS) , Group Provident Fund (GPF) JanshreeBimaYojna (JBY) and gratuity. In case of funded schemes, the funds are administered through appropriate authorities. The Company's defined contribution plans are Provident fund , GIS Scheme and DPCS Scheme and JanshreeBimaYojna (JBY) since the Company has no further obligation beyond making the contributions. The Company's defined benefit plan is Gratuity. The employees of the Company are entitled to compensate absences as per the Company's policy.

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b) **Defined Contribution Plan**

The Company has recognised the following amounts in the Statement of Profit and Loss during the year:

	Year ended March 31, 2017 (Rs. in lakhs)	Year ended March 31, 2016 (Rs. in lakhs)
Employer's Contribution to Group Provident Fund (GPF)	36.54	36.81
Employer's Contribution to DCPS	1.17	0.48
Employer's Contribution to Provident Fund & Pension Fund (JV Company)	0.36	0.56

c) **Defined Benefit Plan**

The employee's gratuity fund scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on Statement received from LIC using the Projected Unit Credit Method, which recognizes each period of service to build up the final obligation.

No Actuarial valuation is done for the same.

Assumptions Used	Year ended March 31, 2017	Year ended March 31, 2016
(a) Discount Rate (Per Annum)	8.00%	8.00%
(b) Salary Escalation Rate (Per Annum)	5.00%	5.00%
(c) Attrition rate (Per Annum)	NA	NA
(d) Expected Rate of Return on Plan Assets (Per Annum)	NA	NA

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

i. **Changes in Present Value of Defined Benefit Obligation :**

Opening Present value of defined benefit obligation	**145.03**	**121.34**
Prior Period Liability Recognised in Current Period	-	-
Interest Cost	11.60	9.71
Current Service Cost	8.41	7.77
Benefit Paid	(46.93)	(35.37)
Actuarial (Gains)/Losses on Obligations - As per Statement	7.06	41.58
Closing Present Value of Defined Benefit Obligation	**125.17**	**145.03**

ii. **Changes in Fair Value of Plan Assets :**

Opening Fair Value of Plan Assets	155.64	159.81
Prior Period Assets Recognized in Current Period	-	-
Expected return on plan assets	10.89	13.16
Contributions	16.60	18.03
Benefits Paid	(46.93)	(35.37)
Actuarial gain/(loss) on Plan assets	Nil	Nil
Closing Fair Value of Plan Assets	**136.19**	**155.64**

iii. **Accrual return on plan assets:**

Return on Plan Assets	10.89	13.16
Actuarial Gains/(Losses) on Plan Assets – Due to Experience		
Actual Return on Plan Assets	10.89	13.16

iv. **The amounts to be recognized in the Balance Sheet:**

Present value of obligations as at the end of year	125.17	145.03
Fair value of plan assets as at the end of the year	136.19	155.64
Net (asset)/ liability recognized in Balance Sheet	**(11.03)**	**(10.61)**

Recognised under:

Short Term Provision [Refer Note 12]	(11.03)	(10.61)

v. **Expenses recognized in Statement of Profit & Loss A/c.:**

Current service cost	8.41	7.77
Interest cost	11.60	9.71
Expected Return on Plan Assets	(10.89)	(13.16)
Net actuarial (gain) / loss recognised in the year	7.06	41.58
Total Expenses [Note 21 - 'Employee Benefits Expenses']	**27.07**	**45.90**

vi. **Asset Information:**

The Plan Asset for the funded gratuity plan is administered by Life Insurance Corporation of India ('LIC') as per the Investment Pattern stipulated for Group Schemes Fund by Insurance Regulatory and Development Authority regulations.

vii. **Expected Employer's contribution for the next year** 53.35

viii.

Particulars	**March 31, 2017**	**March 31, 2016**
Present Value of Defined Benefit Obligation at the end of year	125.17	145.03
Fair Value of Defined Benefit Obligation at the end of year	136.19	155.64
Surplus/ (Deficit)	11.03	10.60
Experience adjustments on plan liabilities - gain / (loss)	-	-
Experience adjustments on plan assets - gain / (loss)	-	-

Leave Encashment:

Leave encashment payable at the time of retirement is charged to profit & loss account based on the assumption that such benefits are payable to all the employees at the end of accounting year. Valuation of Leave encashment payable is not on the basis of actuarial valuation. Difference in amount payable as the year end and at the beginning of the year less actual paid during the year is recognized as expense of the year. At the year present value of leave encashment payable is Rs. 69.77 lakhs. (P.Y. Rs.80.19 lakh)

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Note No. 32: Related Party Disclosures (AS-18):

Disclosures as required by the Accounting Standard 18 'Related Party Disclosures' are given below:

a) **List of the related parties& relationship**

i) **Key Managerial Personnel**

1. Dr. NirupamaDange, IAS, (MD)
2. Dr. Mahendra Kalyankar, IAS,(MD)
3. Shri.Vikas Jain
4. Shri Sanjay Ingale
5. Shri. A.M. Pophare
6. Shri Sunil Gutte

ii) **Company controlled or Significantly influenced by Key Managerial Persons:**

1. Sunil Hitech Energy Private Limited

iii) **Subsidiary Companies:**

1. MSMC Adkoli Natural Resources Limited
2. MSMC Warora Collieries Limited

iv) **Jointly Controlled Companies:**

1. Maha Tamil Collieries Limited

b) **Transaction with the parties listed in a(i) & a(ii) above**

Rs. In lacs.

S.No.	Name of the Related Party	Nature of Transactions	Transactions during the year		Outstanding at the year end	
			31.03.17	31.03.16	31.03.17	31.03.16
1	Key Managerial Persons & Directors	Remuneration	10.72	7.32	Nil	Nil
2	Company controlled or Significantly influenced by Key Managerial Persons	Long Term Borrowings	Nil	Nil	325.19	325.19

c) As per para no.7 of AS-18, no disclosure is required in consolidated financial statements in respectof intra-group transactions. Consequently, disclosure of transactions within the group and jointly controlled entity are not made in the consolidatedfinancial statements.

Note No 33: Earning Per Share

Basic Earning Per Share	Year Ended 31.03.2017	Year Ended 31.03.2016
Profit/(Loss) after Tax (Rs. in lakhs) from continuing operations	206.36	504.22
Number of Equity Shares (Outstanding at the end of the year)	2,06,687	2,06,687
Basic Earnings Rs. per Share	99.84	243.95

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Note No. 34: Deferred tax assets/liability

Disclosure as per Accounting Standard 22 are as under:

Rs. in lakhs

S.No.	Particulars	31st March 2017	31st March 2016
1	**Deferred Tax Liability** Related to Depreciation	59.56	55.11
2	**Deferred Tax Assets** Disallowances under the Income Tax Act (Net)	1.26	3.23
3	**Net Deferred Tax liability/(-)asset**	58.31	51.88
4	Deferred tax recognized in Profit & Loss A/c.	6.43	19.79

34.1.1 Deferred tax provisions not followed by the Maha Tamil Collieries Ltd. Hence deferred tax assets/ liabilities not recognized by the company.

Note No. 35: Interest in Joint Ventures (AS-27):

Sr.No.	Name	Country of Incorporation	Percentage of Ownership as on	
			31.03.17	31.03.16
1.	Maha Tamil Collieries Limited	India	26%	26%

Note No. 36: Disclosure of particulars as per Accounting Standard 29:

Rs. in Lakhs

Particulars of Provision	Opening Balance as on 01.04.2016	Provision	Provision Written back/used	Closing Balance as on 31.03.2017
Final Mine Closure Expenses	177.60 (166.65)	16.68 (10.95)	0.00 (0.00)	194.28 (177.60)

In respect of provision for final mine closure expenses; cash outflow is expected at the time of closure of mines.

Note No. 37: Others

i. **Corporate Social Responsibility Policy & Expenses during the year :**

The Company's vision is to be a State benchmark in value creation and corporate citizenship and the Company's long-term Corporate Social Responsibility (CSR) objective, is to improve the quality of life of the communities through its 'Learn for Tomorrow' initiates.

The Corporation with due recommendation of the Corporate Social Responsibility (CSR) Committee has coined its CSR policy which has been duly approved by the Board of Directors in their 203rd Board Meeting. In furtherance to the finalization of the CSR policy the Board has also looked up for avenues whereof it can undertake the CSR initiatives. The Corporation shall undertake the construction of the public libraries in and near the Mine's areas as its CSR Activity.

However, due to deallocation of the Coal Block and the obligation to refund the sweat money that was lying with the Corporation and due to the financial crunch that the Corporation is going through as the operations are stagnant and the administrative cost is on pace, the Corporation did not undertake any CSR expenditure for the

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year under review. Company has not spent or provided for CSR Expenses during the year. (Prev. Year Nil)

Nonetheless, the Corporation is confident that in the years to come it would stabilize its fiscal state and would undertake its CSR activities as approved by the Board.

ii. MSMC Adkoli Natural Resources Limited (Subsidiary Company)

As per MSMC Pre-mining & Pre operating expenses are to be borne exclusively by party no.2 of the JVA (SHEPL). However same cannot be reimbursed from operations of the Company due to de-allocation of coal block.

iii. Maha Tamil Collieries Limited (Joint Venture Company)

The Hon'ble Supreme Court of India in the Writ Petition (Crl.) No. 120 of 2012 vide judgment dated 25th August, 2014 read with its order dated 24th September, 2014 held that the allotment of coal blocks made by the Screening committee of the Government of India, as also the allotments made through the Government dispensation route are arbitrary and illegal and cancelled the allocation of 204 coal blocks and issued direction and the Central Government in pursuance of the said directions had to take immediate action to implement the said order.

Accordingly, GarePelma Sector – II Coal block was De-allocated from the promoters of the company and the same was allocated to the Maharashtra State Power Generation Company Ltd. (MSPGCL).

The Mine Developer and Operator (MDO) i.e., M/s. Mahatmil mining and Thermal Energy Ltd. (MMTEL) had made a claim of expenditure incurred on the development of the GarePelma Sector – II Coal block from MTCL by invoking provisions of clause 5.1 and clause 11.2 of CMSA. In this regard, TANGEDCO i.e., one of the promoters had sought legal opinion on this issue from the Additional Advocate General, Tamil Nadu and he has opined that MTCL has neither failed to fulfill their obligations as per clause 5.1 of the CMSA nor is in breach of their representation and warranty given as per clause 11.2 of the CMSA. Based on the legal opinion, the Board of MTCL has resolved in its Meeting that the claim of MMTEL is not correct and nothing is payable by MTCL to MMTEL except for the return of Performance Bank Guarantee consisting of the EMD of Rs. 40 Crores which had to be returned to MDO due to the Force Majeure clause 29.2 of CMSA after adjusting the receivable i.e. Rs. 35,79,80,175=00.

During the Financial year 2014-15, the Ministry of Coal (MoC) had requisitioned the information from the company regarding amount spent on Mine Infrastructure vide Lr. Ref. No. 110/01/2014-NA (Part) dated 26/12/2014. The Ministry of Coal had sought the information with a view to compensate the prior allotees for the expenditure so incurred which the company had duly submitted. On the basis of company's submission, the MoC has accorded formal sanction of compensation towards Geological Reports cost incurred subject to fulfillment of certain condition and formalities. Pending fulfillment of such condition/formalities as also the uncertainty in respect of the time period required for the same, the company has not accounted for any accrual in the respect.

In view of the foregoing facts, the company has prepared accounts as going concern adhering to the Accounting Standard prescribed and the relevant provisions of the Companies Act,2013.

Note No. 38: Disclosure regarding Shell Agency Operation:

In pursuance of the Maharashtra Mineral Development (Creation and Utilisation) Fund Act 2000 company is appointed as shell agency for mineral development fund. As per Section 9 (i) of the said act the separate account for the amounts credited, withdrawn and spent from the fund during the year in the prescribed manner is to be maintained. A statement on utilization of fund and balance outstanding shown in Form 'B'.

Note no. 39: The balance of accounts under the head debtors and creditors are subject to confirmation.

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MAHARASHTRA STATE MINING CORPORATION LTD. NAGPUR

CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES :

1) BASIS FOR PREPARATION OF FINANCIAL STATEMENTS:

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP), the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions in the Companies Act, 2013.

The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in lakhs.

2) PRINCIPLES OF CONSOLIDATION:

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date asof the Company.

The consolidated Financial statements havebeen prepared on the following basis :

i) The consolidated financial statements areprepared to the extent possible by using uniform accounting policies for liketransactions and other events in similarcircumstances and are presented in thesame manner as the Company's separatefinancial statements except as otherwisestated.

ii) The financial statements of the Companyand its subsidiary companies are combinedon a line-by-line basis by adding togetherthe book values of like items of assets,liabilities, income and expenses, after fullyeliminating intra-group balances and intragrouptransactions resulting in unrealizedprofits or losses as specified in Accounting Standard 21- "Consolidated Financial Statements."

iii) The financial statements of Jointventure entities are combined byapplying proportionate consolidationmethod on a line by line basis of likeitems of assets, liabilities, income andexpenses after eliminating proportionateshare of unrealized profits or losses inaccordance with Accounting Standard 27 -"Financial reporting of Interests in Jointventures."

iv) The difference between the costof investment in the subsidiaries and joint ventures and the Company's share of net assets at thetime of acquisition of shares in thesubsidiaries and joint ventureis recognized in the financial statements asGoodwill or Capital Reserve as the casemay be.

v) Minorities share in net profit/loss of thesubsidiaries for the year is identified andadjusted against the income of the groupin order to arrive at the net incomeattributable to the shareholders of theCompany.

vi) Minority Interest in the net assets ofconsolidated subsidiaries is identified andpresented in the consolidated balance sheetseparately from liabilities and equity of theCompany's shareholders.

3) USE OF ESTIMATES:

The preparation of financial statements in conformity with Indian GAAP requires judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reported period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

4) REVENUE RECOGNITION :

i) Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales are recognized when they are invoiced to customers on dispatch of Material.

ii) Interest on Kisan Vikas Patra is recognized on cash basis.

GUPTA SARDA & BAGDIA CHARTERED ACCOUNTANTS F.R.No. 103447W NAGPUR

iii) Government grant recognized in the year in which it is actually received.

iv) Interest on capital grant in aid and unutilized balance of Mineral Development Fund has been temporarily invested in fix deposits. Interest Income thereon has been considered as income of the Company.

v) Interest income on fixed deposits is recognized on accrual basis.

vi) Interest income from others, income from forfeiture and other such incomes are recognized where there is reasonable certainty regarding its realization and reasonableness of amount to be recognized.

5) FIXED ASSETS:

i) Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost includes cost of acquisition/construction, freight, duties, taxes and other incidental expenses related thereto for bringing the assets to its working condition and ready for intended use.

ii) Fixed assets acquired from Government Grant are stated at nominal value and hence no depreciation is charged on such assets.

iii) Capital Work in progress (CWIP) incidental expenditure during construction period

Incidental expenditure incurred on the projects/asset during implementation is capitalized and apportioned to projects/assets on commissioning. Interest during implementation and other attributable 'incidental expenditure pending allocation' are allocated to the asset being capitalized on pro-rata basis to their capital expenditure incurred. As the companyhas been allotted the mining rights for the mining and extraction of coal from a cola block and since the company is yet acquire all the requisite approvals for the mining & the extraction of coal from the coal block all the expenses incurred currently till such date as all the requisite approvals are not acquired & mining operations are not started are being capitalized under the head of "CWIP & Incidental expenditure pending allocations".

6) DEPRECIATION:

i) Depreciation for the year has been provided on W.D.V. method based on useful life of various assets as specified in Schedule II of the Companies Act 2013.

ii) Depreciation by Subsidiary Company " MSMC Adkoli Natural Resources Limited" has been calculated on Straight Line Method over the useful life of asset, as specified in Schedule II to Companies Act, 2013, which is not in line with policy of Holding Company

7) INVESTMENTS:

Investments are valued at cost of acquisition. Market value of the investment as at the balance sheet date is assessed and any diminution in the value of the investment is provided for.

8) INVENTORY VALUATION :

a) Stores, Spare Parts and Loose tools

Stores, spare parts and Loose tools are valued at cost.

b) Finished Goods

Finished goods stock is valued at cost or net realizable value whichever is lower, No value has been assigned to certain stock of minerals produce, which are substandard in quality and/or having no market value and sales of which is uncertain.

c) Stock in Process

The quantity of minerals in process cannot be weighed, seen or assessed and hence no value is assigned to such stock.

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9) **EMPLOYEE BENEFITS:**

a) **Defined Contribution Plan**

Provident Fund & Pension Fund is considered as defined contribution plan, under which company pays fixed contributions into separate funds. The company's contribution to defined contribution plans is recognized in the statement of profit & loss in the year to which it relates.

b) **Defined Benefit Plans**

Retirement benefit in the form of Gratuity is recognized as an expense in the statement of profit and loss on present value of the amounts payable, determined by using actuarial valuation techniques. Actuarial gains and lossed in respect of gratuity is charged to the statement of profit and loss.

The Corporation has taken a Group Gratuity Policy from Life Insurance Corporation of India and considers the actuarial valuation provided by the LIC for the purpose of recognisation of expense.

c) **Leave Encashment**

Provision for Leave Encashment benefit has been calculated at undiscounted rate considering all the employees are retiring on year end.

Provision for leave encashment has been made basis on earned leave outstanding as on 31st March'16 multiplied by sum total of basis salary including Grade Pay and dearness allowance for the month of March'16. No Actuarial valuation has been considered for the same

10) **GOVERNMENT GRANTS :**

a) Government Grants related to specific fixed assets are shown as a deduction from the gross value of the assets concerned and the said fixed assets are shown in the balance sheet at nominal value.

b) Government grant received being capital in nature towards development of mining activities not utilized by the Corporation is shown under the head of Capital Reserve as Capital Grant from Maharashtra Mineral Development Fund.

c) Interest received on balance MSMC share of Mineral Development Fund and Reserve Fund has been taken as income of the Company.

11) **MINE CLOSURE EXPENSES:**

Progressive mine closure expenses are accounted for as and when expensed. Financial implication towards fine mine closure plans under relevant acts and rules are technically estimated based on total availability of ore reserves of all mines. Total expenses towards mine closure expenses are charged off over the remaining life of the mines.

12) **ACCOUNTING OF TAXES ON INCOME :**

Income Tax provision is made for current tax on the taxable income using the applicable tax rate & tax laws.

13) **DEFERRED TAX LIABILITY:**

i. Deferred income tax is provided, using the liability method, on or timing differences at the Balance Sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. .

ii. Deferred Tax Assets & Liabilities are measures using the tax rates and tax laws that have been elected at the Balance Sheet date.

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13) **CONTINGENT LIABILITIES :**

i. Contingent Liabilities arising from claims, litigation, assessment, fines, penalties etc., are provided for when it is probable that a liability may be incurred and the amount can be reliably estimated.

ii. Un-provided liabilities are disclosed in accounts by way of notes.

For and on behalf of Board of Directors

Shri.Aditya Rathore **General Maneger (F & CS)**	**Dr A.M. Pophare** **Director** (DIN: 01186221)	**Dr. Nirupama Dange, IAS** **Managing Director** (DIN: 07498248)

As per our report of even date
For Gupta Sarda & Bagdia
Chartered Accountants
(Firm Reg. No.:103447W)

Amit Lukka
Partner
M. No. 126323

Place :
Nagpur
Date:

Nagpur
Date:

GUPTA SARDA & BAGDIA
CHARTERED ACCOUNTANTS
F.R. No.
103447W
NAGPUR