

## MAHARASHTRA STATE MINING CORPORATION LIMITED

CIN: U10100MH1973SGC017008

Reg. Office: PLOT NO. 7, AJNI CHOWK, WARDHA ROAD, NAGPUR- 440015

Email id: info@msmc.gov.in, Phone No.: 0712-2253204 to 06

# Board Report

*To the Members,*

The Directors have pleasure in submitting their Annual Report of the Corporation together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2016.

### 1. Financial Results

The Corporation's financial performances for the year under review along with previous year figures are given hereunder:

Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
	(Rupees in '000)	(Rupees in '000)
Profit/Loss before depreciation and amortization	717.05	20.07
Depreciation and amortization for the year	0	0
Net Profit/Loss after depreciation and amortization	717.05	20.07
Exceptional Items	0	0
Prior Prior Income	-29.65	38.61
Profit before extraordinary items and tax	746.70	-18.54
Extraordinary Items	0.00	0
Profit before tax	746.70	-18.54
Income Tax earlier years	14.07	20.62
20.62 Current tax expense	246.92	8.52
Deferred tax expense	19.79	-14.07
Profit/Loss for the period from continuing operations	465.92	-33.61
Profit/Loss from discontinuing operations	0	0
Tax expense of discontinuing operations	0	0
Profit/Loss from discontinuing operations (after tax)	0	0
Profit/Loss transferred/adjusted to General Reserve	465.92	-33.61
Basic earnings per equity share	Rs.225.42	Rs.-16.26
Diluted earnings per equity share	Rs.225.42	Rs.-16.26

### 2. DIVIDEND

As per Article No. 91 of Articles of Association, declaration of Dividend requires prior approval of Governor of Maharashtra. In view of non-receipt of Hon'ble Governor's approval for the previous year's Dividend, the Board does not recommend any dividend for the Current year.

### 3. REVIEW OF BUSINESS OPERATIONS

#### REVIEW OF BUSINESS OPERATIONS:

Your Directors wish to present the details of Business Operations done during the year under review:

- a) **Production and Sales** : The mineral production and sales during the year 2015-16 as compare to those of the preceding year 2014-15 are as under:

Minerals	Opening Stock (In M.T.)	Production (In M.T.)	Sales Value Received	
			(In M.T.)	(Rs. In Lakh)
<b>Sillimanite</b>	142.020	0.000	0.000	0.00
Prev. Year	(81.170)	(275.360)	(221.00)	(4.53)
<b>Corundum</b>	0.490	0.000	0.000	0.00
Prev. Year	(1.560)	(0.000)	(0.000)	(0.00)
<b>Pyrophyllite</b>	566.420	1677.040	600.000	4.95
Prev. Year	(438.820)	(1410.520)	(1215.000)	(8.77)
<b>Fluorite(Graded)</b>	9913.990	2333.460	0.000	0.00
Prev. Year	(6901.330)	(2946.430)	(0.000)	(0.00)
<b>Fluorite(Waste)</b>	0.000	0.000	0.000	0.00
Prev. Year	(0.000)	(0.000)	(0.000)	(0.00)
<b>Dolomite(Graded)</b>	5464.180	1387.420	1833.240	7.88
Prev. Year	(5535.480)	(1064.030)	(1054.170)	(4.78)
<b>Dolomite(Min. Waste)</b>	0.000	0.000	0.000	0.00
Prev. Year	(0.000)	(0.000)	(0.000)	(0.00)
<b>Limestone</b>	67.920	0.000	0.000	0.00
Prev. Year	(67.920)	(0.000)	(0.000)	(0.00)
<b>Kyanite</b>	10.590	201.266	33.635	0.00
Prev. Year	(10.590)	(0.000)	(0.000)	(0.00)
<b>Pyrophyllite</b>	123.890	80.240	0.000	0.00
Prev. Year	(123.890)	(0.000)	(0.000)	(0.00)
	Navargaon Kyanite Mine			
<b>Iron Ore Lumps</b>	5299.237	6262.900	2752.130	62.75
Prev. Year	(6085.890)	(5218.340)	(6692.060)	(95.29)
<b>Iron Ore Fines</b>	0.000	0.000	0.000	0.00
Prev. Year	(0.000)	(2840.000)	(2840.000)	(12.07)
<b>Silica Sand</b>	6846.040	44510.000	39380.110	0.00
Prev. Year	(5423.040)	(55310.000)	(53887.000)	(0.00)
<b>Total</b>	<b>28434.780</b>	<b>56452.330</b>	<b>44599.120</b>	<b>75.58</b>
<b>Previous Year</b>	<b>(24669.690)</b>	<b>(69064.680)</b>	<b>(65909.230)</b>	<b>(125.440)</b>

Note: Figures mentioned in brackets are of preceding years i.e. F. Y. (2014-15).

### MINERALS PRODUCTION AND SALE:

The mine-wise production and sale value of the minerals during the financial year: 2015-16 are as under:

Sr. No.	Name of Mine	Production (MT)	Sale (MT)	Sale Value/ (Amount Recd.) (In Lacs)
1.	Khursipar Iron Ore Mine	6262.900	2752.130	62.75
2.	Patgowari Dolomite Mine	1387.420	1833.240	7.88
3.	Pohara Sillimanite Mine	1677.040	600.000	4.95
4.	Nawargaon-Chowa Kyanite Mine	281.506	33.635	-
5.	Dongargaon Fluorite Mine	2333.460	Nil	-
6.	Phondaghat Silica Sand Mine	44510.000	39380.110	-

#### b) ABOUT ONGOING PROJECTS:

- a) **KHURSIPAR IRON ORE MINE** :- Due to low Fe content, the iron ore of Khursipar Iron Ore Mine could not get regular market. Efforts were made in this regard by way of floating tenders. During the current year Iron Ore produced is **6262.900 M.T.** and sold **2,752.130 M.T.** iron ore to various consumers. The revenue generation by sale of iron ore during the year is about **Rs. 62,74,855/-**.
- b) **DONGARGAON FLUORITE MINE**:-The production of fluorite ore during the year is **2,333,460 M.T.** which is marginal less than that of last year. However, there was no sale of fluorite mineral for the current year. Production hampered due to non-availability of space for stocking.
- c) **POHARA SILLIMANITE MINE** :-During the year, there is no production of Sillimanite & that of Pyrophyllite is **1,677.040 M.T.** The revenue generation from the sale of **600.000 M.T.** of Pyrophyllite is **Rs.4,95,001/-**.
- d) **PATGOWARI DOLOMITE MINE** :- The production of dolomite during the financial year 2015-16 is **1,387.420 M.T.** and the revenue generation from the sale of **1,833.240 M.T.** Dolomite is **Rs.7,88,246/-**.
- e) **GAURALA LIMESTONE MINE** :- Due to non-receipt of Environment and Forest Clearance the mine is non-operative during this financial year. Tender for deployment of manpower and machineries and sale of minerals has been finalised. Party selected.

- f) **NAVARGAON CHOWA KYANITEMINE** :-The operation of this mine was discontinued due to some dispute raised by its Contractor Shree Sai Metals. The dispute settled mutually on an agreed amount of Rs. 11,50,000/- and the agreement continued for a further period of thirty-eight months. The mining operation resumed on 22.02.2016. Amount received against the facilitation charge for the year is Rs. 90,325/-
- g) **PHONDAGHAT SILICA SAND MINE** :- This mine was run by M/s ChiragSanditext Private Limited through sub-lease agreement w.e.f. 1999 to October-2015.The mining lease and subsequently the sub-lease agreement expired on 16.10.2016. Applied for the renewal of Mining Lease as per rules. Renewal awaited.
- h) **KADAVAL FELDSPAR MINE** :- Since the mining area is covered under forest and as MSMC could not get 'No Objection Certificate' under Forest Conservation Act, the mine is non-operative.

**MINERAL DEVELOPMENT FUND:** - Your Corporation has been appointed as "Shell Agency" by the Government under State Mineral Policy 1999 to perform various functions as defined in the State Mineral Policy. Accordingly addendum to the "Primary Objectives" of Memorandum & Articles of Association has been incorporated to perform functions of Shell Agency. Government has enacted Maharashtra Mineral Development (Creation & Utilization) Fund Act and framed Rules there under for making special provision for its utilization towards mineral exploration and development of mining activities in the State, and for matters connected there with or incidental thereto.

This fund is to be utilized for carrying out on-going activities of Corporation as well as for working as Shell Agency and for providing infrastructure facilities like, road, water, electricity or for maintaining the ecological and environmental balance in the areas affected by mining. Your Corporation received an amount of Rs. 687.67Crores from Mineral Development Fund (MDF) upto financial year 2015-16, out of which Rs. 32.97Crores were allocated to Directorate of Geology and Mining and Rs.27.71Crores were allocated to MSMC which will be utilized for various ongoing projects specially development of Pohara Mine and new projects. Your Corporation has utilized an amount of Rs. 9.89 Crores up to 31/03/2016.

MSMC Shell Agency has received amount of Rs. 558.38 Crore towards Mineral Development Fund for various district since from the period 1999-2000 to 2015-16. Government of Maharashtra has provided Administrative approvals for Rs.707.00 Crore for

works out of which MSMC has distributed Rs. 596.26 Crores to various districts up to 31/03/2016.

#### **4. MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE CORPORATION**

There has been two major accomplishments in the year under review:

**A. Application for allocation of the Coal Block:** Ministry of Coal, Government of India has reserved eight Coal Blocks PAN India for the host state mining companies. Out of the so reserved Blocks, one block i.e. Dahegaon/Makardhokra IV Coal Block is situated in Maharashtra. Maharashtra State Mining Corporation being the Host State's Mining PSU, has applied for allocation of the said Block.

**B. Distribution of Coal:** Maharashtra State Government has nominated MSMC as a Nodal Agency for distribution of 7.2 lacs MT p.a. of Coal to Small Scale Industries (SSI units). Further, MSMC has called up applications from the consumer/SSI units registered with DIC i.e. District Industry Center, Government of Maharashtra. FSA (Fuel Supply Agreement) with WCL (Western Coalfields Limited) is also in process.

#### **5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure I** and is attached to this report.

#### **6. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE CORPORATION ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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' initiatives.

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 held on 22nd June 2016. 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.

#### **7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Corporation under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

#### **8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

Contracts or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 are not applicable to Government Companies.

#### **9. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING CORPORATION SECRETARY IN THEIR REPORTS**

There were no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Corporation.

#### **10. CORPORATION'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the corporation and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

#### **11. ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in **Annexure II** and attached to this Report.

## **12. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Corporation had four Board meetings respectively on 18<sup>th</sup> April, 2015, 14<sup>th</sup> August, 2015, 10<sup>th</sup> December, 2015 and 26<sup>th</sup> February, 2016 during the financial year under review. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

## **13. DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the directors had 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 corporation at the end of the financial year and of the profit and loss of the corporation for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the corporation and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis; and
- e. 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.

## **14. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Corporation is having two Subsidiary Companies i.e. MSMC ADKOLI NATURAL RESOURCES LIMITED and MSMC WARORA COLLIERIES LIMITED.

The Corporation is also having Joint Venture i.e. MAHA TAMIL COLLIERIES LIMITED.

## **15. DEPOSITS**

The Corporation has neither accepted nor renewed any deposits during the year under review.

## **16. STATUTORY AUDITORS**

The Comptroller and Auditor General of India, New Delhi re-appointed M/s C.N. Patel & Co., Chartered Accountants, Nagpur as Statutory Auditors in accordance with Sec. 139(1) of the Companies Act, 2013.

## **17. SHARES**

### **a. BUY BACK OF SECURITIES**

The Corporation has not bought back any shares during the year under review.

### **b. SWEAT EQUITY**

The Corporation has not issued any Sweat Equity shares during the year under review.

### **c. BONUS SHARES**

No Bonus Shares were issued during the year under review.

### **d. EMPLOYEES STOCK OPTION PLAN**

The Corporation has not provided any Stock Option scheme to the employees.

## **ACKNOWLEDGEMENTS**

Your Directors are grateful to the Government of Maharashtra for its esteemed counsel, valued guidance and financial support and take this opportunity to thank all the workers and employees for the co-operation rendered by them during the year under report.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**



**Dr. Nirupama Dange, IAS**  
Managing Director (07498248)



**Dr. Anil Pophare**  
Director(01186221)

**Date: 29<sup>th</sup> August 2016.**

**Place: Nagpur**



## Annexure 1

### CONSERVATION OF ENERGY, TECHNOLOGY OBSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### **(A) Conservation of energy-**

- Auto-timer switches are used in the Mine's premises, which further adds saving in power consumption.
- Power supply systems have been organized suitably to reduce power losses.
- Various energy conservation measures like procurement of energy efficient lights and fittings, higher starred rating energy meters/power factor meters/ demand controllers etc for monitoting and control of energy, elimination or reduction of stage pumping as far as practicable, energy conservation measures have been taken and general awareness propagated among all concerned for efficient use of energy.
- Ecology conservation is crucial in today's era. It is imperative that the development process in a community is compatible with its environment as well as with the particular culture of that community. Your company, with a goal of achieving sustainable development has taken various proactive measures to reduce global warming. The Company is conscious of its responsibility towards Conservation of Energy and in turn Humanity

#### **(B) Technology absorption-**

(i) the efforts made towards technology absorption;

The technology used for the existing project is fully indigenou. The works departments of the Company are always in pursuit of finding ways and means to improve the performance, quality and cost effectiveness of its products. The consistent efforts are made for the updation of technology being used by the Company as a continuous exercise.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

Continuous value engineering activities is currently being undertaken for improving profitability.

(iii) As per the guidelines of Government of India for Sustainable Development Framework (SDF), Scientific evaluation of Mine Closure Plan for all the Mines being with Corporation have been prepared as per the guidelines issued by Mineral Conservation Development Regulation, 1988 and Mineral Concession Rules, 1960.

(vi) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- (a) the details of technology imported;
- (b) the year of import;
- (c) whether the technology been fully absorbed;
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and



NIL

(iv) the expenditure incurred on Research and Development: Nil

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

**MAHARASHTRA STATE MINING  
CORPORATION LTD, NAGPUR**

**INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED ON  
31<sup>ST</sup> MARCH - 2016**



**Auditor:**

**C. N. PATEL & CO.  
GANI SONS CHARITABLE TRUST BUILDING  
RESIDENCY ROAD SADAR,  
NAGPUR-440001  
Ph.: 2584800/ 2584082**



**C. N. PATEL & CO.**  
Chartered Accountants

F-101, Gani Sons Charitable Trust Building,  
Residency Road, Sadar, Nagpur - 440 001  
Tel. No. +91 712 2584800, 2584082  
Email ID : info@cnpea.in  
cnpea@rediffmail.com

## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
Maharashtra State Mining Corporation Limited.  
Nagpur

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

1. We have audited the accompanying financial statements of **Maharashtra State Mining Corporation Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. 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 Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

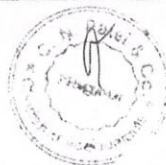


#### **Auditor's Responsibility**

4. 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 there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls over Financial Reporting. 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 the financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
6. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the financial statements and adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting and the financial statements.

#### **Meaning of Internal Financial Controls over Financial Reporting**

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



### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

9. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Basis of Qualified Opinion**

- a) *Refer to Note 7.2, 7.3 and 25a. As on the 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 the de-allocation of coal blocks allotted to the company, sweat money received from these companies is due to be refunded after making necessary forfeiture and 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 partners i.e. Rs. 498.76 lacs should have been forfeited and taken to income. Due to non accounting of this income profit of the company has been understated and liability has been overstated to this extent.*

### **Opinion**

10. Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date;
- c) Cash flow for the year ended on that date.

### **Emphasis of Matter:**

- a) *Refer Note no. 15.1, 16.1 & 25(b), Balance Confirmation are not received towards the following amounts receivable from the Joint Venture Partners as at 31<sup>st</sup> March 2016:*
- 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 Hitech Energy Private Ltd. : Rs. 88.62 lacs (Towards interest receivable on deferred Sweat money)*



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

- b) Refer to Note 7.4, Rs. 4550.00 lacs are outstanding in MSMC Reserve account. This amount was received from Government of Maharashtra towards Maharashtra Mineral Development Fund for Directorate of Geology and Mines. In the absence of direction regarding appropriation/distribution of fund, this fund was not transferred to Maharashtra Mineral Development Fund (MSMC Shell Agency Account). This fund has been invested by the Company in Fixed deposits and interest earned on it is taken to the Income account. Due to this income of the company has increased substantially compared to previous year. Further this is not a regular transaction of the company.
- c) During the year company has made provision for mine closure expenses of Rs. 10.95 lacs (Rs.177.60 lacs till 31.03.2016) as required by Mines and Minerals (Development and Regulation) Act, 1957 and Mineral Conservation and Development Rules, 1988 as amended 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.

#### Report on other Legal and Regulatory Requirements

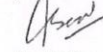
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, 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 appears from our examination of those books
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) *Company has not made segment reporting as required by AS-17 and disclosure of amount of interest in JV companies as required by AS-28 are not made. Subject to this*, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.
  - f) Management needs to perform an evaluation and make an assessment of the 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 31st March, 2016.



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 were operating effectively as at 31st March 2016.

- Physical verification of Fixed assets is not conducted during the year and thus there is inadequate internal control over safe guarding of assets.
  - Many of the advances received from the customers were outstanding since long time. Balance confirmations were not called from these 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.
  - 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 & obligation towards long outstanding advances and debit balances outstanding as at the year end.
- 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:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 24 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For C.N. Patel & Co.  
Chartered Accountants  
(FRN: 112552W)



Amit Kurani  
Partner  
(Membership No.:111132)



Place: Nagpur  
Date: 7<sup>th</sup> September 2016



### Annexure to Independent Auditor's Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our independent auditors report on the standalone Financial statement of even date

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) Fixed Assets have not been physically verified by the management during the year.  
(c) According to the information and explanation given to us and based on our examination of the records, the title deeds in respect of all immovable properties disclosed in the financial statement are held in the name of the company.
- ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii) (a) The Company had given loan to the Company covered in the register maintained under section 189 of the Companies Act, 2013. This loan was received back during the year.

Name of the Company	Nature of Loans & Advances	Balance as at beginning of the year	Loan during the year	Year end balances
Maha Tamil Collieries Ltd.	Interest Free Unsecured loan	78,70,000/-	Nil	Nil

- (b) The loan was given interest free without stipulating repayment period. Loan has been squared off during the year.
- (c) As on the year end, no amount is outstanding and thus clause (c) is not applicable.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 & 186 of the Act in respect of loans & investments made.
- v) The Company has not accepted any deposits from public covered under Section 73 to 76 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- vi) The Central Government has prescribed for cost records to be maintained under clause (d) of sub-section (1) of section 148 of the Act, **however company has not maintained the same.**
- vii)(a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance,



Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us no statutory dues are outstanding as on 31<sup>st</sup> of March, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are following amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.

Name of Statute	Nature of the dues	Amount	Amount Paid under protest	Period to which amount relates	Forum where pending
Income Tax	Income Tax demand as per Assessment Order.	585973.00	585973.00	F.Y. 2006-07	Company has gone in appeal to Assistant Commissioner of Income Tax against demand.

- viii) The company have unsecured loan from Government of Maharashtra. Repayment is not made towards this loan in the absence of repayment condition in the GR copies received from GOM. The company do not have any other borrowings from financial institutions, bank or debenture holders.
- ix) The Company has not raised moneys by way of initial public offer (including debt instruments) neither Company has obtained any term loan.
- x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act to the extent applicable.
- xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.



- xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Act are not applicable.
- xvi) The Company is not required to be registered under section 45-1 of the Reserve Bank of India Act, 1934.

For C.N. Patel & Co.  
Chartered Accountants  
(FRN:112552W)



Amit Kurani  
Partner  
(Membership No.:111132)

Place: Nagpur  
Date: 7<sup>th</sup> September, 2016



**Directions under Section 143(5) of the Companies Act, 2013.**  
**For the year ended 31<sup>st</sup> March,2016**

<b>Sr.No</b>	<b>Query</b>	<b>Reply</b>
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process."	Company is not selected for disinvestment.
2	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	During the year as per the Board approval Rs. 36.56 lacs recoverable towards Facilitation Charges from the M/s. Sai Metals & Minerals has been written off. Facilitation charges are levied by the Company during the period when mine was not operational, which was objected by M/s. Sai Metals & Minerals. Considering the facts, this amount has been written off.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	As per information given to us there are no inventories lying with third party.  Proper records of assets received from Govt. or other authorities are maintained.
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	Details of pending legal/arbitration cases are as per Annexure-1. Age-wise bifurcation not provided to us.

Place :NAGPUR  
Date : 7<sup>th</sup> September, 2016



For C. N. Patel & Co.  
Chartered Accountants  
Firm Regn No.: 112552W

  
Amit Kurani  
Partner  
M.No.111132

**Annexure-1: Details of Pending Legal/Arbitration cases**

S.No.	Particulars	31.03.2016 (Rs. In Lacs)
1.	Claim by Employees for Salary & other benefits (Claims of all the cases are not ascertainable)	11.69
2.	Claims under Arbitration award appealed by the company	672.00
3.	Manse Profit payable to Landlord	12.12
5.	Disputed Income Tax Liability	5.86



**Sub Directions Section 143 (5) of the Companies Act, 2013  
For the year ended March,2016**

<b>Sr.No</b>	<b>Query</b>	<b>Reply</b>
1	Whether Profit/Loss mentioned in Audit Report is as per Profit and Loss Account of the Company?	Yes
2	Whether the company's financial statement had properly accounted for the effect of Rehabilitation Activity and Mine Closure Plan?	Company has made provision of Rs.10.95 lacs towards Mine Closure expenses during the year. Total till date Rs.177.60 lacs has been provided for.
3	Whether the Company had obtained the requisite statutory compliances that was required under mining and environmental rules and regulations?	As per the information and representation given to us requisite statutory compliances that was required under mining and environmental rules and regulations are obtained.
4	Whether the company has disbanded and discontinued mines, if so, the payment of corresponding dead rent there against may be verified.	There are several discontinued mines towards which dead rent is paid by the company.

Place :NAGPUR  
Date : 7<sup>th</sup> September, 2016



For C. N. Patel & Co.  
Chartered Accountants  
Firm Regn No.: 112552W

Amit Kurani  
Partner  
M.No.111132

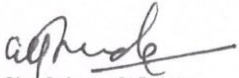
**MAHARASHTRA STATE MINING CORPORATION LIMITED**  
Cash Flow Statement for the year ended 31st March 2016

Particulars	For the year	For the year
	2015 - 16	2014-15
<b>A CASH FLOW FROM OPERATING ACTIVITY</b>		
Profit Before Tax	746.70	(18.55)
Adjusted for :		
Depreciation and amortisation expense	50.68	48.81
Proposed Dividend reversed	-	-
Provision for diminution in value of investment	3.97	-
Profit on Sale of Assets	-	(0.86)
Interest Income	(1,057.51)	(627.09)
Rent Income	(40.27)	-
<b>Operating profit before working Capital changes</b>	<b>(296.43)</b>	<b>(597.68)</b>
Adjusted for :		
(Increase) in Inventories	(203.91)	(48.32)
Decrease in Accounts Receivables	64.91	34.75
Decrease in Short term Loans and advances	17.99	(67.87)
(Increase ) in Other Current Asset	(384.54)	29.78
Increase in Provision for Employee Benefit	(16.07)	218.67
Increase in trade payable , Other Long term Liabilities	0.46	(0.16)
Increase in Short term Provisions	9.76	(3.29)
(Decrease) in other Current Liabilities , trade payable	(29.48)	9.70
Cash generated from operations	<b>(837.29)</b>	<b>(424.43)</b>
Less: Taxes paid (Net of refund )	<b>(93.86)</b>	<b>(29.14)</b>
<b>Net cash ( Utilized ) from operating activities (A)</b>	<b>(931.15)</b>	<b>(453.58)</b>
<b>B CASH FLOW FORM INVESTING ACTIVITY</b>		
Receipt from loans and advances	78.70	210.00
Interest income	1,057.51	627.09
Purchase of fixed Assets	(11.76)	(2.72)
Sale of Fixed Assets	-	0.88
Rent Income	40.27	-
<b>Net cash generated from investing activities (B)</b>	<b>1,164.72</b>	<b>835.25</b>
<b>C CASH FLOW FORM FINANCING ACTIVITY</b>		
Receipts from Govt Of Maha.	4,590.00	-
Long Term Borrowings	-	-
<b>Cash generated from financing activities ( C)</b>	<b>-</b>	<b>-</b>
<b>Net increase/ (decrease) in cash and cash equivalent ( A+B+C)</b>	<b>4,823.56</b>	<b>381.6698721</b>
<b>Cash and Cash equivalent at the beginnig of the year</b>	<b>6,968.07</b>	<b>6,586.40</b>
<b>Cash and cash equivalent at the end of the year</b>	<b>11,791.64</b>	<b>6,968.07</b>
<b>Cash &amp; Cash Equivalents Comprise</b>		
Cash on Hand	2.44	3.90
<b>Bank Balances with Scheduled Banks</b>		
In Current Accounts	124.91	41.00
In fixed Deposit	11,664.29	6,923.17
<b>Cash and cash equivalent as per note 14 to financial statements</b>	<b>11,791.64</b>	<b>6,968.07</b>
<b>Restricted cash</b>		
Fixed deposits pledged with bank	800.16	-


**Notes :**

- 1] The above cash flow statement has been prepared under the indirect method as set out in the Accounting
- 2] Figures in brackets represent outflows

For and on behalf of the Board of Directors  
For Maharashtra State Mining Corporation Limited

  
Shri Gajanan C. Bokde  
Chief Accounts & Finance Officer

  
Dr. A.M. Pophare  
Director

  
Dr. Nirupama Dange, IAS  
Managing Director

Place: Nagpur

Date : - 7 SEP 2016

  
FARTNER  
(AMIT KURANI M.NO.111132)





**MAHARASHTRA STATE MINING CORPORATION LIMITED**

**BALANCE SHEET AS ON 31<sup>st</sup> MARCH 2016**

Sr.No.	PARTICULARS	Note No.	31st March 2016		31st March 2015	
			In Lakhs.	In Lakhs	In Lakhs.	In Lakhs.
<b>(I) EQUITY AND LIABILITIES</b>						
<b>1. Shareholder's funds</b>						
	(a) Share Capital	1	206.69		206.69	
	(b) Reserves and Surplus	2	5995.72		5529.80	
				6202.41		5736.49
<b>2. Share application money pending allotment</b>						
				0.00		0.00
<b>3. Non-current liabilities</b>						
	(a) Long-term borrowings	3	457.46		457.46	
	(b) Deferred Tax liabilities (Net)	4	51.88		32.08	
	(c) Other Long term liabilities	5	24.26		23.80	
	(d) Long-term Provisions	6	240.17	773.77	245.29	758.63
<b>4. Current Liabilities</b>						
	(a) Short term borrowings		0.00		0.00	
	(a) Trade payables		0.00		0.00	
	(c) Other current liabilities	7	33145.27		23287.30	
	(b) Short term provisions	8	264.54	33409.81	16.38	23303.69
	<b>TOTAL (I)</b>			<b>40385.99</b>		<b>29798.80</b>
<b>(II) ASSETS</b>						
<b>5. Non-current assets</b>						
	(a) Fixed assets	9			2699.20	
	(i) Tangible assets		2571.22		0.00	
	(ii) Intangible assets		0.00		0.00	
	(iii) Capital work-in-progress		0.00		0.00	
	(iv) Intangible assets under development		0.00		0.00	
	(b) Non-current investments	10	1.32		5.28	
	(c) Deferred tax assets (net)		0.00		0.00	
	(d) Long-term loans and advances	11	3.30		3.30	
	(e) Other non-current assets		0.00	2575.84	0.00	2607.78
<b>6. Current assets</b>						
	(a) Current investments		0.00		0.00	
	(b) Inventories	12	632.09		428.19	
	(c) Trade receivables	13	13.91		78.82	
	(d) Cash and Cash Equivalents	14	11791.64		6968.07	
	(e) Short-term loans and advances	15	24174.87		18902.85	
	(f) Other current assets	16	1197.64	37810.15	613.09	27191.02
	<b>TOTAL (II)</b>			<b>40385.99</b>		<b>29798.80</b>
	Significant Accounting Policies Followed by Company & Notes to Financial Statement	1 - 32				


For and on behalf of the Board of Directors

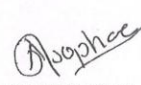
As per our report of even date

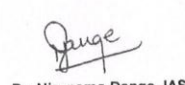
For C. N. Patel & Co.

Chartered Accountants

(Firm Reg. No.:112552W)

  
Shri Gajanan C. Bokde  
Chief Accounts & Finance Officer

  
Dr. A.M. Pophare  
Director

  
Dr. Nirupama Dange, IAS  
Managing Director

  
Amit Kurani  
Partner  
M. No. 111132  
Nagpur

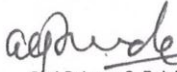


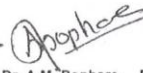
- 7 SEP 2016



MAHARASHTRA STATE MINING CORPORATION LIMITED						
Statement Of Profit And Loss For The Period Ended 31 <sup>st</sup> March 2016						
Sr. No.	PARTICULARS	Note No.	31st March 2016		31st March 2015	
			In Lakhs.	In Lakhs.	In Lakhs.	In Lakhs.
1	Revenue from operations	17	91.09		137.57	
2	Other Income	18	1111.88		656.62	
3	<b>Total Revenue (1 + 2)</b>			1202.97		794.20
4	<b>Expenses</b>					
	Cost of Materials Consumed	19	73.39		63.42	
	Purchases of Stock in Trade		0.00		0.00	
	Changes in inventories of finished goods, work in progress and Stock-in-trade	20	-203.50		-47.58	
	Employee benefits expense	21	466.87		464.60	
	Finance Costs		0.00		0.00	
	Depreciation and amortization expense	22	39.73		48.81	
	Other expense	23	109.43		244.88	
	<b>Total Expense</b>			485.92		774.13
5	Profit before exceptional and extraordinary items and tax (3-4)			717.05		20.07
6	(Add) Prior Period (Income)/Expense (Net)			-29.65		38.61
7	Profit before extraordinary items and tax (5-6)			746.70		-18.54
8	Extraordinary & Exceptional Items			0.00		0.00
9	Profit before tax (7-8)			746.70		-18.54
10	<b>Tax expense:</b>					
	(1) Income Tax Earlier Years		14.07		20.62	
	(2) Current tax		246.92		8.52	
	(3) Deferred tax		19.79		-14.07	
				280.78		15.07
11	Profit/(Loss) for the period from continuing operations (10-11)			465.92		-33.61
12	Profit/(Loss) for the period from discontinuing operations			0.00		0.00
13	Tax expense of discontinuing operations			0.00		0.00
14	Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)			0.00		0.00
15	Profit/(Loss) for the period (XI + XIV)			465.92		-33.61
16	<b>Earnings per equity share:</b>					
	(1) Basic			Rs.225.42		Rs.-16.26
	(2) Diluted					
	Significant Accounting Policies Followed by Company & Notes to Financial Statement					


For and on behalf of the Board of Directors

  
Shri Gajanan C. Bokde  
Chief Accounts & Finance Officer

  
Dr. A.M. Pophare  
Director

  
Dr. Nirupama Dange, IAS  
Managing Director

As per our report of even date  
For C. N. Patel & Co.  
Chartered Accountants  
(Firm Reg. No.:112552W)

  
Amit Kurani  
Partner

M. No. 111132  
Nagpur

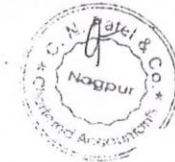
Date: 7 SEP 2016



**Maharashtra State Mining Corporation Ltd.**

**Notes to Financial Statements for the year ended 31st March 2016**

Note - 1 Share Capital					
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)		As at 31 <sup>st</sup> March 2015 (In Lakhs.)		
	<b>Authorised share capital</b>				
5,00,000 Equity Shares of Rs. 100/- each (5,00,000 Equity Shares of Rs. 100/- each as at 31st March 2015)		500.00		500.00	
<b>Issued and Subscribed and Fully paid up Shares</b>					
2,06,687 Equity Shares of Rs. 100/- each (2,06,687 Equity Shares of Rs. 100/- each as at 31st March 2015)		206.69		206.69	
<b>Grand Total of Issued, Subscribed &amp; Fully Paid Up Equity Shares</b>		<b>206.69</b>		<b>206.69</b>	
a) Reconciliation of the shares outstanding at the beginning and at the end of the year					
		As at March 31, 2016		As at March 31, 2015	
<b>Equity Shares</b>	<b>No of Shares held</b>	<b>Rs.</b>	<b>No of Shares held</b>	<b>Rs.</b>	
At the beginning of the period	206687	206.69	206687	206.69	
Issued during the period	0	0.00	0	0.00	
Outstanding at the end of the period	<b>206687</b>	<b>206.69</b>	<b>206687</b>	<b>206.69</b>	
b) Share Holding more than 5% of the Ordinary Shares in the Company					
		As at March 31, 2016		As at March 31, 2015	
<b>Details of the Shareholders holding with voting rights</b>	<b>No of Shares held</b>	<b>Rs.</b>	<b>No of Shares held</b>	<b>Rs.</b>	
Government of Maharashtra 100% (including 3 shares held by 3 nominees)	2,06,687	206.69	2,06,687	206.69	
% of holding in the class of shares	100%		100%		
c) <b>Rights, Preference and restrictions attached to equity shares</b>	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.				



**Maharashtra State Mining Corporation Ltd.**  
**Notes to Financial Statements for the year ended 31st March 2016**

Note - 2 Reserve & Surplus		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) <b>Capital Reserves :-</b>		
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)	0.00	0.00
<b>Closing Balance (A)</b>	<b>1788.54</b>	<b>1788.54</b>
b) <b>Surplus in Statement of Profit &amp; Loss Accounts</b>		
Opening Balance	3741.26	3774.88
Add- Profit for the year	465.92	-33.61
Add/Less :- Appropriations (See Note 2.1)	0.00	0.00
<b>Closing Balance (B)</b>	<b>4207.18</b>	<b>3741.26</b>
c) <b>Nominal Value of Assets received from Government</b>	0.00	0.00
<b>Closing Balance of Nominal Value (C)</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Reserve &amp; Surplus (A + B + C)</b>	<b>5995.72</b>	<b>5529.80</b>
2.1 In previous year there was loss and no appropriations has been proposed from the accumulated profit of the company and thus appropriation is Nil.		



**Maharashtra State Mining Corporation Ltd.**  
**Notes to Financial Statements for the year ended 31st March 2016**

Note - 3 Long term Borrowings		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
<b>Unsecured Loan</b>		
a) From Government of Maharashtra ( 3.1)	457.46	457.46
<b>Total</b>	<b>457.46</b>	<b>457.46</b>
3.1 This Amount was received on time to time basis from GOM . 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 - 4 Deferred Tax Liability (Net)		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) <b>Deferred Tax Liability</b> Related to Fixed Assets	55.11	49.74
b) <b>Deferred Tax Assets</b> Disallowances under the Income Tax Act	3.23	17.66
<b>Total</b>	<b>51.88</b>	<b>32.08</b>

Note - 5 Other Long term Liabilities		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) <b>Earnest Money Deposits</b> From Contractors / Tenderers	6.20	6.70
b) <b>Security Deposits</b> From Contractors /Tenderers/others	18.06	17.10
<b>Total</b>	<b>24.26</b>	<b>23.80</b>

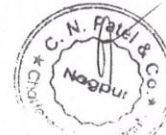


**Maharashtra State Mining Corporation Ltd.**

Notes to Financial Statements for the year ended 31st March 2016

Note - 6 Long Term Provisions		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) Provision for employees benefits:-		
Leave encashment unfunded	62.56	78.64
b) Other Provisions:-		
Provision for Mine Closure Expenses	177.61	166.65
<b>Total</b>	<b>240.17</b>	<b>245.29</b>

Note - 7 Other Current Liabilities		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) Maharashtra Mineral Development Fund (Regular) (7.1)	23339.59	18002.15
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	18.11	39.73
d) Others		
Statutory Remittances Payable	15.38	22.74
Earnest Money Deposit (From Contractors/Tenderers)	136.67	136.87
Security Deposits (From Contractors/Tenderers)	7.13	5.92
MSMC Reserve A/c (7.4)	4550.00	0.00
Other Payable (7.)	90.81	92.31
<b>Total (A to G)</b>	<b>33145.27</b>	<b>23287.30</b>
<p>7.1 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 Development Fund account.</p> <p>7.2 Coal block under JV with Gupta Coal India Pvt. Ltd. was de-allocated during January 2014 and as per the decision of BOD this amount is due to be refunded after necessary deduction and approvals. However necessary decision is pending to be taken, same has been referred to GoM.</p> <p>7.3 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 necessary deduction and approvals. However necessary decision is pending to be taken, same has been referred to GoM.</p> <p>7.4 Amount of Rs. 163.50 crore was received from Government towards Mineral Development Fund account in the capacity of Shell agency. Out of this Rs. 109.00 crore was transferred to MSMC Shell Agency A/c as details of allocation is received from the GOM while balance Rs. 54.50 crore reserved for Directorate of Geology &amp; Mining is retained in the company account as details regarding its utilisation and distribution is not received from the Government of Maharashtra. This amount is till date invested in the fixed deposits.</p> <p>7.5 Other Payables includes provision for expenses, staff dues and amount refundable.</p> <p>7.5 As per information available with the company, there are no suppliers covered under Micro, Small &amp; 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.</p>		



## FIXED ASSETS

Note No. 9

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 01.04.2015	Addition During the Year	Fixed Asset acquired from MDF / Sale Adjustment	Total as on 31.03.2016	As on 01.04.2015	For year 15 - 16	Total as on 31.03.2016	Balance as on 31.03.2016	Balance as on 31.03.2015
Free Hold Land	7.06			7.06	0.00	0.00	0.00	7.06	7.06
Land	1938.23			1938.23	0.00	0.00	0.00	1938.23	1938.23
Plant & Machinery	37.31			37.31	34.09	1.65	35.73	1.58	3.22
Earth Moving equipment	30.16			30.16	30.16	0.00	30.16	0.00	0.00
Motor Vehicle	12.38	8.00		20.38	12.37	2.50	14.86	5.51	0.01
Furniture & Fixture	7.02	0.15		7.17	5.62	0.44	6.07	1.11	1.39
Office Equipment	13.24	2.27		15.52	12.16	1.33	13.49	2.02	1.08
Survey Instrument	3.72			3.72	3.09	0.33	3.43	0.29	0.62
Workshop equipment	0.44			0.44	0.44	0.00	0.44	0.00	0.00
Laboratory Equipment	0.49			0.49	0.49	0.00	0.49	0.00	0.00
Building	863.50			863.50	219.15	31.52	250.67	612.83	644.36
Well	2.28			2.28	2.05	0.15	2.21	0.08	0.23
Slab Curvert	0.62			0.62	0.60	0.00	0.60	0.01	0.01
Electrical Installation	3.44			3.44	2.19	0.41	2.59	0.85	1.25
Magazine Shed	0.67			0.67	0.25	0.04	0.29	0.38	0.42
Computer & Software	19.99	1.33		21.32	18.67	1.36	20.03	1.28	1.31
Cycle	0.02			0.02	0.02	0.00	0.02	0.00	0.00
<b>TOTAL</b>	<b>2940.57</b>	<b>11.76</b>	<b>0.00</b>	<b>2952.32</b>	<b>341.36</b>	<b>39.73</b>	<b>381.10</b>	<b>2571.02</b>	<b>2599.20</b>
Previous Year	2939.29	2.72	1.45	2940.57	293.99	48.81	1.43	341.37	2599.20

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## Maharashtra State Mining Corporation Ltd.

Notes to Financial Statements for the year ended 31st March 2016

Note - 8 Short Term Provisions		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) Provision for employee benefits		
Leave Encashment Payable (unfunded)	17.62	0.00
b) Others:		
Provision for Taxation	246.92	8.52
Interest Payable to Government of Maharashtra on Government Loan	0.00	7.66
<b>Total ( 1 to 3 )</b>	<b>264.54</b>	<b>16.38</b>

Note - 10 Non current Investments (Non Current Assets)		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) Trade Investments		
In Equity Shares-Joint Venture Company		
<u>Unquoted, Fully paid up</u>		
Mahatamil Collieries Ltd. (10.1)	1.30	0.13
(12997 (P.Y. 12997) Equity Shares of Rs.10/- each)		
b) Non Trade Investments		
i In Equity Shares		
<u>Unquoted, Fully paid up</u>		
Maharashtra Mineral Corporation Ltd. (10.5)	3.97	3.97
(P.Y. 3965) Equity Shares of Rs.100/- each)		
Less : Provision made for Diminution in value of Investment.	(3.97)	0.00
	0.00	3.97
ii Kisan Vikas Patra (10.2)	0.02	0.02
<b>Total</b>	<b>1.32</b>	<b>4.11</b>
a) <u>Aggregate Value</u>		
i Unquoted Investment	5.26	5.26
ii Government Securities	0.02	0.02
<b>Total</b>	<b>5.28</b>	<b>5.28</b>
10.1 Company holds 26% equity shares in Mahatamil Collieries Ltd.. For this 26% stake in mining rights of Gare Pelma-II Coal Block has been assigned to this SPV company.		
10.2 Company holds 51% cashless equity shares (No 5100) in MSMC Adkoli Natural Resources Ltd (A Joint Venture Company of MSMC and Sunil Hightech Engineers Ltd.) received towards consideration of mining rights of Adkoli Coal Block.		
10.3 Company holds 51% cashless equity shares (No.5100) in MSMC Warora Collieries Ltd (A Joint Venture Company of MSMC and Gupta Coal (India) Ltd.) received towards consideration of mining rights of Warora Coal Block.		
10.4 Provision has been made for diminution in value of investment of Rs. 396500/- in share of M/s. Maharashtra Mineral Corporation Ltd. The current book value which was assessed by the State Industrial Investment Corporation of Maharashtra Limited was negative and this reduction in value of investment is considered as other than temporary.		
10.5 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.		

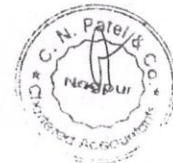


**Maharashtra State Mining Corporation Ltd.**

Notes to Financial Statements for the year ended 31st March 2016

Note - 11 Long Term Loans & Advances (Non Current Assets)			
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In 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)	3.10	3.10	
<b>Total ( A to C)</b>	<b>3.30</b>	<b>3.30</b>	
<b>Sub Classification:-</b>			
Secured, Considered Goods	0.00	0.00	
Unsecured, Considered Goods	3.30	3.30	
Doubtful	0.00	0.00	
<b>Total</b>	<b>3.30</b>	<b>3.30</b>	
11.1 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 pendency of Sale deed. The matter is pending before SDO Warora for transfer of land in in name of MSMC.			
11.2 Includes various security deposits given towards Electricity, Telephone and same has been considered good & recoverable by management			

Note - 12 Inventories			
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)	
a) Stores & Spare parts	1.71	4.01	
b) Loose Tools (at cost)	5.32	2.62	
c) Stock ( Minerals at various mines)	625.06	421.57	
<b>Total ( A to C)</b>	<b>632.09</b>	<b>428.19</b>	





**Maharashtra State Mining Corporation Ltd.**  
**Notes to Financial Statements for the year ended 31st March 2016**

Note - 13 Trade Receivables		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) <b>Outstanding exceeding for a period of Six Months</b>		
Unsecured, Considered good	0.25	64.47
Unsecured, Considered doubtful	0.00	0.00
	<u>0.25</u>	<u>64.47</u>
Provision for Doubtful Receivables	0.00	0.00
<b>Total (A)</b>	<u>0.25</u>	<u>64.47</u>
b) <b>Outstanding for a period of less than Six Months</b>		
Unsecured Considered good	13.66	14.35
Unsecured, Considered doubtful		
	<u>13.66</u>	<u>14.35</u>
Provision for Doubtful Receivables	0.00	0.00
<b>Total (B)</b>	<u>13.66</u>	<u>14.35</u>
<b>TOTAL (A + B)</b>	<u>13.91</u>	<u>78.82</u>
13.1 Trade receivables are subject to reconciliation and confirmation.		

Note - 14 Cash & Bank Balances		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) <b>Cash and Cash Equivalents</b>		
Cash in Hand	2.44	3.90
<u>Balance with Banks</u>		
In Current Accounts	124.91	41.00
b) <b>Other Bank Balances</b>		
In Deposit Accounts (FDR) (14.1 & 14.2)	11664.29	6923.17
<b>TOTAL (A + B)</b>	<u>11791.64</u>	<u>6968.07</u>
14.1 Includes deposits amounting to Rs. 19,23,840/- with maturity of more than 12 months.		
14.2 Includes FDR of Rs 8,00,15,999/- pledged to various bank for issuing Bank guarantee to DGM, Indian Beurae of Mines & Maharashtra Pollution control Board		



**Maharashtra State Mining Corporation Ltd.**

Notes to Financial Statements for the year ended 31st March 2016

Note - 15 Short Term Loans & Advances		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
Unsecured, Considered good		
a) Maharashtra Mineral Development Fund (Regular)	23339.59	18002.15
b) MSMC Shell Agency	0.00	40.00
c) Loans and Advances to Related parties	0.00	78.70
d) Trade Advances (15.1)	358.24	369.80
e) Loans & Advances to Employees	10.19	11.45
f) Balance with Govt. Authorities		
Refund & Balances with Income Tax	431.91	360.64
Advance to Sales Tax Appellate Authority	0.25	0.25
Advance to P.F. Authority	1.32	1.32
Profession Tax	0.00	0.00
Deposit with Courts	6.00	8.53
Deposit with Land Acquisition Officer	18.76	18.76
Advance to Collector on Royalty A/c	8.61	11.26
<b>Total</b>	<b>24174.87</b>	<b>18902.85</b>

15.1 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.

Note - 16 Other Current Assets		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) Interest Accrued on FDR	536.94	148.20
b) Interest Receivable on Deferred Sweat Money (16.1)	648.73	648.73
c) Prepaid Expenses	11.96	16.17
<b>Total (A to C)</b>	<b>1197.64</b>	<b>813.09</b>

16.1 Includes interest due on Deferred 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 considers the same as good and recoverable.



**Maharashtra State Mining Corporation Ltd.**

Notes to Financial Statements for the year ended 31st March 2016

Note - 17 Revenue from Operations		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) Sale of Minerals	75.58	125.44
b) Other Operating Revenue:		
Premium & Facilitation Charges	11.67	10.99
Forfeiture Amount	0.00	0.78
Liquidated Damages	3.84	0.36
Total	<u>91.09</u>	<u>137.57</u>

Note - 18 Other Income		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) Interest Income	1057.51	627.09
b) Rent Receipt	40.27	24.40
c) Excess Provision Written Back	6.89	0.01
d) Other Non Operating Income	7.21	4.27
e) Profit on sale of assets	0.00	0.86
Total	<u>1111.88</u>	<u>656.62</u>



**Maharashtra State Mining Corporation Ltd.**

Notes to Financial Statements for the year ended 31st March 2016

Note - 19 Ore Raising Expenses at Mines		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) Power Fuel & Water Expenses	20.87	18.20
b) Explosive , Drilling and Earth cutting	0.50	0.41
c) Sampling & Processing Charges	0.77	0.96
d) Repairs & Maintenance	9.48	3.98
e) Rent	1.46	1.38
e) Rates & Taxes	0.73	1.30
f) Stores , Spares & Tool Consumed	0.50	0.63
g) Travelling Expenses	0.56	0.52
h) Insurance Premium	1.02	1.02
j) Security Guard Expenses	0.00	0.11
k) Mining Plan Preparation Expenses	13.50	1.49
l) Royalty Expenses	11.78	17.83
m) Dead Rent & Surface Rent	6.44	10.79
n) Machinery Hiring Charges	1.80	1.76
o) Janshree Bima Yojana (Premium)	0.16	0.17
p) Stationery & Printing	0.33	0.43
q) Bank Charges & Commission	0.03	0.05
r) Other Expenses	3.34	1.38
s) Environmental Expenss	0.13	1.01
<b>Total ( A to Q )</b>	<b>73.39</b>	<b>63.42</b>

Note - 20 Changes in Inventories of Stock in Trade		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
Opening Stock of Mineral	421.57	373.99
Less :- Closing Stock	625.06	421.57
<b>Total</b>	<b>(203.50)</b>	<b>(47.58)</b>



## Maharashtra State Mining Corporation Ltd.

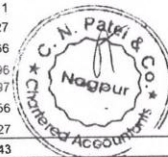
Notes to Financial Statements for the year ended 31st March 2016

Note - 21 Employees Benefit Expenses		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) Salary & Bonus (Including remuneration of Managing Director)	357.94	381.98
b) Contributions to Provident and Other Funds	101.02	75.59
c) Staff Welfare Expenses	7.90	7.03
<b>Total</b>	<b>466.87</b>	<b>464.60</b>

Note - 22 Depreciation and Amortizing Expenses		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) Depreciation of Tangible Assets (As per Note 9)	39.73	46.81
b) Amortization of Tangible Assets	0.00	0.00
<b>Total</b>	<b>39.73</b>	<b>46.81</b>

Note - 23 Other Expenses (Administrative)		
Particulars	As at 31 <sup>st</sup> March 2016 (In Lakhs.)	As at 31 <sup>st</sup> March 2015 (In Lakhs.)
a) Travelling Expenses	2.84	5.07
b) Repairs & Maintenance	2.33	1.98
c) Petrol Oil & Lubricants	3.70	4.13
d) Rates & Taxes	4.55	8.21
e) Rent	1.02	0.00
f) Office Building Maintenance	3.16	6.10
g) Stationery & Printing	1.10	1.90
h) Postage, Telegram & Telephone	2.80	2.98
i) Legal & Professional Fees	3.18	1.86
j) Surface & Dead Rent	0.59	0.59
k) Electricity Charges	4.79	4.75
l) Insurance Premium	0.45	0.51
m) Advertisement	2.05	0.75
n) Mining Lease Expenses	3.80	0.07
o) Other Expenses	4.02	3.78
p) Payment to Auditor		
i) For Audit Fees	0.58	0.56
ii) For Tax Audit	0.29	0.17
q) Security Guard Expenses	11.40	11.19
r) Bank charges	0.11	0.15
s) Service Tax Expense	0.27	18.05
t) Manpower Consulting Charges	4.66	5.25
u) Mine Closure Expenses	10.95	166.65
v) Provision for diminution in value of long term investment	3.97	
w) Facilitation charges Written off (23.1)	36.56	
x) VAT Audit fees	0.27	0.19
<b>Total</b>	<b>109.43</b>	<b>244.88</b>

23.1 During the year as per the Board Approval Rs. 36,56,311/- recoverable towards Facilitation Charges from the M/s. Sai Metals & Minerals has been written off. Facilitation charges are levied by the Company during the period when mine was not operational, which was objected by M/s. Sai Metals & Minerals. Considering the facts, this amount has been written off.



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**MAHARASHTRA STATE MINING CORPORATION LTD. NAGPUR**

**ADDITIONAL NOTES TO THE ACCOUNTS**

Note No. 24: Contingent Liabilities & Commitments:

(Rs. In lacs)

Sr.No.	Particulars	31.03.2016	31.03.2015
<b>a)</b>	<b>Claims against the Company / Disputed Liabilities not acknowledged as debts</b>		
1.	Claim by Employees & Ex-employees for Salary & other benefits	11.69 (All the amounts are not ascertainable)	Amount not ascertainable
2.	Claims for the arrears of 6 <sup>th</sup> Pay Arrears to the Employees of the Corporation (Point 24.1)	69.08	--
3.	Claims under Arbitration award appealed by the company	672.00	672.00
4.	Manse Profit payable to Landlord	12.12	12.12
5.	Interest on Government Loan	Interest rate not stipulated	Interest rate not stipulated
5.	Disputed Income Tax Liability (Amount already paid Rs.5.86 Lacs)	5.86	21.41
6.	Claims on de-allocation of Coal Blocks and termination of JV agreements. (Point-24.2)	Amount not ascertainable	Amount not ascertainable
<b>b)</b>	<b>Guarantees:</b>		
1.	Guarantees issued by Company's Bankers on behalf of the Company	800.15	522.96
<b>c)</b>	<b>Commitments:</b>		
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

24.1 The Government of Maharashtra implemented Sixth Pay Commission with effect from July 2010, however Company has not paid arrears towards 6<sup>th</sup> 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.

24.2 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. 25: Defferment 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 31<sup>st</sup> 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. However company has not refunded the sweat money and made any forfeiture in the absence of any decision and approval regarding the same. Income on account of forfeiture has been deferred till the necessary approvals are obtained and final decision 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 uncertainty regarding receiving the same.

**Note No. 26 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	Year ended
	March 31, 2016 (In Lacs)	March 31, 2015 (In Lacs)
Salaries, Wages and Bonus	357.94	381.97
Contribution to Provident Fund and Other Funds	55.11	41.74
Gratuity	45.90	33.85
Staff Welfare Expenses	7.90	7.03
<b>As per P&amp;L</b>	<b>466.86</b>	<b>464.60</b>



**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, Defined contribution pension scheme ( DCPS ), Group Insurance schme ( GIS ), Group Provident Fund ( GPF ) Janshree Bima Yojna (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 Janshree Bima Yojna (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 compensated absences as per the Company's policy.

**b) Defined Contribution Plan**

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

	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
	(In Lacs)	(In Lacs)
Employer's Contribution to Group Provident Fund ( GPF )	36.81	39.31
Employer's Contribution to DCPS	0.48	-

\* Included in the Note 30 Employee Benefit Expenses

**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	Year Ended
	March 31, 2016	March 31, 2015
(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.





Opening Present value of defined benefit obligation	*121.34	120.13
Prior Period Liability Recognised in Current Period	-	-
Interest Cost	9.71	9.61
Current Service Cost	7.77	7.50
Benefit Paid	(35.37)	(19.13)
Actuarial (Gains)/Losses on Obligations - As per Statement	41.58	3.22
<b>Closing Present Value of Defined Benefit Obligation</b>	<b>145.03</b>	<b>121.34</b>

\*This is as per revised statement received from LIC of India. As per the original details provided amount was Rs.1,44,78,374/-. Corrections are done in the accounts as per revised details/statement.

**(ii) Changes in Fair Value of Plan Assets:**

Opening Fair Value of Plan Assets	159.81	83.74
Prior Period Assets Recognized in Current Period	-	-
Expected return on plan assets	13.16	9.93
Contributions	18.03	85.27
Benefits Paid	(35.37)	(19.12)
Actuarial gain/(loss) on Plan assets	Nil	
<b>Closing Fair Value of Plan Assets</b>	<b>155.64</b>	<b>159.81</b>

**(iii) Actual return on plan assets:**

Return on Plan Assets	13.16	9.93
Actuarial Gains/(Losses) on Plan Assets - Due to Experience		-
Actual Return on Plan Assets	13.16	9.93

**(iv) The amounts to be recognised in the Balance Sheet:**

Present value of obligations as at the end of year	145.03	121.33
Fair value of plan assets as at the end of the year	155.64	159.81
<b>Net (Asset/ Liability) recognized in Balance Sheet</b>	<b>(10.61)</b>	<b>(38.48)</b>

**Recognised under:**

Short Term Provision [Refer Note 12 ]	(10.61)	(38.48)
---------------------------------------	---------	---------

**(v) Expenses recognised in Statement of Profit & loss A/c**

Current service cost	7.78	7.50
Interest cost	9.70	9.61
Expected Return on Plan Assets	(13.16)	(9.93)
Net actuarial (gain) / loss recognised in the year	41.58	3.22
<b>Total Expenses</b>	<b>45.90</b>	<b>10.40</b>
[Note 21 - 'Employee Benefits Expenses']		



(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:** 17.96

viii)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
	(In Lacs)	(In Lacs)
Present Value of Defined Benefit Obligation at the end of year	145.03	121.33
Fair Value of Defined Benefit Obligation at the end of year	155.63	159.81
Surplus/ (Deficit)	10.60	38.47
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. 80.19 lakhs. (P.Y. Rs.78.63 lakh)

**Note No 27: Earning Per Share**

Basic Earning Per Share	Year Ended 31.03.2016	Year Ended 31.03.2015
Profit/(Loss) after Tax (Rs. In Lacs) from continuing operations	-	-
Number of Equity Shares (Outstanding at the end of the Year)	2,06,687	2,06,687
Basic Earnings Rupees per Share	Rs.225.42	Rs.-16.26



Note No. 28: Related Party Disclosures:

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

List of the related parties where control exists & Key Managerial persons & Transactions with them:

(Rs. In lacs)

Sr. No.	Name of the Related Party	Nature of Transactions	Transaction during the year		Outstanding as on year end	
			31.03.16	31.03.15	31.03.16	31.03.15
<b>A</b>	<b>Joint Venture Companies</b>					
1	Mahatamil Collieries Ltd.	Unsecured Loan received back	78.70	250.00	Nil	78.70
2	Mahatamil Collieries Ltd.	Rent Received	9.95	9.95	Nil	Nil
3	MSMC Adkoli Natural Resources Ltd.	Cash less Equity investment	Nil	Nil	Nil	Nil
4	MSMC Warora Collieries Ltd.	Cash less Equity investment	Nil	Nil	Nil	Nil
<b>B</b>	<b>Key Managerial Persons &amp; Directors</b>					
1	Dr. Nirupama Dange, IAS ( MD)	Remuneration	5.04	0.00	Nil	Nil
2	Dr. Mahendra P. Kalyankar, IAS (Ex- MD)	Remuneration	2.19	2.71	Nil	Nil
3	Shri Vikas Jain (Director)	Director Sitting Fees	0.01	-	-	-
4	Shri Sanjay Ingale (Director)	Director Sitting Fees	0.04	-	-	-
5	Dr. A.M. Pophare (Director)	Director Sitting Fees	0.04	-	-	-
6	Shri V.S. Sawakhande (Director)	Director Sitting Fees	0.01	-	-	-

Note No. 29: Deferred tax Assets/Liability:

Disclosure as per Accounting Standard 22 are as under:

(In Lacs)

S.No.	Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
1	Deferred Tax Liability Related to Depreciation	55.11	49.74
2	Deferred Tax Assets Disallowances under the Income Tax Act (Net)	3.23	17.66
3	Net Deferred Tax Liability (-) Asset	51.88	32.08
4	Deferred tax recognized in Profit & Loss A/c.	19.79	(14.07)



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**Note No. 30: Interest in Joint Ventures:**

Sr. No.	Name	Percentage of Ownership as on March 2016	Percentage of Ownership as on March 2015
1.	Mahatamil Collieries Ltd.	26%	26%
2.	MSMC Adkoli Natural Resources Ltd.	51% (Cash Less)	51% (Cash Less)
3.	MSMC Warora Collieries Ltd. (28.1)	51% (Cash Less)	51% (Cash Less)

**30.1** Financial Statements of Joint Venture companies are not available.

**30.2** All the 3 coal blocks allotted to the company were deallocated by Ministry of Coal. Company has entered into joint venture agreement with M/s. Gupta Coal (India) Ltd., M/s. Sunil Engineers Private Ltd. And Tamil Nadu Electricity Generation Company Ltd for exploration and production of coal from this block and formed the joint venture company MSMC Warora Collieries Ltd., MSMC Adkoli Natural Resources Ltd. And Mahatamil Collieries Ltd. Company hold 51% cash less equity in MSMC Warora Collieries Ltd., MSMC Adkoli Natural Resources Ltd and 26% Cash Equity in Mahatamil Collieries Ltd. Company has neither provided for any contingencies nor recognized any amount towards diminution in the value of the investments made in this company.

**Note No. 31: Disclosure of particulars as per Accounting Standard 29:**

Particulars of Provision	Opening Balance as on 01.04.2015	Provision	Provision written back /used	Closing Balance as on 31.03.2016
Final Mine Closure Expenses	166.65 (0.00)	10.95 (166.65)	0.00 (0.00)	177.60 (166.65)

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

**Note No. 32:** Imports of Capital Goods during the year Rs. Nil (P.Y. Rs. Nil)

**Note No. 33:** Expenditure in foreign currency during the year Rs. Nil (P.Y. Rs. Nil)

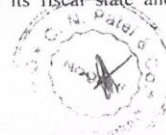
**Note No. 34: Corporate Social Responsibility Policy & Expenses during the year:**

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' initiatives.

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 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.



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**Note No :- 35: Additional information to statement of profit & loss:**

Particulars in respect of opening stock, production, sales and closing stock.

Minerals	Opening Stock (In MT)	Production (In MT)	Sales		Shortage/ Excess MT	Closing Stock as certified by Management (M.T)
			(In MT)	(Rs. In lakh)		
Sillimanite	133.810	0.000	0.000	0.000	0	133.810
	(81.170)	(275.360)	(221.00)	(4.530)	(-) (1.72)	(133.810)
Corundum	0.600	0.000	0.000	0.000	0.000	0.600
	(1.560)	(0)	(0)	(0)	(-) (0.96)	(0.600)
Pyrophyllite	634.630	1677.040	600.000	4.950	(+) 5.91	1717.580
	(438.82)	(1410.520)	(1215.00)	(8.77)	(+) (0.29)	(634.63)
Fluorite (Graded)	9800.430	2333.460	0.000	0.000	(+) (12.40)	12146.290
	(6901.33)	(2946.430)	(0)	(0)	(-) (47.33)	(9800.430)
Fluorite (Waste Dump)	0.000	0.000	0.000	0.000	0.000	0.000
	(-)	(0)	(0)	(0)	0	(0)
Dolomite (Graded)	5539.190	1387.420	1833.240	7.880	(-) 51.54	5041.830
	(5535.48)	(1064.030)	(1054.170)	(4.780)	(-) (6.15)	(5539.190)
Dolomite (Mineralised)	0.000	0.000	0.000	0.000	0.000	0.000
	(0)	(0)	(0)	(0)	(0)	(0)
Lime stone	67.920	0.000	0.000	0.000	0.000	67.920
	(67.92)	(0)	(0)	(0)	(0)	(67.92)
Kyanite	10.590	0.000	0.000	0.000	0.000	10.590
	(10.59)	(0)	(0)	(0)	(0)	(10.590)
Iron Ore (Lumps)	3472.37	6262.9	2752.130	62.750	(-) 55.11	6928.03
	(6085.89)	(5218.34)	(6692.060)	(95.29)	(-) (1139.80)	(3472.37)
Iron Ore (Fines)	0.000	0.00	0.000	0.000	0.000	0.000
	(0)	(2840.00)	(2840)	(12.07)	(0)	(0)
<b>Total</b>	<b>19659.54</b>	<b>11660.820</b>	<b>5185.370</b>	<b>75.580</b>	<b>(-) 88.34</b>	<b>26046.650</b>
	(19122.760)	(13754.680)	(12022.230)	(125.440)	(-) (1195.670)	(19659.540)

**Note No. 36: 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. 37:** The balance of accounts under the head debtors and creditors are subject to confirmation.

**Note no. 38:** Figure of previous year have been rearranged, regrouped and recast whenever necessary to make it comparable with current year figures.



## MAHARASHTRA STATE MINING CORPORATION LTD. NAGPUR

### 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 lacs.

#### 2) USE OF ESTIMATES:

The preparation of financial statements in conformity with Indian GAAP requires judgements, 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.

#### 3) REVENUE RECOGNITION :

- i) Sales are recognized on invoicing and delivery of goods to the customers.
- ii) Interest on KisanVikas Patra is recognized on cash basis.
- iii) Government grant is 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.  
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.

#### 4) FIXED ASSETS:

- i) Fixed Assets are stated at cost of acquisition less accumulated depreciation.
- ii) Fixed assets acquired from Government Grant are stated at nominal value and hence no depreciation is charged on such assets.

#### 5) DEPRECIATION:

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.

#### 6) 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.

#### 7) 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

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



8) **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 losses 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 recognition 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

9) **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.

10) **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.

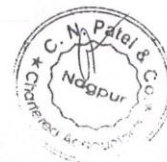
11) **ACCOUNTING OF TAXES ON INCOME :**

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

12) **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.

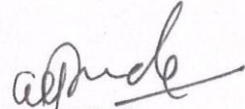
ii. Deferred Tax Assets & Liabilities are measured using the tax rates and tax laws that have been elected at the Balance Sheet date.

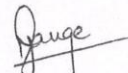



13) CONTINGENT LIABILITIES :

- a) 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.
- b) Un-provided liabilities are disclosed in accounts by way of notes.


For and on behalf of Board of Directors

  
Shri. Gajanan C. Bokde  
Chief Accounts and Finance Officer

  
Dr. Nirupama Dange, IAS  
Managing Director

  
Dr. A.M. Pophare  
Director

As per our report of even date  
For C. N. Patel & Co.  
Chartered Accountants  
(Firm Reg. No.:112552W)

  
Amit Kurani  
Partner  
M. No. 111132  
Nagpur  
Date: - 7 SEP 2016



Date : - 7 SEP 2016  
Place : Nagpur

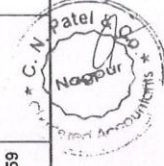


**FORM "B"**

[Sec. Rule 11]

**Form for Maintaining Credits, Withdrawal And Expenditure of  
MINERAL DEVELOPMENT FUND**

Financial Year	Credit	Withdrawals For		Total (3+4+5) (In Lakhs.)	Balance (In Lakhs.)	Signature	Remarks
		DGM	MSMC				
1	2	3	4	5	6	7 [2-6]	8 9
2014-15 Opening Balance	18,002.15	-	-	-	-		
Amount Recd From Govt Of Maharashtra	10,900.00	388.05	40.00	7,872.09	8,300.14	3,499.86	
Bank Charges	-	-	-	0.02	0.02	-	
Amount Deposited By MSMC	900.00	-	-	-	-	-	
Interest Recd During the Year	1,837.61	-	-	-	-	-	
Total	31,639.75	388.05	40.00	7,872.11	8,300.16	23,339.59	



Interest received during the year is accounted on cash basis is on actual receipt.