# THE SINGARENI COLLIERIES COMPANY LIMITED

(A GOVERNMENT COMPANY)

# 97th Annual Report & Accounts

## 2017-18

# OUR MISSION

- To retain our strategic role of a premier Coal Producing Company in the Country and excel in a competitive business environment.
- To strive for self-reliance by optimum utilisation of existing resources and earn adequate returns on the capital employed.
- To exploit the available mining blocks with maximum conservation and utmost safety by adopting suitable technologies & practices and constantly upgrading them against international benchmarks.
- To supply reliable and qualitative coal in adequate quantities and strive to satisfy customers needs by constantly sharing their experience and customising our product.
- To emerge as a model employer and maintain harmonious industrial relations within the legal and social frame work of the State.
- To emerge as a responsible Company through good Corporate Governance, by laying emphasis on protection of environment & ecology and with due regard for corporate social obligations.
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THE SINGARENI COLLIERIES COMPANY LIMITED
(A GOVERNMENT COMPANY)

# THE SINGARENI COLLIERIES COMPANY LIMITED

(A GOVERNMENT COMPANY)

## 97TH ANNUAL REPORT & ACCOUNTS FOR THE YEAR 2017-18

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**BANKERS:**
State Bank of India
Indian Bank
Canara Bank
Andhra Bank

**STATUTORY AUDITORS:**
M/s. Ramamoorthy (N) & Co.,
Chartered Accountants,
4-1-1229, Gulshan Manzil, Bogulkunta,
Hyderabad - 500 001, Telangana State.

**SECRETARIAL AUDITOR:**
Sri K.V.Chalama Reddy,
Company Secretary,
Flat No.301, Madhava Apts., Hill Colony,
Khairatabad, Hyderabad - 500 004.

**LOCATION OF MINING AREAS:**

**Khammam & Bhadradri Kothagudem Districts**
Yellandu
Rudrampur
Manuguru

**Peddapalli District**
Ramagundam (Godavarikhani)

**Mancherial & Komarambheem Asifabad Districts**
Srirampur
Mandamarri
Bellampalli

**Jayashankar Bhoopalpalli District**
Bhoopalpalli

## BOARD OF DIRECTORS

| | | |
|---|---|---|
| 1. | *Chairman & Managing Director* | |
| | **Sri N. Sridhar** | **(From 1.1.2015 FN)** |
| 2. | *Director (Electrical & Mechanical)* | |
| | **Sri S. Shankar** | **(From 1.2.2017)** |
| 3. | *Director (Finance) & CFO* | |
| | **Sri S. Shankar (FAC)** | **(From 4.6.2018)** |
| | **Sri J.Pavitran Kumar** | **(From 4.6.2015 to 3.6.2018)** |
| 4. | *Director (Operations)* | |
| | **Sri S. Chandrasekhar** | **(From 2.5.2017 AN)** |
| | **Sri J.Pavitran Kumar (FAC)** | **(From 1.5.2017 to 2.5.2017 FN)** |
| | **Sri B. Ramesh Kumar** | **(From 13.12.2012 to 30.4.2017)** |
| 5. | *Director (Personnel, Administration & Welfare)* | |
| | **Sri S. Chandrasekhar (FAC)** | **(From 20.5.2018)** |
| | **Sri J.Pavitran Kumar (FAC)** | **(From 6.7.2015 to 19.5.2018)** |
| 6. | *Director (Planning & Projects)* | |
| | **Sri B. Bhaskara Rao** | **(From 2.5.2017 AN)** |
| | **Sri S. Shankar (FAC)** | **(From 1.5.2017 to 2.5.2017 FN)** |
| | **Sri B. Ramesh Kumar (FAC)** | **(From 1.4.2017 to 30.4.2017)** |
| 7. | **Sri R.R. Mishra**<br>*Chairman-cum- Managing Director, Western Coalfields Ltd., Nagpur* | **(From 7.12.2015)** |
| 8. | **Sri Syed Ashraf**<br>*Director, Ministry of Coal, Govt. of India, New Delhi* | **(From 14.10.2015)** |
| 9. | **Sri J.S.Bindra**<br>*Director, Ministry of Coal, Govt. of India, New Delhi* | **(From 9.6.2017)** |
| | **Sri D.N.Prasad**<br>*Adviser(Projects), Ministry of Coal, Govt. of India, New Delhi* | **(From 14.10.2015 to 31.5.2017)** |
| 10. | **Sri Ajay Misra**<br>*Special Chief Secretary, Energy Dept., Govt. of Telangana.* | **(From 20.12.2016)** |
| 11. | **Sri K.Rama Krishna Rao**<br>*Principal Secretary, Finance Dept., Govt. of Telangana.* | **(From 28.6.2014)** |

| | |
|---|---|
| **Sri G.Srinivas** | **Sri M. Narasimha Reddy** |
| Chief (Corporate Affairs) & Company Secretary | General Manager (Finance & Accounts) |

# BOARD OF DIRECTORS

(as on 28.9.2018)

**Sri N. Sridhar**
Chairman & Managing Director

**Sri S. Shankar**
Director (E&M) & (Finance) (FAC)

**Sri S. Chandrasekhar**
Director (Operations) & (PA&W) (FAC)

**Sri B. Bhaskara Rao**
Director (P&P)

**Sri Ajay Misra**
Director

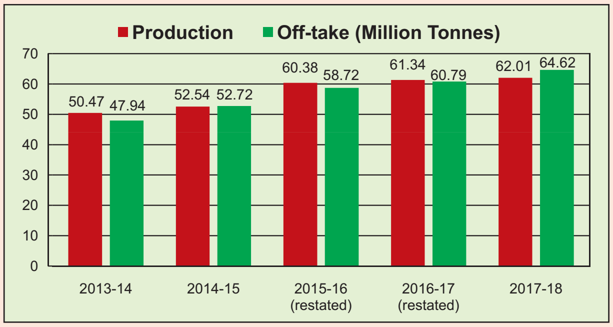
**Sri K. Rama Krishna Rao**
Director

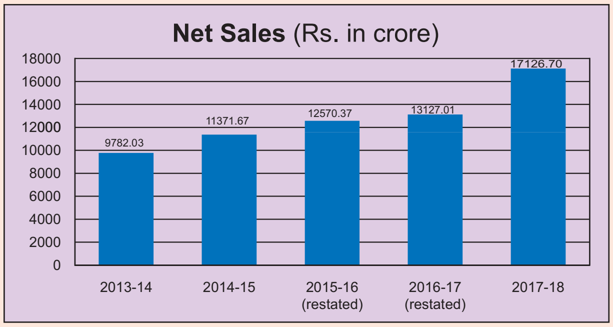
**Sri R.R. Mishra**
Director

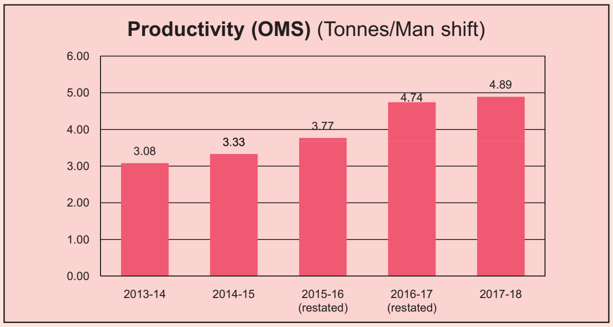
**Sri Syed Ashraf**
Director

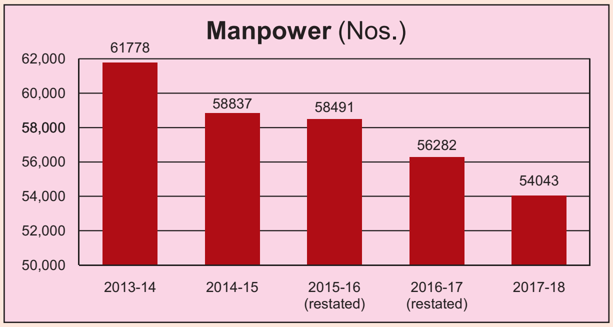
**Sri J.S. Bindra**
Director

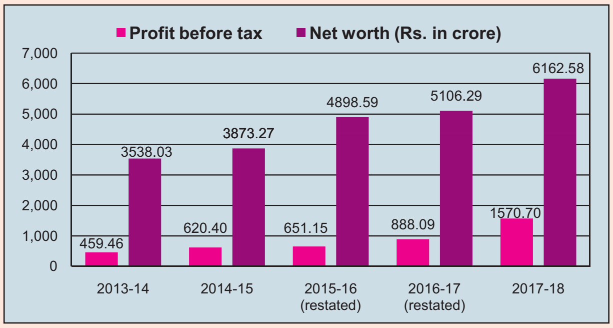
# Graphs Indicating Important Statistics

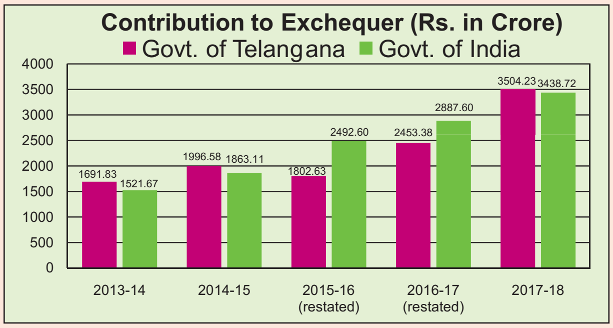


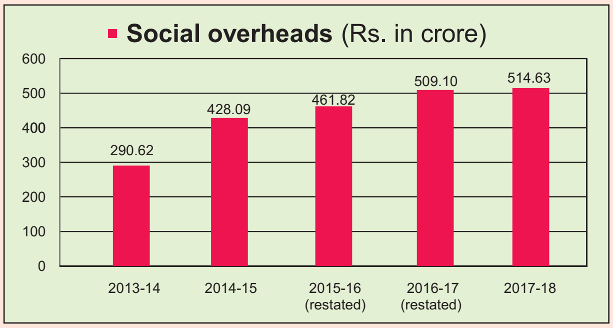



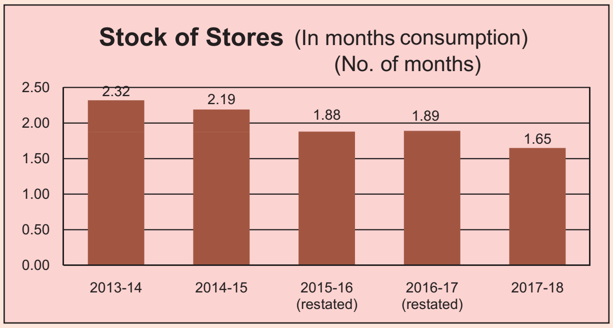



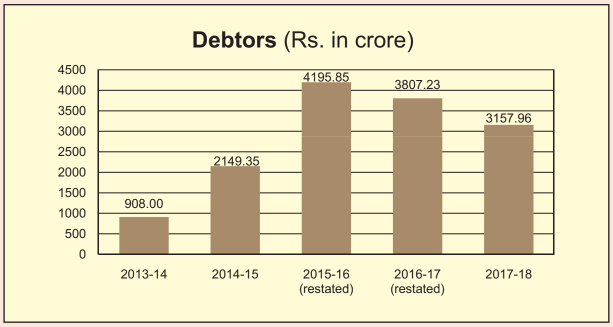



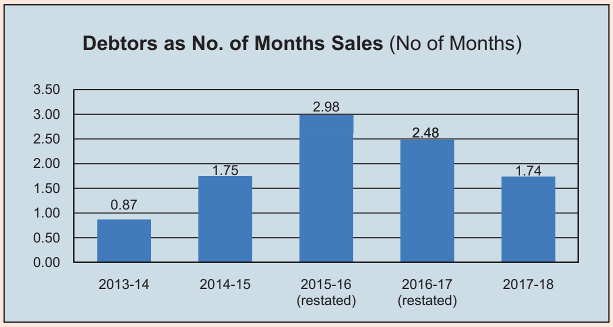



# PERFORMANCE INDICATORS AT A GLANCE

| Sl. No. | Indicators | Unit | 2017-18 | 2016-17 (restated) | 2015-16 (restated) | 2014-15 | 2013-14 |
|---|---|---|---|---|---|---|---|
| 1 | **Coal production:** | | | | | | |
| | a) Opencast | (Lakh Tonnes) | 537.00 | 518.21 | 497.28 | 423.33 | 399.21 |
| | b) Underground | (Lakh Tonnes) | 83.10 | 95.15 | 106.52 | 102.03 | 105.48 |
| | Total | (Lakh Tonnes) | 620.10 | 613.36 | 603.80 | 525.36 | 504.69 |
| 2 | Off-take | (Lakh Tonnes) | 646.23 | 607.91 | 587.22 | 527.18 | 479.41 |
| 3 | Stock of Coal | (Lakh Tonnes) | 52.84 | 79.50 | 72.71 | 53.66 | 55.52 |
| 4 | Output per Man Shift | (Tonnes) | 4.89 | 4.74 | 3.77 | 3.33 | 3.08 |
| 5 | **Power generation from 2x600 MW STPP:** | | | | | | |
| | a) Gross generation* | (MUs) | 9556.50 | 3523.76 | - | - | - |
| | b) Auxiliary consumption | (MUs) | 552.80 | 235.26 | - | - | - |
| | c) Net export | (MUs) | 9003.70 | 3288.49 | - | - | - |
| | d) Generation prior to CoD | (MUs) | - | 658.32 | - | - | - |
| | e) Generation post CoD | (MUs) | 9003.70 | 2671.68 | - | - | - |
| 6 | Manpower | (Nos.) | 54043 | 56282 | 58491 | 58837 | 61778 |
| 7 | Net Sales | (Rs Crore) | 17126.70 | 13127.01 | 12570.37 | 11371.67 | 9782.03 |
| 8 | Profit Before Tax | (Rs Crore) | 1570.70 | 888.08 | 651.15 | 620.40 | 459.46 |
| 9 | Profit After Tax | (Rs Crore) | 1212.75 | 490.56 | 616.54 | 490.44 | 418.74 |
| 10 | Accumulated Profit | (Rs Crore) | 2968.98 | 2012.69 | 1904.99 | 979.67 | 744.43 |
| 11 | General Reserve | (Rs Crore) | 1460.40 | 1360.40 | 1260.40 | 1160.40 | 1060.40 |
| 12 | Equity Share Capital | (Rs Crore) | 1733.20 | 1733.20 | 1733.20 | 1733.20 | 1733.20 |
| 13 | Long-Term Debt | (Rs Crore) | 4088.77 | 4273.72 | 3956.43 | 3545.59 | 2304.77 |
| 14 | Net Worth | (Rs Crore) | 6162.58 | 5106.29 | 4898.59 | 3873.27 | 3538.03 |
| 15 | Contribution to Exchequer | | | | | | |
| | - State Government | (Rs Crore) | 3504.23 | 2453.38 | 1802.63 | 1996.58 | 1691.83 |
| | - Central Government | (Rs Crore) | 3438.72 | 2887.60 | 2492.60 | 1863.11 | 1521.67 |
| 16 | Earning per Share | (Rs) | 8.02 | 3.70 | 4.19 | 2.83 | 2.42 |
| 17 | Debt - Equity Ratio | (ratio) | 2.35:1 | 2.47:1 | 2.28:1 | 2.05:1 | 1.33:1 |
| 18 | Cost of Sales to Sales | (percentage) | 90.83 | 93.23 | 94.82 | 94.54 | 95.30 |
| 19 | Debtors as No. of months' Sales | (months) | 1.74 | 2.48 | 2.98 | 1.75 | 0.87 |

* Unit-I of STPP achieved CoD on 25.09.2016 & Unit-II on 02.12.2016 (2016-17)

**The Singareni Collieries Company Limited**
(A Government Company)
Regd. office: Kothagudem Collieries (PO) - 507 101
Bhadradri Kothagudem Dist., Telangana State
CIN: U10102TG1920SGC000571
Website: www.scclmines.com email: cosecy@scclmines.com

# NOTICE

Notice is hereby given to all the shareholders of The Singareni Collieries Company Limited that the 97th Annual General Meeting of the Company will be held on Friday, the 28th day of September 2018 at 11 am at the Registered office, Head office building, Kothagudem Collieries (P.O) - 507 101, Bhadradri Kothagudem District, Telangana State to transact the following business.

1. To consider and adopt the Board's Report and the audited Annual Accounts for the financial year 2017-18.
2. To declare dividend @10% on the paid-up equity share capital for the financial year 2017-18.
3. To fix the remuneration payable to Statutory Auditors appointed by the C&AG of India for the financial year 2018-19.

   "Resolved that pursuant to the provisions of Section 142 and other applicable provisions if any, of the Companies Act, 2013, the sanction be and is hereby accorded for payment of remuneration and reimbursement of T.A & out of pocket expenses as decided by the Board of Directors to Statutory Auditors appointed by the C&AG of India for the audit of accounts of the Company for the financial year 2018-19."

## SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

4. Resolved that pursuant to the provisions of Section 148 and other applicable provisions if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the sanction be and is hereby accorded for payment of remuneration and reimbursement of T.A & out of pocket expenses to Cost Auditors appointed by the Board of Directors for the audit of cost accounting records of the Company for the financial year 2018-19 as decided by the Board of Directors.

By order of the Board

Sd/-
**(G. Srinivas)**
Chief (Corporate Affairs) &
Company Secretary

Date: 01.09.2018
Place: Kothagudem.

## Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

2. The explanatory statement pursuant to section 102 of the Companies Act, 2013 in respect of the special business is annexed.

3. The Board of Directors in the 545th meeting held on 11.7.2018 recommended dividend @10% on the paid up equity share capital for the financial year 2017-18. If approved the dividend will be paid to the shareholders as at the opening hours of 29.09.2018.

4. The Register of members and Share transfer books of the Company will remain closed from 22.09.2018 to 28.09.2018 (both days inclusive).

5. The shareholders are requested to intimate any change in their address to the Registered office of the Company for sending all correspondence.

## ANNEXURE TO NOTICE

Explanatory statement pursuant to Section 102 of the Companies Act, 2013.

Resolution No.4:

The cost auditors for the financial year 2018-19 are to be appointed by the Board of Directors on the recommendation of the Audit Committee.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014, approval of the shareholders is sought for payment of remuneration and reimbursement of T.A. & out of pocket expenses to Cost Auditors for the financial year 2018-19 as decided by the Board of Directors.

None of the Directors is personally interested in the resolution proposed to be passed.

***

# BOARD'S REPORT

Dear Members,

Your Board of Directors are pleased to present the 97th Annual Report and audited financial statements of the Company for the financial year ended on 31st March, 2018.

## PERFORMANCE:

The Company has registered growth rate in production, dispatches, sales and profit after tax during the year under report. The performance achieved by the Company during the year is as under:

| Performance parameters | 2017-18 | 2016-17 | % variance over 2016-17 |
|---|---|---|---|
| **Coal** | | | |
| Production (in million tonnes) | **62.01** | 61.34 | 1.09 |
| Despatches (in million tonnes) (excluding Colliery consumption) | **64.62** | 60.79 | 6.30 |
| Productivity (output per manshift in tonnes) | **4.89** | 4.74 | 3.16 |
| **Power (2X600 MW STPP)*** | | | |
| Gross generation (Million Units) | **9556.50** | 3523.76 | 171.20 |
| Auxiliary consumption (Million Units) | **552.80** | 235.26 | 134.97 |
| Net export (Million Units) | **9003.70** | 3288.49 | 173.79 |
| Gross sales of coal and power (Rs. in crore) | **21323.44** | 17822.73 | 19.64 |

*CoD of first unit was achieved on 25.9.2016 and 2nd unit was achieved on 2.12.2016. Hence the figures reported for 2016-17 are for part of the year.

## OPERATIONAL RESULTS:

The financial performance of the Company for the year 2017-18 as compared to the previous year is as under:

(Rs. in crore)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Gross revenue | **22799.72** | 18546.75 |
| Profit before interest, depreciation, provisions & tax | **4749.05** | 3219.42 |
| Less: Finance Costs | **1222.65** | 899.26 |
| Depreciation and Amortisation | **1532.56** | 1190.60 |
| Provisions including write-offs | **151.49** | 9.99 |
| Tax expenses | **451.97** | 477.63 |
| Other comprehensive income (Net) | **177.63** | 151.38 |
| Total comprehensive income - Profit After Tax | **1212.75** | 490.56 |
| **Appropriations:** | | |
| Dividend | **173.32*** | 129.99 |
| Tax on Dividend | **35.63** | 26.46 |
| Transfer to General Reserve | **100.00** | 100.00 |

*Dividend @ 10% on the paid-up equity capital for the financial year 2017-18 is recommended by your Board of Directors in the 545th meeting held on 11-7-2018.

## Share capital:

There is no change in the authorised and paid-up capital of the Company during the year under report and it remained at Rs.1800 crore and Rs.1733.20 crore respectively as in the previous year.

## Capital Expenditure:

During the year under report, the amount spent on capital additions is Rs.1605.82 crore as against Rs.2423.83 crore incurred in the previous year.

## Foreign exchange earnings and outgo:

During the year under report 2017-18 the foreign exchange outgo was Rs.215.82 crore as against Rs.192.04 crore in the previous year, which is mainly due to import of equipment & spares, payment of consultancy charges etc. There were no foreign exchange earnings.

## PRODUCTION PERFORMANCE:

**Production from opencast & underground mines:**

During the year under report the Company has achieved 62.01 million tonnes of production as against the target of 62.00 million tonnes. Out of the total production, opencast projects have produced 53.70 million tonnes and underground mines have produced 8.31 million tonnes. The technology-wise details of production achieved during the year under report against the targets as well as achievement in the previous year are as under:

(in million tonnes)

| Sl. No. | Technology | 2017-18 | | 2016-17 Actual | % variance over 2016-17 |
|---|---|---|---|---|---|
| | | Target | Actual | | |
| 1. | Underground | | | | |
| | a) Hand section | - | 0.148 | 0.228 | -35.09 |
| | b) Machine mining: | | | | |
| | i. Road header | 0.12 | 0.020 | 0.029 | -31.03 |
| | ii. Longwall | 2.50 | 0.285 | 1.101 | -74.11 |
| | iii. High wall | - | 0.127 | 0.013 | 876.92 |
| | iv. BM | 0.10 | 0.040 | -- | -- |
| | v. Side Dump Loaders | 6.28 | 5.218 | 5.495 | -5.04 |
| | vi. Load Haul Dumpers | 2.31 | 1.678 | 1.812 | -7.40 |
| | vii. Blasting Gallery | 0.08 | 0.050 | 0.179 | -72.07 |
| | viii. Continuous miner | 1.11 | 0.744 | 0.657 | 13.24 |
| | Total machine mining | 12.50 | 8.162 | 9.286 | -12.10 |
| | Total underground | 12.50 | 8.310 | 9.515 | -12.66 |
| 2. | Opencast | 49.50 | 53.700 | 51.823 | 3.62 |
| | Total (1 + 2) | 62.00 | 62.010 | 61.338 | 1.10 |

*View of Opencast Mine*


*Inter Company Cricket Tournament*

**Reasons for shortfall in production in UG mines against the target:**

- Shortfall in the production from Longwall due to delay in salvaging, face problem and machinery breakdown.
- Adverse geological condition and shortage of stowing sand for stowing.

## Overburden removal performance:

During the year under report the Company has achieved overburden removal of 392.11 million cubic metres in opencast projects as against 312.63 million cubic metres achieved in the previous year. The details of overburden removal by Company equipment and through outsourcing agencies are as under:

(in million Cu. Mtrs.)

| Particulars | 2017-18 | | 2016-17 | Variance over 2016-17 | |
|---|---|---|---|---|---|
| | Target | Actual | Actual | Absolute | Percentage |
| Company equipment | **72.00** | **62.58** | 58.52 | 4.06 | 6.94 |
| Outsourcing | **279.00** | **329.53** | 254.11 | 75.42 | 29.68 |
| Total | **351.00** | **392.11** | 312.63 | 79.48 | 25.42 |

The shortfall in achievement of OB removal through company equipment during 2017-18 is due to delay in procurement of 15 CuM bucket capacity shovel.

## Utilization of Capacity:

| Particulars | 2017-18 | | | 2016-17 | | |
|---|---|---|---|---|---|---|
| | Target | Actual | % Achieved against Target | Target | Actual | % Achieved against Target |
| **Capacity Utilization** | **95%** | **95%** | **100** | 92% | 98% | 107 |

## Productivity in terms of out put per man shift :

Productivity in terms of output per man shift in underground mines & opencast projects and for the entire Company for the year under report vis-à-vis previous year is as under:

(in tonnes)

| Particulars | 2017-18 | | 2016-17 Actual | Variance over 2016-17 | |
|---|---|---|---|---|---|
| | Target | Actual | | Absolute | Percentage |
| Underground Mines<br>- Hand section | **-** | **0.48** | 0.52 | -0.04 | -7.7 |
| - Machine mining | **1.53** | **1.10** | 1.20 | -0.10 | -8.3 |
| Total UG mines | **1.53** | **1.08** | 1.17 | -0.09 | -7.7 |
| Opencast projects | **14.00** | **13.73** | 13.85 | -0.12 | -0.9 |
| Overall | | | | | |
| - Mines | **5.29** | **4.89** | 4.74 | 0.15 | 3.2 |
| - Mines & Departments | **4.14** | **3.86** | 3.72 | 0.14 | 3.8 |

## Performance of HEMM:

The performance of Heavy Earth Moving Machinery in terms of availability and utilisation as against the previous year is indicated below:

| HEMM | Numbers on roll | | CMPDI Norms | | % Availability | | % Utilisation on Scheduled shift hours | |
|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | % availability | % utilisation on SSH | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Draglines | **2** | 2 | 85 | 73 | **74** | 70 | **62(85)** | 59(81) |
| Shovels | **65** | 59 | 80 | 60 | **85** | 83 | **58(97)** | 56(93) |
| Dumpers | **521** | 485 | 67 | 50 | **80** | 77 | **37(74)** | 38(76) |
| Dozers | **112** | 97 | 70 | 45 | **74** | 57 | **25(56)** | 23(51) |
| Drills | **64** | 58 | 78 | 40 | **79** | 79 | **26(65)** | 25(63) |
| Others | **169** | 163 | -- | -- | **74** | 70 | **26** | 24 |
| **Total** | **933** | 864 | -- | -- | **79** | 74 | **35** | 34 |

Note: Figures shown in brackets indicate percentage achievement of CMPDI norm.

## Performance of Underground Mining Machinery

The performance of Underground Mining Machinery in terms of availability and utilisation as against the previous year is indicated below:

| UGMM Equipment | Numbers on roll | | SCCL Norms | | % Availability | | % Utilisation on Scheduled shift hours * | |
|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | % Availability | % Utilization w.r.t. SSH | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Longwall | **1** | 1 | 75 | 67 | **88** | 54 | **6(8)** | 17(26) |
| Continuous Miner | **3** | 3 | 75 | 42 | **66** | 58 | **19(46)** | 21(50) |
| Road Header | **7** | 7 | 83 | 42 | **88** | 88 | **5(12)** | 3(8) |
| Blasting Gallery | **1** | 1 | 91 | 57 | **79** | 85 | **41(72)** | 21(36) |
| Load Hauler Dumper | **36** | 38 | 91 | 57 | **79** | 82 | **30(53)** | 29(50) |
| Side Discharge Loader | **176** | 182 | 91 | 58 | **92** | 92 | **33(57)** | 33(57) |
| Total | **224** | 232 | | | **89** | 90 | **31** | 31 |

* Figures in ( ) indicate % achievement of system utilization.

## MARKETING:

### Target and off-take of coal:

During the year under report, your Company has achieved 64.62 million tonnes off-take of coal against the target of 62.00 million tonnes. During the year the Company has got 142 new customers under power, non-power and e-action categories. The Company has entered MoUs with 9 Public Sector power utilities. The details of sector-wise AAP target & off-take and colliery consumption during the year 2017-18 as compared to the previous year are as under.

(in million tonnes)

| Sector | 2017-18 | | | 2016-17 | | |
|---|---|---|---|---|---|---|
| | Target | Off-take | % Achieved | Target | Off-take | % Achieved |
| Power | **50.86** | **53.48** | **105** | 44.29 | 51.51 | 116 |
| Cement | **2.84** | **2.68** | **94** | 3.80 | 2.71 | 71 |
| Heavy Water Plant | **0.60** | **0.43** | **71** | 0.50 | 0.38 | 75 |
| Other Industries* | **7.70** | **8.04** | **104** | 9.34 | 6.20 | 66 |
| Colliery Consumption | -- | -- | -- | 0.06 | 0.01 | 23 |
| Total | **62.00** | **64.62** | **104** | 58.00 | 60.80 | 105 |

*Includes captive power

## Mode of dispatches:

The details of dispatches through different modes (excluding colliery consumption) during the year under report as against previous year are as indicated below;

(in million tonnes)

| Year | Rail (incl. RCR) | Road | Merry-go-round | Rope-way | Total |
|---|---|---|---|---|---|
| **2017-18** | **39.05** | **17.02** | **8.13** | **0.42** | **64.62** |
| 2016-17 | 39.96 | 11.95 | 8.51 | 0.35 | 60.80 |
| Absolute increase/ decrease | **-0.91** | **5.07** | **-0.38** | **0.07** | **3.83** |

## Wagon loading performance:

Daily average loading of 4,084 / 1,634 Four Wheeler Wagons / Box wagons was done during the year 2017-18 as against 3,956 / 1,582 FWW/ Box wagons done in 2016-17.

## Measures for improving quality:

Measures taken for improving quality of coal are as under;

- Quality awareness programme was conducted from 5.2.2018 to 10.2.2018.
- Quality assurance week was conducted from 9.11.2017 to 15.11.2017. Souvenir was released with guidelines to Mine Managers & Quality Officers.
- Third party sampling is being implemented to all the power customers and dispatches of around 402 LT of coal were made through Third Party Sampling during the year under report.
- IICT, Hyderabad has been appointed as 3rd party sampling agency for implementation of TPS to non-regulated sectors.
- Presently 3 Washeries at Manuguru, RKP & RG II Areas are functioning. Work orders were issued to establish new Coal washeries at JVR OCP, Sattupally, Kothagudem Area with 4.0 Mtpa capacity under BOO concept. It is proposed to establish Washeries at RG-II & Mandamarri Areas.

## EXPLORATION ACTIVITIES:

During the year under report, 124.87 million tonnes of reserves were proved against 319.78 million tonnes proved in the previous year. With this the total proved reserves in Godavari Valley Coalfield have gone up to 10,971.04 million tonnes as on 31.3.2018. The coal extracted by the Company in the Godavari Valley Coalfield up to the year 2017-18 was about 1467.27 million tonnes.

*Coal handling plant*

*Spreader at OCP-II Project, RG-III Area*

## INDUSTRIAL RELATIONS:

There has been industrial peace except one strike during the year 2017-18 on the issue of dependant employment. The details of strikes, mandays and production lost during the year under report as against the previous year are as under:

| Particulars | Unit | 2017-18 | 2016-17 |
|---|---|---|---|
| Strikes | No. | **1** | 1 |
| Mandays lost | No. | **2,06,200** | 40,785 |
| Production lost | Tonne | **2,15,570** | 88,554 |

## EMPLOYEES' WELFARE MEASURES AND SOCIAL SECURITY SCHEMES:

Welfare and social security to the employees are given due importance and various welfare activities viz., housing & sanitation, educational, recreational, medical facilities with super specialty services and social security schemes that were in vogue are being continued.

- The overall housing satisfaction as on 31.3.2018 was 93.49% as against 88.83% at the end of previous year.
- Measures are being taken for continuous improvement of Company's main hospital at Kothagudem and other area hospitals and Air Conditioning of the wards is also being done. New Dispensary started at 2 x 600 MW STPP at Srirampur Area.
- Medical referral facility to super-speciality hospitals has been given to the parents of the employees also.
- There are 18 swimming pools throughout the Company for the benefit of employees.
- 158 Nos., RO plants were provided at all mines, hospitals, offices and various departments in phased manner.
- Yoga & Meditation camps were conducted extensively throughout the areas in association with Vivekananda Yoga Anusandhana Samsthan, Bengaluru, Aruna Yoga, Hyderabad and Patanjali Yoga Samithi in which 24,400 employees and their family members participated.
- Maternity leave for female NCWA employees has been enhanced from 12 weeks to 26 weeks.
- Compassionate employment scheme to the dependants of NCWA employees who die while in service or become medically invalid is being implemented and a circular has been issued bearing No.CRP/PER/IR/C/081/305 dt.9.3.2018 of Director (PA&W).
- House Building Loan Interest Reimbursement Scheme -2018 is being implemented for NCWA employees and a circular has been issued bearing No.CRP/FAD/GA/HBL/RS/230, dt.31.3.2018. Under the scheme interest paid by employees on house building loan up to a maximum of Rs.10,00,000/- taken from the Public Sector Banks/Financial Institutions will be reimbursed by the Company.
- A decision has been taken to extend power supply for Air Conditioner to the NCWA employees provided with quarters.
- Recovery of electrical charges @ 1% of basic pay from NCWA employees provided with company quarters has been exempted vide circular No.CRP/PER/IR/P/441/373 dt.23.3.2018.

- Optional Paid Holiday has been declared on account of Sankanthi/Ramzan(Eid-ul-Fitr) / Christmas vide circular No. CRP/PER/IR/H/240/2019 dt.19.12.2017.
- Paid Holiday has been declared on 14th April to commemorate the Birth Day of Dr.B.R.Ambedkar vide circular No. CRP/PER/IR/H/240/1830 dt.24.11.2017.
- In order to bring awareness among the employees and their family members on cleanliness as part of Swatch Bharat campaign, Swatcha Pakhwada programme has been conducted from 16th to 30th June, 2017 in all Areas of the Company.
- Canteen facilities have been improved by modernising the canteen furniture and also introducing new food items in the menu.
- An awareness programme called as "Mee Kosam - Mee Arogyam Kosam - International Yoga Day" was conducted on 21st June, 2017 in which 34,267 employees and their dependants were participated all over the Company areas.
- 70,000 books titled as 'Arogya Sri', health awareness books were distributed to the employees in all the Areas.
- The Singareni Collieries Educational Society sponsored by the Company has been running 9 Schools at various areas, Women's PG & Degree and Girls Junior College at Kothagudem and one Polytechnic College at Srirampur. Apart from curriculum and academic activities encouragement is also being given for NCC, Scouts & Guides movement, various arts like drawing, music etc.
- Employees are being provided sports facilities & required infrastructure and are also encouraged to participate in sports & games.
- Contributory Post-Retirement Medicare scheme is being implemented for retired executives and their spouses. So far about 1361 medical ID cards have been issued since commencement of the scheme.
- Contributory Post-Retirement Medicare scheme is introduced for retired NCWA employees and their spouses vide circular No.CRP/PER/IR/CRPMS/375 dt.23.3.2018.
- The Company has extended insurance coverage to all the employees under Pradhan Manthri Suraksha Bima Yojana (PMSBY) and paying premium.

## Social Overheads:

An expenditure of Rs.514.63 crore was incurred on various social overheads during the year 2017-18 as against Rs.509.10 crore incurred in the previous year.

## Corporate Social Responsibility and activities through Singareni Seva Samithi:

The Company has formulated CSR Policy and taken up several CSR activities. The Company has also taken up several CSR activities through 'Singareni Seva Samithi', a non-profit organisation established in 1998. During the year under report the Samithi activities are as under;

- About 4,774 dependants of employees / Ex-employees and locals have been imparted training in Skill Development Programmes through Khadi Gramodyog Maha Vidyalay, Rajendranagar (KGMV) in different vocational trades like DTP, Maggam work, Tailoring, Beautician, Fashion Designing etc. Out of them, 1,276 candidates have successfully completed training and got certificates from KGMV.

- 221 candidates have been imparted training in Pre-Primary Teacher training, spoken English, Anchoring course etc.
- 340 candidates have undergone Light Motor Vehicle driving course at different areas of SCCL. 198 candidates of all areas were given Volvo Truck Driving training at its Centre, Bangalore. 132 of them were completed and certified for open market Driver certificate test conducted by Volvo.
- With the assistance of Seva Samithi, 197 self employment units were established at various areas during the year taking the total self units established so far to 3,251.
- Eye camp was organised at Yellandu area with the help of L.V.Prasad Eye Hospital of Paloncha which benefitted 400 persons. Financial support is being extended to Master EK Society, Kothagudem area for Homeo medical care is continuing.
- Super speciality medical camp organised at BHPL area with the help of Deccan Hospitals, Hyderabad which benefitted of 1,804 PAPs.
- Medical camp at Singareni Colony, Saidabad, Hyderabad was organised which benefitted 153 retired employees of SCCL.
- 100 students of Koyagudem Opencast project affected villages of Yellandu area were given polytechnic entrance coaching. Vidya volunteers at Bellampalli (9) and Manuguru (1) areas were engaged for tuition of R&R centres and PAPs children.
- ST Homes of Kothagudem (vanavasi Kalyana Paraishad) & Mandamarri (Ramji Gond Vidyarthi Nilayam) were adopted for free education, uniforms, school bags, books etc. Badli worker recruitment coaching was arranged for 150 PAPs of KOC, Yellandu.
- 46 Special children were supported by the Company, who are associated with Satya Sai Deaf & Dumb School, Manuguru.
- About 300 candidates were trained at all Areas for Army / Police recruitment rallies. Study material for recruitments tests was also distributed. Out of the above, 22 candidates were selected in physical endurance in Army Recruitment Rally held at Moula Ali, Hyderabad and 86 candidates selected in physical endurance in Army Recruitment Rally in Karimnagar. Finally 14 candidates were selected in written exam and posted for duty.
- As a part of 'Telanganaku Haritha Haram' programme of the Govt. of Telangana the Company has planted one crore saplings throughout the Areas.

## CSR Committee of Board:

Corporate Social Responsibility Committee of Board constituted under the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 consists following members.

| | | |
|---|---|---|
| i) | Chairman & Managing Director | - Chairman |
| ii) | Director (Finance) | - Member |
| iii) | Director (Operations) | - Member |
| iv) | Director (PA&W) | - Member |

Annual Report on CSR activities of the Company for the financial year 2017-18 as required under Rule 8 of Companies (CSR Policy) Rules, 2014 is given as Annexure - I.

## INFORMATION TECHNOLOGY & NETWORKING:

The following measures were taken for using Information Technology in the operations of the Company.

- OFC connectivity extended to weigh bridges and check posts.
- LAN connectivity extended for new check posts and weigh bridges.
- Developed web based Grievance Monitoring System, Trade apprentice Registration system, Quarter allotment system, Canteen Management System.
- Singareni Employees Wives Association (SEWA) website was developed, launched & inaugurated on Singareni Day Celebrations i.e., on 23.12.2017.
- GPS based VTS system for monitoring internal coal transportation trucks including PHD vehicles was implemented at BPA, MM, RG-I, MNG & KGM areas successfully and works for implementing the same at Yellandu area are in progress.

## SAFETY STATUS:

Your Company is taking all measures for improving the safety status in mines. Corporate and region level safety review meetings are conducted regularly. Safety Audit is also being done. Stage-II training on risk assessment based Safety Management Plan by M/s.SIMTARS, Australia for 10 Executives has been completed which will help in imparting safety and health management systems on par with the international standards by specialised training in risk management and hazard identification. Monitoring stability of slopes in Opencast projects with the help of slope monitoring radars. Two Safety Management Training Centres (SMTCs) are being established one each at Mandamari & Ramagundam-II Areas for imparting training to the Risk Management teams of all Mines.

The details of accidents and persons involved are as under:

| Year | Fatal | | Serious | | Injury rate per million tonne of production | |
|---|---|---|---|---|---|---|
| | No. of accidents | No. of persons involved | No. of accidents | No. of persons injured | Fatal | Serious |
| **2017-18** | **10** | **11** | **210** | **215** | **0.18** | **3.47** |
| **2016-17** | 10 | 12 | 220 | 224 | 0.20 | 3.65 |

## Mines rescue services:

Mines Rescue Services of SCCL have attended 4 underground emergencies and 8 surface emergencies including OCPs and 32 outside emergencies as part of corporate social responsibility.

SCCL Rescue team participated in 48th All India Mines Rescue Competitions held at Jamadoba in Dhanbad from 13th to 15th December, 2017 and bagged overall 2nd prize and other prizes.

## HUMAN RESOURCE DEVELOPMENT:

The objective of HRD department of the Company is to improve the competencies of all its employees and to enable them to become excellent performers, responsible citizens and best teams and ideal family members by harnessing their full potential so as to make them to lead healthy, peaceful, stress-free prosperous life. The Company has good in-house training centers with facilities like Library, LCD projector, Computers and Internet at various areas. During the year under report, the details of total training centers are as indicated below:

| Sl. No. | Name of the centre | No. of centres |
|---|---|---|
| 1. | Mines Vocational Training Centres (MVTC) | 10 |
| 2. | Technical Training Centre (TTC), Ramagundam (for opencast technology) | 1 |
| 3. | Underground Mechanisation Training Institute (UMTI), RG-II (for underground technology) | 1 |
| 4. | Nargundkar Institute of Management (NIM), RG-II (for executive training) | 1 |

Number of executives & non-executives covered under in-house and outside training programmes are as under:

| Sl. No. | Particulars of training programmes | 2017-18 | | 2016-17 | |
|---|---|---|---|---|---|
| | | Executives | Non-Executives | Executives | Non-Executives |
| 1. | In-house | **784** | **112** | 571 | 572 |
| 2. | Within the country | **449** | **82** | 297 | 144 |
| 3. | Outside the country | **15** | **--** | 20 | 10 |

## Manpower:

The manpower of the company has come down from 56,282 as at the end of the previous year to 54,043 by the end of the year under report.

## MEASURES FOR CONSERVATION OF ENERGY:

The specific energy consumption in KWH/ tonne of coal production has come down during the year under report by 7.22% over the previous year as mentioned below:

| Description | 2017-18 | | 2016-17 | | % variance over 2016-17 |
|---|---|---|---|---|---|
| | Target | Actual | Target | Actual | |
| Specific energy consumption in KWH/tonne | **14.50** | **10.78** | 14.50 | 11.62 | -7.22 |

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Pneumatic Rib drill used for drilling the holes for blasting and supporting in place of electric hand hold in underground mines is introduced in few mines and proposed to replicates in most of the underground mines.

## PROJECTS AND SCHEMES:

### Projects/schemes under implementation:

As at the end of March 2018, there are 20 coal mining projects, (14 Opencast and 6 Underground) under various stages of implementation with a sanctioned capital cost of Rs.6937.28 crore. The implementation of 14 projects is as per schedule, 6 Projects is lagging behind schedule. The Management is taking all possible steps to reduce slippages in implementing the projects.

*Integrated SCCL Township for employees*

*Recreation of employees through Sports*

*Advanced FirstAID Training Classes*

## Projects approved by the Company:

The Board of Directors of the Company have approved the following projects / schemes during the year 2017-18 within its delegated powers:

| Sl. No. | Name of the Project | Sanctioned Capital (Rs. crore) | Capacity per annum (MTPA) | Approved on |
|---|---|---|---|---|
| 1. | RCE of Shantikhani Longwall Project | 448.860 | 1.80 | 19.08.2017 |
| 2. | RCE of KTKOC-II Project | 442.420 | 1.25 | 19.08.2017 |
| 3. | RCE of Indaram OC Project | 349.280 | 1.20 | 19.08.2017 |
| 4. | RCE of Sravanapally OC | 412.700 | 3.00 | 23.02.2018 |

The Board of Directors of the Company have approved the following Pre-mining activities during the year 2017-18:

| Sl. No. | Name of the Project | Sanctioned Capital (Rs. crore) | Capacity per annum (MTPA) | Approved on |
|---|---|---|---|---|
| 1. | Pre-Mining activities of GDK-10 OC | 43.93 | 5.00 | 19.08.2017 |
| 2. | Pre-Mining activities of GDK-5 OC | 40.54 | 3.00 | 23.02.2018 |
| 3. | Pre-Mining activities of Chinthaguda OC | 34.37 | 1.00 | 23.02.2018 |

## Up gradation of Explosive plant:

The work for enhancement of capacity of Site Mixed Slurry (SMS) Explosive plants at Ramagundam from the existing 10,000 Tons to 30,000 Tons per annum and Manuguru Plant from 5,000 Tons to 20,000 Tons per annum and converting to Site Mixed Emulsion (SME) technology is in final stage.

## Bhadrachalam Road to Sathupalli Railway siding:

Bhadrachalam Road to Sathupalli Railway siding is being taken up at a total cost of Rs.704.31 crore out of which the SCCL share is Rs.618.55 crore (CC&DAC granted financial assistance of Rs.252 crore). Railway share is Rs.85.76 crore (towards land cost). Contract was awarded for earth & CD works, land acquisition is in progress.

## PERFORMACE OF 2x600 MW POWER PROJECT:

The 2x600 MW coal based Thermal Power Plant at Jaipur Mandal of Adilabad District of Telangana was dedicated to the Nation by Hon'ble Prime Minister on 7.8.2016. The commercial operation of Unit-1 & Unit-2 achieved on 25.9.2016 and 2.12.2016 respectively.

2 TMC water supply scheme, Railway siding, residential quarters are nearing to completion. BTG package works have been completed. While major BoP package works have been completed, some building works and finishing works are nearing completion.

Consent for operation (CFO) of STPP has been issued by TSPCB on 27.5.2016 and the same was renewed on 4.4.2017 for a period of 5 years i.e., up to 30.4.2022.

Power generation from 2x600 MW STPP has started from 1.6.2016. Unit-1 has achieved 100% PLF during April & December, 2017. Unit-2 has achieved 100% PLF during May & November, 2017. Highest monthly

*Employees Participating in Plantation Program as part of Haritha Haram*

*Park at Bhupalpalli Area*

station PLF of 99.51% was achieved in December, 2017. During the year under review 9575.26 MU of power was generated from both the units and 9004.02 MU of power was exported to TSDISCOMs.

## STATUS OF 1x800 MW ADDITIONAL 3RD UNIT (STAGE-2) OF STPP:

Govt. of Telangana has accorded approval for 800 MW Super Critical Unit (Stage-2) as a part of expansion of 2x600 MW (Stage-1) STPP vide letter dated 16.3.2017 and approved DPR at a cost of Rs.5,879.62 crore on 23.9.2017.

NOC for Chimney height obtained from Airports Authority of India. MoEF&CC has issued ToR on 26.9.2017. Environmental public hearing was conducted on 7.3.2017.

## SOLAR POWER:

Proposal for setting up Solar power plants of 300 MW capacity under captive and PPA model in the areas of the SCCL is under formulation.

## PROTECTION OF ENVIRONMENT, ECOLOGY & BIO-DIVERSITY:

During the year under report, plantation was done on OB dumps in 270.5 Ha. with 32,85,965 seedlings, Block plantation in 491 Ha., with 11,61,616 seedlings and avenue plantation in 49.5 KMs with 17,450 seedlings. Thus the total area of plantation done during the year 2017-18 was 811 Ha. of OB & Block plantations apart from avenue plantation with 44,65,031 seedlings. Reclamation of OB dumps is being done concurrent to mining operations. The Company has banned usage of plastic carry bags & other plastic materials in all the mining areas, offices, clubs, guest houses etc. Overburden is being processed for stowing in underground mines. The Company has developed and is maintaining 44 parks and 70 gardens throughout coal belt areas. There is a total stock of 56.63 lakh seedlings in 12 nurseries maintained by the Company throughout coal belt areas.

Under the State government's prestigious programme, 'Telangana ku Haritaharam' the company has planted (including distribution) 1 crore Nos., of saplings for 2nd consecutive year.

The plantations raised in the Company Areas are highly successful with survival rate of more than 90%. The Company is raising such saplings which is depleting in faster rate in Reserve forest like *Mitragyna parvifolia, Adyna cardifolia, Dalbergia latifolia, Pterocarpus santilinus, Hardwikia binata, etc*.

28 Effluent Treatment Plants and 7 Sewage Treatment Plants are functioning at different areas to treat workshop effluents and domestic effluents respectively.

Fly ash bricks are being used in all construction works.

## RESEARCH & DEVELOPMENT:

During the year under report, R&D activities taken up and benefits derived are as under;

- Strata monitoring, blasting, ventilation related studies to assist mines for safety and production.
- Coordinated in the formulation and execution of consultancy projects to be carried out by scientific agencies as required for mines. Coordinating scientific institutions in formulation and implementation of S&T projects.
- Trail study of Solar lighting system in OB dump yards was conducted at GKOC of KGM Area and cost benefit analysis was done with respect to Diesel generators. It is proposed to replace diesel generators with solar lighting system as per requirement in phased manner.


*Singareni Sewa Samithi Training Session for Self Employment*

*Employees at Yoga Camp in STPP*


*Mines Rescue Team of the SCCL with the Winners Trophy at National Mines Rescue Competition - 2017*

- First time In-house blasting inducted ground vibrations study was conducted at KKOC of MM Area and GKOC of KGM Area.
- Prepared guidelines & scope of work for automation for monitoring of underground activities and tracking of persons by using On Line Network (Wi-Fi). Identified PVK.5 Mine for pilot project study.
- Agriculture on OB dump yards study was taken up with CRIDA and ICRISAT.
- Study conducted to introduce air cooling system for SK Mine and increase the capacity of air cooling system at ALP.
- Trial study was conducted at GKOCP for control of dust emissions by mixing of chemical additives in water for spraying on haul roads and approval was obtained for carrying out extended study at KTK OC-II Project for studying the effectiveness of the additives.
- Scientific study was carried out in GK OCP and PKOC for the last one year by using an additive supplied by M/s.LE Gazole Plus Eco Solutions Pvt. Ltd., Hyderabad for reducing diesel consumption in the dumpers as well as exhaust emissions. The study revealed that the emissions were reduced by 40% when compared with the values prior to usage of this additive in both the Mines, CO2 emissions were reduced to an extent of 669 Tonnes (2.65 Kg. per Ltr.)

  The expenditure incurred on R&D during the year under report is Rs.2.41 crore as against Rs.3.51 crore incurred in the previous year. The expenditure on R&D is 0.017% of turnover.

## Future plan of action:

The plan of action on the following R&D activities are formulated in addition to consultancy scientific studies, in-house scientific studies on different mining technologies, strata designs, opencast slope stability etc., and S&T studies.

- Radars & Lidar 3D scanner introduction in SCCL opencast mines.
- Development of agriculture in OB dump yards.
- Automation of underground activities by applications of WiFi Technology.
- Accommodation of fly ash in OB dump yards & underground mines.
- Re-organisation of ventilation networks for large underground mines as per the necessity and optimization of energy in ventilation systems.

## INTERNAL AUDIT:

The Internal Audit Dept. conducts activities approved by Audit Committee of the Board, which *inter- alia* include;

1) Scrutiny of financial transactions under pre-audit and post-audit modes.
2) Payroll audit including scrutiny of balance leave wages; basic pay fixations and anomalies/Depts.
3) Surprise checks on attendance of workmen at Mines/Dept.
4) Physical verification of inventory under perpetual inventory verification system, verification of cash balances at cash offices, canteens, pit stores, etc.
5) Verification of cost records.

6) Verification of FDRs held by the Company.

7) Comprehensive studies on systems and procedures etc.

During the year under report, the Internal Audit dept., verified 18617 suppliers bills, civil bills, etc. valuing Rs.3371.28 crore under pre-audit and disallowed an amount of Rs. 872.43 lakhs. Further, Internal Audit verified 6917 bills valuing Rs.744 crore under post-audit and advised for recovery of an amount of Rs.32.18 lakhs.

During wages audit internal audit dis-allowed an amount of Rs.58.26 lakhs under pre-audit and Rs.64.26 lakhs under post-audit. Further, Internal Audit conducted system audit on revised basic pay fixations of NCWA employees under JBCCI-X and also taken up post-audit of revised basic pay fixations of all the NCWA employees post implementation of JBCCI-X.

The status of compliance of Internal Audit memos issued against post-audit checks as on 31.3.2018 when compared to the end of previous year (31.3.2017) is as under;

| Period up to | Issued | | Complied | | Pending | | % compliance No. of memos | Recovery percentage |
|---|---|---|---|---|---|---|---|---|
| | No. of memos | Value (Rs. lakh) | No. of memos | Value (Rs. lakh) | No. of memos | Value (Rs. lakh) | | |
| **31.3.2018** | **1470** | **347** | **1430** | **333.70** | **40** | **13.13** | **97** | **96** |
| **31.3.2017** | 1311 | 291 | 1276 | 282.81 | 35 | 8.19 | 97 | 97 |

## VIGILANCE:

During the year under report, while 31 cases were pending at the beginning, 124 cases were received during the year 2017-18. The Vigilance dept. has submitted reports in 117 cases and 38 cases were pending as on 31.3.2018. Based on the reports submitted by the Vigilance department action was taken on 60 employees. The Vigilance Dept. has conducted surprise checks and surveillance at CHPs, weigh bridges, check posts, OCP's, mines and certain strategic junction points in and around coal belt areas etc., system studies on sand transportation at STPP, Coal transport routes, GPS/GPRS based VTS system in different areas, forest tendering process, guest houses, dependent employment cases etc. The short comings observed during vigilance studies were analysed and appropriate recommendations were given to the concerned for rectification action. The Vigilance reports are being reviewed by the Board of Directors.

## WHISTLE BLOWER MECHANISM:

Whistle Blower Mechanism of SCCL is in operation. During the year under report, there were no disclosures received under the mechanism.

## Implementation of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

The Company has established procedures for dealing with the complaints under the above Act. During the year under report the complaints received under the Act are Nil.

## SUBSIDIARY:

SCCL continues to hold Rs.1408.27 lakh of equity amounting to 81.54% in A.P Heavy Machinery & Engineering Ltd. as on 31st March, 2018 as at the end of previous year. During the year 2017-18 the Company has incurred a loss of Rs.117.53 lakhs as against Rs.298.94 lakh profit after tax earned in the previous year.

## Related party transactions:

During the year under report, your Company had related party transactions with the APHMEL (Subsidiary) as under.

| | Rs. Ps. |
|---|---|
| On arms length basis: | |
| - Proprietary orders | 2,51,92,699.40 |
| - Against open enquiry | 30,61,47,685.43 |
| | ----------------------- |
| Total | 33,13,40,384.83 |
| | ----------------------- |
| Not on arms length basis: | |
| - Nomination | 3,29,24,714.00 |
| | ------------------------ |
| Total | 36,42,65,098.83 |
| | ------------------------ |

**Details are given in Form-AOC-2 as Annexure-II**

## NEW BUSINESS INITIATIVES:

### Naini Coal Block:

The Company was allocated Naini Coal Block located at Talcher Coal Fields, Angul Dist. of Odisha, by Govt., of India through allotment process to Govt. Companies. The Block is having Geological reserves of 495.00 Million Tonnes, out of which 180.00 Million Tonnes are proved. Preparation of GRS is completed and is being submitted to the Ministry of Coal. Preparation of mining plan is in the final stage. Work for generation of preparation of Base Line is completed. Preparation of EC application is under progress. Application of forest land diversion has been uploaded in MoEF and CC Portal on 29.12.2017 and further process is in progress.

The Company proposes to appoint MDO for development & operation of Naini Coal mine in Odisha.

### Penagadapa Coal Block:

The Company has been allocated Penagadapa Coal Block located at Kothagudem area under the category of allotment of coal blocks to the State PSUs of coal mine bearing States. Allotment agreement has been executed on 27.10.2016 and allotment order issued by the Nominated Authority on 15.12.2016. Commencement plan and pre-commencement report was submitted to the Nominated Authority on 20.1.2017.

Application for permission of MoEF and CC for drilling is in process.

## Processed OB for civil works / commercial purpose:

Processed OB to sand for commercial purpose is being explored. Contract was awarded on experimental basis at RG OC-II for processing OB to meet IS : 383 standard. The experiment has been successful and it is proposed to take up processed OB to sand for civil works on full scale.

## Consultancy and other job works of other Organisations:

**During the year under report the main consultancy services and other job works of other organisations performed are as under:**

- ✓ Contract for consultancy work of "study on underground coal mining in CIL - Problems, potential, Technology, Modernisation, Production & Safety" awarded to the consortium of ISM-SCCL-PwC is being performed.
- ✓ Preparation of 'Detailed Project Report' of Suliyari Coal Mine of APMDC.
- ✓ Publication of Gazette Notification for PL under Section 4(1) of CBA(A&D) Act, 1957 for Sarapal-Nuaparha Coal mine of APGENCO.
- ✓ Coal stock measurements in various mines of CIL.
- ✓ Drilling of 2 Nos., boreholes for NIRM as part of 'S&T' project.
- ✓ Vetting of DPR on ERP of CIL.
- ✓ Pre-level survey and monthly & quarterly joint measurement of OB at Tadicherla-1 Coal mine of TSGENCO.

## JV Company with APMDC:

Pursuant to the directions of erstwhile Govt., of AP Joint Venture Company named as 'APMDC SCCL Suliyari Coal Company Ltd.' was formed on 1.7.2013 along with APMDC for exploration and mining of coal from Suliyari-Belwar coal block in Madhya Pradesh. The equity participation was in the ratio of 51:49 between APMDC and SCCL and the SCCL has invested Rs.9.80 crore which is kept by JV Company in share application money account. However, in pursuance of the AP Reorganization Act, 2014, the APMDC has been bifurcated into APMDC and TMDC. Objectives of formation of the JV Company with erstwhile APMDC have become null & void as the allotment of this coal block to the erstwhile APMDC was cancelled by Hon'ble Supreme Court along with other coal blocks. Later though the coal block is reallocated to the present APMDC under non-host PSU category, the transfer of the rights of the coal block to the JV Company and other conditions of the JV agreement cannot be fulfilled as per the eligibility conditions of MoC in the Allotment Document. Therefore the Board in 539th meeting held on 4.3.2017 approved for voluntary winding-up of the JV Company. The JV Company has been requested to take measures for winding up.

## STATUTORY AUDITORS:

For the financial year 2017-18, the Comptroller & Auditor General of India has re-appointed M/s. Ramamoorthy (N) & Co., Chartered Accountants, Hyderabad as Statutory Auditors of the Company under Section 139 of the Companies Act, 2013.

## SECRETARIAL AUDITOR:

For the financial year 2017-18, the Board of Directors of the Company have appointed Sri K.V. Chalama Reddy, Company Secretary in practice, Hyderabad as Secretarial Auditor of the Company under Section 204 (1) of the Companies Act, 2013.

The Secretarial Audit Report vis-a-vis replies of the management for the remarks of the Secretarial Auditor is given as Annexure-III.

## COST ACCOUNTING RECORDS:

As per the Company's (Cost Accounting Records) Rules, 2011 issued by Ministry of Corporate Affairs, your Company has been maintaining cost accounting records.

## Cost Auditors:

On the recommendation of Audit Committee, the Board of Directors in the 541st meeting held on 19.8.2017 appointed M/s.Narasimha Murthy & Co., as Cost Auditors of the Company for the financial year 2017-18.

## Internal Auditor:

The Board of Directors have appointed Sri Ch.Vara Prasad, General Manager (F&A) (Internal Audit) as Internal Auditor of the Company under Section 138 of The Companies Act, 2013.

## Chief Financial Officer:

Sri J. Pavitran Kumar, Director (Finance) has been Chief Financial Officer of the Company under Section 203 of The Companies Act, 2013 from 4.6.2015 to 3.6.2018. Sri S. Shankar, Director(E&M) & Finance(FAC) has been appointed as Chief Financial Officer w.e.f. 11-7-2018.

## AUDIT COMMITTEE:

Audit committee of the Company consists of all non-executive Directors viz., Sri Ajay Misra, Special Chief Secretary, Energy Dept., Govt. of Telangana, Sri K.Rama Krishna Rao, Principal Secretary, Finance Dept., Govt. of Telangana, Sri R.R. Mishra, C-MD, Western Coalfields Ltd., Sri Syed Ashraf, Director, Ministry of Coal, Govt. of India and Sri J.S.Bindra, Director, Ministry of Coal, Govt. of India as Members. The Board has concurred with the recommendations of the Committee given in its three meetings held during the year under report.

## UNPAID DIVIDEND AND TRANSFER OF SHARES TO IEPF:

Out of the 157 private shareholders, the dividend amount of the year 2009-10 remained unpaid/unclaimed for a period of 7 years from the date of transfer to unpaid/unclaimed dividend account in respect of 95 shareholders holding 12,950 shares amounting to Rs.1,29,500/- paid up share capital. These shareholders have also not claimed subsequent 6 years dividend. It is therefore proposed to transfer these shares to Investor Education and Protection Fund as per the procedure prescribed under the Companies Act and Rules made thereunder.

## BOARD / BOARD COMMITTEE MEETINGS:

The details of Board / Board Committee meetings held during the year and attendance of Directors / Members are as under:

### Board:

| Meeting No. | Date of Meeting | Total Strength of the Board | No. of Directors Present |
|---|---|---|---|
| 540th | 27.5.2017 | 10 | 8 |
| 541st | 19.8.2017 | 10 | 6 |
| 542nd | 30.10.2017 | 10 | 9 |
| 543rd | 23.2.2018 | 10 | 9 |

### Audit Committee:

| Meeting No. | Date of Meeting | Total Strength of the Board | No. of Directors Present |
|---|---|---|---|
| 40th | 19.8.2017 | 5 | 2 |
| 41st | 30.10.2017 | 5 | 3 |
| 42nd | 23.2.2018 | 5 | 4 |

## Technical Committee:

| Meeting No. | Date of Meeting | Total Strength of the Board | No. of Directors Present |
|---|---|---|---|
| 2/2017 | 27.5.2017 | 4 | 3 |
| 1/2018 | 10.1.2018 | 4 | 4 |

## Committee of Directors (Appellate Authority under C.D&A Rules)

| Meeting No. | Date of Meeting | Total Strength of the Board | No. of Directors Present |
|---|---|---|---|
| 11th | 12.12.2017 | 3 | 2 |

## Corporate Social Responsibility (CSR) Committee:

| Meeting No. | Date of Meeting | Total Strength of the Board | No. of Directors Present |
|---|---|---|---|
| 8th | 27.5.2017 | 3 | 3 |
| 9th | 19.8.2017 | 3 | 2 |

## DIRECTORS:

Sri N. Sridhar, IAS is continuing as C&MD of the Company from 1.1.2015 as appointed by the Govt., of Telangana vide GO Rt. No.53 dt.31.12.2014 of Energy (HR.A1) Dept.

Sri J. Pavitran Kumar, IRS has been Director (Finance) and CFO of the Company from 4.6.2015 to 3.6.2018. He also held full additional charge of the post of Director (P.A&W) from 6.7.2015 to 19.5.2018.

Sri S.Shankar is continuing as Director (Electrical & Mechanical) of the Company from 1.2.2017. He is holding full additional charge of the post of Director (Finance) from 4.6.2018. He is appointed as chief Financial Officer of the company w.e.f. 11-7-2018.

Sri B. Ramesh Kumar has been Director (Operations) from 13.12.2012 to 30.4.2017 i.e., till the date of his retirement on attaining the age of superannuation. Later Sri S. Chandrasekhar has been appointed as Director (Operations) from 2.5.2017. He also held full additional charge of the post of Director (PA&W) from 20.05.2018.

Sri B. Bhaskara Rao has been appointed as Director (Planning & Projects) from 2.5.2017.

Sri Ajay Misra, Spl. Chief Secretary to Govt., Energy department, Govt. of Telangana is continuing as Director from 20.12.2016.

Sri K. Rama Krishna Rao, Principal Secretary, Finance dept., Govt. of Telangana is continuing as Director on the Board of the Company from 28.6.2014 afternoon.

Sri R.R.Mishra, C-MD, Western Coalfields Ltd. is continuing as Director on the Board of the Company from 7.12.2015.

Sri Syed Ashraf, Director, Ministry of Coal, Govt. of India is continuing as Director on the Board of the Company from 14.10.2015.

Sri D.N. Prasad, Adviser (Projects), Ministry of Coal, Govt. of India has been Director on the Board of the Company from 14.10.2015 to 31.5.2017. Later, Sri J.S.Bindra, Director, Ministry of Coal has been appointed as Director from 9.6.2017.

Your Directors wish to place on record their appreciation of the valuable services rendered by Sri DN Prasad and Sri J.Pavitran Kumar as Director.

During the year under report 4 Board meetings were held.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to Directors' responsibility statement, your Board of Directors hereby confirm that-

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. they have taken proper and sufficient care for the 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 fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis;

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**The Extract of Annual Return in Form MGT-9 is given as Annexure-IV:**

## ACKNOWLEDGEMENTS:

Your Directors pleased to record their appreciation for the guidance, support and co-operation received from the Govt. of Telangana, particularly Energy & Finance Departments and the Govt. of India particularly the Ministries of Coal, Finance and Environment, Forests & Climate Change.

Your Directors express their gratefulness for the confidence and support received from the valued customers, bankers & financial institutions and all stake holders of the Company. Your Directors thankfully acknowledge the valuable guidance extended by the Statutory Auditors, Cost Auditors, Secretarial Auditor, the Comptroller & Auditor General of India, Ministry of Corporate Affairs and the Director General of Mines Safety.

Your Directors place on record their deep sense of gratitude and appreciation for the relentless efforts of employees but for which the performance achieved by the Company would have never been possible.

for and on behalf of the Board of Directors

Sd/-
**(N. Sridhar)**
Chairman & Managing Director

Date: 20.08.2018
Place: Hyderabad.

**Annexure-I**

# REPORT ON CSR ACTIVITIES FOR THE YEAR 2017-18

## 1. A BRIEF OUTLINE OF CSR POLICY AND PROJECTS OR PROGRAMMES:

The CSR policy has been approved by Board of Directors on 31.01.2015.

The Board in the 540th meeting held on 27-05-2017 has accorded approval for earmarking CSR Budget for an amount of Rs.40 crore for the financial year 2017-18 as recommended by CSR Committee as per approved policy of Company.

The CSR Policy of the Company is placed in Company's website and its Web link is - www.scclmines.com>CSR>CSR Policy

**SALIENT FEATURES OF CSR POLICY**

**OBJECTIVE:**

The main objective of this Policy is to integrate CSR and Sustainability as a key business process for achieving triple-bottom line impact as mentioned below;

- SCCL recognizes that pursuit of sustainable development is an integral part of growing its business, creating value for its stakeholders and in building a responsible future through ethical business practices and governance.
- SCCL supports practical measures and policies that will help to protect and improve the environment.
- SCCL adopts a responsible approach towards communities and aim for sustainable development without creating dependency.

**Major Thrust Areas:**

Major thrust areas are identified to have long term benefits to the society at large which are as under:

1. Basic Services (Drinking Water supply, Sanitation etc.)
2. Health
3. Education
4. Livelihood and Local Economic Development
5. Interventions for marginalized communities such as SCs and STs
6. Other related activities.

**Geographical area to be covered:**

A substantial portion of CSR Budget i.e., to the extent of 80% shall be spent on CSR activities in all the coal belt districts of Telangana State and 20% may be spent outside the coal belt districts of Telangana State.

**Implementation:**

- A major portion of the CSR activities should be undertaken in project mode. Every project shall be time framed.

- Identified CSR activities are to be implemented / carried out by the Company itself or by other agencies as prescribed in the provisions of the Companies Act, 2013 and the Rules made there under.

## 2. Composition of CSR Committee:

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules-2014 CSR Committee of Board was constituted with following Directors:

1) Sri N.Sridhar - C & M.D and Chairman of the Committee

2) Sri S. Shankar - Director (Finance) and Member of the Committee

3) Sri S.Chandrasekhar - Director (Operations)&(P.A&W) and Member of the Committee

## 3. Average Net profit of the company for the last three financial years

| Year | Net profit calculated in accordance with provisions of Section 198 of the Companies Act, 2013(Rs. in crore) |
|---|---|
| 2014-15 | 619.44 |
| 2015-16 | 651.15 |
| 2016-17 | 888.08 |
| Total | 2158.67 |
| Average Net Profit | 719.56 |

**4. Prescribed CSR Expenditure ( two per cent of the amount as in item No. 3 above)**

2% of the Average Net Profit for the preceding three years -- Rs. 14.39 crore

**5. Details of CSR spent during the financial year**

a) Total amount to be spent for the financial year 2017-18 as per CSR -- Rs. 40.00 crore

Budget approved by the Board (equivalent of 5.55 % of average profits of preceding 3 years i.e., more than the prescribed expenditure)

b) Amount unspent if any -- Rs. 20.58 crore

c) Manner in which the amount spent during the financial year is detailed below:

## Statement showing details of CSR activities undertaken during the financial year 2017-18

| Sl.No | CSR Activity | CSR Project/activity Identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (Budget) Project or Program wise | Amount spent on the projects or programs sub-heads 1) Direct expenditure on projects 2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1 | Community CC TV surveillance systems within the limits of Bahadurpura and Humayun nagar PS in old city area of Hyderbad under CSR | Community CC TV surveillance systems | Shedule (VII) Item no i, v | Other Area, Bahadurpura and Hmayun nagar of Old City Area, Hyderabd District, Telangana State | 25,00,000 | 25,00,000 | 25,00,000 | Commissioner of Police, Hyderabad |
| 2 | Providing infrastructure such as furniture, toilets etc., to schools and other development activities in Siddipet district | furniture, toilets etc., to schools and other development activities | Shedule (VII) Item no i, ii | Other Area, Siddipet, Siddipet District, Telangana State | 50,00,000 | 50,00,000 | 50,00,000 | District Collector Siddipet |
| 3 | Construction of 23 seated multi storied toilet complex near Sammakka Saralamma temple at Medaram(v) | Construction of 23 seated multi storied toilet complex | Shedule (VII) Item no i | Local Area, Medaram, Jayashankar Bhupalpalli District, Telangana State | 56,00,000 | 56,00,000 | 56,00,000 | District Collector Bhupalpalli |
| 4 | Defunct of old pipe lines - replacement in various regions of Naspur Mandal | Defunct of old pipe lines - replacement | Shedule (VII) Item no i | Local Area, Naspur Mandal, Mancherial District, Telangana State | 68,00,000 | 20,40,000 | 20,40,000 | District Collector Mancherial |
| 5 | Construction of school building (Three rooms with all facilities) Orphanage Home- cum-School-Banjara Seva samithi at Garla | Construction of school building | Shedule (VII) Item no ii, iii | Other Area, Garla, Mahabubabad District, Telangana State | 8,00,000 | 8,00,000 | 8,00,000 | Banjara Seva Samithi |
| 6 | Olympic day Celebrations-2017 in all over the state | Olympic day Celebrations-2017 | Shedule (VII) Item no vii | Other Area, Hyderabad, Hyderabad District, Telangana State | 2,00,000 | 2,00,000 | 2,00,000 | Telangana Olympic Association |
| 7 | Payment of Electrical service lines additional charges to Kothamallepally and Ayodhya nagar villages in Manuguru | Payment of Electrical service lines charges | Shedule (VII) Item no x | Local Area, Kothamallepally & Ayodya Nagar, Manuguru, Bhadradri Kothagudem District, Telangana State | 1,23,840 | - | - | TSNPDCL |
| 8 | Development works at five (05) villages of Mancherial assembly constituency | Development works | Shedule (VII) Item no x | Local Area, Mancherial, Mancherial District, Telangana State | 1,00,00,000 | 30,00,000 | 30,00,000 | District Collector Mancherial |
| 9 | Laying cc roads at Gandhinagar, Manuguru | Laying cc roads | Shedule (VII) Item no x | Local Area, Manuguru, Bhadradri - Kothagudem District, Telangana State | 64,34,000 | - | - | Directly |

| Sl.No | CSR Activity | CSR Project/activity Identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (Budget) Project or Program wise | Amount spent on the projects or programs sub-heads 1) Direct expenditure on projects 2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 10 | Providing Second Toilet complex at Shanthinagar colony, new RK-4 Gadda, RKP, Mandamarri | Providing Second Toilet complex | Shedule (VII) Item no i | Local Area, Mandamarri, Mancherial District, Telangana State | 15,00,000 | - | - | Directly |
| 11 | Providing Computer systems to Durgabai Deshmukh Mahila Sabha Literacy House, Hyderabad | Providing Computer systems | Shedule (VII) Item ii | Other Area, Hyderabad, Hyderabad District, Telangana State | 3,00,000 | 3,00,000 | 3,00,000 | Literacy House |
| 12 | Supply of 50 Street lights of 400 Watts to Manthani village under CSR | Supply of 50 Street lights | Shedule (VII) Item no x | Local Area, RG-III, Manthani, Peddapalli District, Telangana State | 4,00,000 | 4,00,000 | 4,00,000 | Panchayat Secretary |
| 13 | Proposal for procurement of 1.20 Lakh nos of fruit bearing plants/saplings for free distribution among farmers under CSR through public representatives like MLAs, MPs & District Collectors | Procurement of 1.20 Lakh nos of fruit bearing plants/saplings for free distribution among farmers | Shedule (VII) Item no iv | Local and other areas, Telangana State | 62,40,000 | 52,38,500 | 52,38,500 | Directly |
| 14 | Constructionof proposed Model police station building at Godavari Khani - I Town - sanction of Funds under CSR | Construction of proposed Model police station building | Shedule (VII) Item no i | Local Area, Godavarikhani, Peddapalli District, Telangana State | 3,00,00,000 | 1,77,00,000 | 1,77,00,000 | Telangana State police housing corporation Ltd. |
| 15 | Swachta Pakhwada-2017 programme Budget allocation under CSR. | Swachta Pakhwada-2017 programme | Shedule (VII) Item no i | Local Area, Coal belt areas, Telangana State | 5,65,000 | 4,76,035 | 4,76,035 | Directly |
| 16 | Construction of new toilets and repairs to existing toilets, ramakrishnapur township, Mandamarri under CSR | Construction of new toilets and repairs to existing toilets | Shedule (VII) Item no i | Local Area, Ramakrishnapur township, Mandamarri, Mancherial District, Telangana State | 4,37,000 | - | - | Directly |
| 17 | Development works (Laying roads and drains etc) under CSR in rural areas of Ramagundam Constituency | Development works (Laying roads and drains etc) | Shedule (VII) Item no x | Local Area, Ramagundam Constituency , Peddapalli District, Telangana State | 1,00,00,000 | 30,00,000 | 30,00,000 | District Collector Peddapalli |
| 18 | Providing Street Lights in Manthani Assembly Constituency under CSR | Providing Street Lights | Shedule (VII) Item no x | Local Area, Manthani Assembly Constituency, Peddapalli District, Telangana State | 1,00,00,000 | 30,00,000 | 30,00,000 | District Collector Peddapalli |

| Sl.No | CSR Activity | CSR Project/activity Identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (Budget) Project or Program wise | Amount spent on the projects or programs sub-heads 1) Direct expenditure on projects 2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 19 | Certain works laying of roads and construction of drains to be carried out at Mandamarri under CSR | laying of roads and construction of drains | Shedule (VII) Item no x | Local Area, Mandamarri, Mancherial District, Telangana State | 1,00,00,000 | 30,00,000 | 30,00,000 | District Collector Mancherial |
| 20 | Infrastructure development of Yadadri Temple City, Yadagirigutta under CSR | Infrastructure development of Yadadri Temple City | Shedule (VII) Item no v | Other Area, Yadagirigutta, Yadadri Bhuvanagiri District, Telangana State | 4,00,00,000 | 4,00,00,000 | 4,00,00,000 | YTDA Authorities |
| 21 | Sanction of Ambedkar Bhavan at Constituency Head Quarters, Bellampally with all facilities under CSR | Sanction of Ambedkar Bhavan | Shedule (VII) Item no x | Local Area Bellampally, Mancherial District, Telangana State | 1,00,00,000 | 30,00,000 | 30,00,000 | District Collector Mancherial |
| 22 | Tribal Traditional & Cultural Meet i.e. " Giri Utsav-2017 " w.e.f. 15-9-2017 to 17.09.2017 at ITDA Hqts: Utnoor, Adilabad Drict | Tribal Traditional & Cultural Meet i.e. " Giri Utsav-2017 " | Shedule (VII) Item no v | Other Area, Utnoor, Adilabad District, Telangana State | 10,00,000 | 10,00,000 | 10,00,000 | PO, ITDA |
| 23 | Laying cc roads at Gandhinagar, Manuguru | Laying cc roads | Shedule (VII) Item no x | Local Area, Manuguru Area, Bhadradri Kothagudem District, Telangana State | 6,66,000 | - | - | Directly |
| 24 | Drilling of one bore well with submersible pump at Vishwa brahmin wada, Indaram village of Jaipur Mandal, Mancherial District under CSR instead of ZPHS school, Indaram | Drilling of one bore well with submersible pump | Shedule (VII) Item no i | Local Area, Srirampur, Mancherial District, Telangana State | 1,11,800 | 1,11,800 | 1,11,800 | Directly |
| 25 | Cultural Event-Qadir Ali Baig Theatre Festival in Hyderabad | Cultural Event-Qadir Ali Baig Theatre Festival | Shedule (VII) Item no v | Other Area, Hyderabad, Hyderabad District, Telangana State | 3,00,000 | 3,00,000 | 3,00,000 | Qadir Ali baig |
| 26 | Swachtha Hi Seva-2017 programme | Swachtha Hi Seva-2017 programme | Shedule (VII) Item no i | Local Area, Coal belt areas, Telangana State | 3,40,000 | 1,62,694 | 1,62,694 | Directly |
| 27 | Hiring of 2 nos of 3KL water tankers for supply of drinking water to Guttedarpally & Singapur villages for a period of six months | Supply of drinking water | Shedule (VII) Item no i | Local Area, Srirampur, Mancherial District, Telangana State | 5,13,000 | - | - | Directly |
| 28 | Hiring of 2 nos of 3KL water tankers for supply of drinking water to Guttedarpally & Singapur villages for a period of One year | Supply of drinking water | Shedule (VII) Item no i | Local Area, Srirampur, Mancherial District, Telangana State | 10,00,000 | 6,70,348 | 6,70,348 | Directly |

| Sl.No | CSR Activity | CSR Project/activity Identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (Budget) Project or Program wise | Amount spent on the projects or programs sub-heads 1) Direct expenditure on projects 2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 29 | Road works pertaining to Tekulapally & Yellandu of Bhadradri Kothagudem District under CSR. | Road works | Shedule (VII) Item no x | Local Area, Tekulapally & Yellandu, Bhadradri Kothagudem District, Telangana State | 1,00,00,000 | - | - | Directly |
| 30 | Roads and drains works pertaining to Sathupalli, Kistaram and Rejerla of Khammam District under CSR. | Roads and drains works | Shedule (VII) Item no x | Local Area, Sathupalli, Kistaram and Rejerla, Khammam District, Telangana State | 2,00,00,000 | - | - | District Collector Khammam |
| 31 | 59th Annual Art Festival of South Indian Cultural Association to be held from 7th to 13th Nov, 2017 | Art Festival | Shedule (VII) Item no v | Other Area, Ravindra Bharathi & Bharatiya Vidya bhavan, Hyderabad, Hyderabad District, Telangana State | 50,000 | 50,000 | 50,000 | South Indian Cultural Association |
| 32 | LED Street lights in three (03) Mandals i.e. Sujathanagar, Chunchupalli and Laxmidevipalli of Kothagudem Assembly Constituency under CSR | LED Street lights in three (03) Mandals | Shedule (VII) Item no x | Local Area, Sujathanagar, Chunchupalli and Laxmidevipalli of Kothagudem Assembly Constituency, Bhadradri Kothagudem District, Telangana State | 2,00,00,000 | 60,00,000 | 60,00,000 | District Collector Bhadradri Kothagudem |
| 33 | Roads and other development works in certain villages of Tiryani Mandal under CSR. | Roads and other development works | Shedule (VII) Item no x | Local Area, Tiryani Mandal, Asifabad Komurambheem District, Telangana State | 2,00,00,000 | 60,00,000 | 60,00,000 | District Collector Komurambheem Asifabad |
| 34 | Improvements by widening of road for providing of central divider from Km 16/2 to 16/8 on coal belt road (Godavarikhani to Mandamarri) under CSR | Improvements by widening of road for providing of central divider | Shedule (VII) Item no x | Local Area, (Godavarikhani to Mandamarri), Mandamarri, Mancherial District, Telangana State | 60,00,000 | 18,00,000 | 18,00,000 | District Collector Mancherial |
| 35 | Infrastructure and other facilities to Manochaitanya Organization | Infrastructure and other facilities | Shedule (VII) Item no ii | Local Area, Ramagundam, Peddapalli District, Telangana State | 12,00,000 | - | - | Agency |

| Sl.No | CSR Activity | CSR Project/activity Identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (Budget) Project or Program wise | Amount spent on the projects or programs sub-heads 1) Direct expenditure on projects 2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 36 | Roads, side drains & culverts works in Manuguru Mandal under CSR | Roads, side drains & culverts works | Shedule (VII) Item no x | Local Area, Manuguru, Bhadradri Kothagudem District, Telangana State | 18,00,000 | - | - | - |
| 37 | Installation of LED streetlighting system in rural area i.e. Anthergaon and Palakurthy mandals of Ramagundam Constituency under CSR | Installation of LED streetlighting system in rural area | Shedule (VII) Item no x | Local Area, Ramagundam, Peddapalli District, Telangana State | 60,00,000 | 18,00,000 | 18,00,000 | District Collector Peddapalli |
| 38 | Tourism - Organizing of 3rd International KITE Festival during January, 2018 | International KITE Festival | Shedule (VII) Item no v | Other Area, Secunderabad, Hyderabad District, Telangana State | 10,00,000 | 11,80,000 | 11,80,000 | Commissioner, Department of Tourism, Telangana State |
| 39 | Development works such as roads, drains and sheds etc. in Bhupalpally Assembly Constituency under CSR | Development works such as roads, drains and sheds etc. | Shedule (VII) Item no x, xi | Local Area, Bhupalpalli Assembly Constituency, Jayashankar Bhupalpalli District, Telangana State | 5,00,00,000 | - | - | District Collector Bhupalpally |
| 40 | Strengthening and laying WBM road to existing earthen road to Chandanapur SC colony from Manthani main road near GDK-11 Incline under CSR | Strengthening and laying WBM road to existing earthen road to Chandanapur SC colony | Shedule (VII) Item no X | Local Area, Manthani road to Chandapur SC colony, Near GDK-11 incline, Peddapalli District, Telangana State | 15,33,000 | - | - | - |
| 41 | Extension of sponsorship for 5K Run to Central Park, Kothagudem developed by Telangana Forest Dept. in the interest of good health and environment | 5K Run in the interest of good health and environment | Shedule (VII) Item no i | Local Area, Kothagudem, Bhadradri Kothagudem District, Telangana State | 8,00,000 | 8,00,000 | 8,00,000 | Forest Dept. , Kothagudem |
| 42 | Providing water tankers, JCB's and Cranes etc. at Sri Sammakka Saralamma Jathara, Medaram | Providing water tankers, JCB's and Cranes etc. | Shedule (VII) Item no v | Local Area, Medaram, Jayashankar Bhupalpalli District, Telangana State | 26,70,000 | 22,28,991 | 22,28,991 | District Collector Bhupalpalli |
| 43 | Construction of Bus shelter near Naspur gate, Naspur village in Srirampur area | Construction of Bus shelter | Shedule (VII) Item no x | Local Area, Naspur village, Srirampur, Mancherial District, Telangana State | 1,50,000 | - | - | - |
| 44 | CC pavement road on either side of approach of Kodipunjula Vagu leading from Govt. Junior College to Bombay Colony, Manuguru | CC pavement road | Shedule (VII) Item no x | Local Area, Bombay colony, Manuguru, Bhadradri Kothagudem District, Telangana State | 10,00,000 | - | - | - |
| 45 | Mega Medical Camp at Sarangapalli village near by Kalyani Khani-6 incline, Mandamarri | Mega Medical Camp | Shedule (VII) Item no i | Local Area, Sarangapalli village, Mandamarri, Mancherial District, Telangana State | 6,00,000 | 4,26,739 | 4,26,739 | Directly |

| Sl.No | CSR Activity | CSR Project/activity Identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (Budget) Project or Program wise | Amount spent on the projects or programs sub-heads 1) Direct expenditure on projects 2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 46 | Sant sri sevalal birthday celebrations at Golya Thanda, Singareni Colony in Tekulapally | Sant sri sevalal birthday celebration | Shedule (VII) Item no v | Local Area, Golya Thanda, Tekulapally, Bhadradri Kothagudem District, Telangana State | 52,000 | 52,000 | 52,000 | Directly |
| 47 | Bore wells with hand pumps to surrounding villages of proposed Kalyanikhani 6-incline project | Bore wells with hand pumps | Shedule (VII) Item no x | Local Area, Mandamarri, Mancherial District, Telangana State | 7,00,000 | - | - | - |
| 48 | Development works such as laying CC roads and drains at Kasipet GP in Mancherial District under CSR | Development works such as laying CC roads and drains | Shedule (VII) Item no x | Local Area, Kasipet Grampanchayat, Mancherial District, Telangana State | 1,07,90,000 | - | - | - |
| 49 | Supply of water packets to the pilgrims in connection with Sreeramanavami & Pattabhishekam, 2018 festival | Supply of water packets to the pilgrims | Shedule (VII) Item no v | Local Area, Bhadrachalam, Bhadradri Kothagudem District, Telangana State | 2,00,000 | 2,00,000 | 2,00,000 | Sub Collector Bhadrachalam |
| 50 | Laying roads, drains and bore wells at the new Padmagudem colony near Railway station, Manuguru | Laying roads, drains and bore wells | Shedule (VII) Item no x | Local Area, New padmagudem, Manuguru, Bhadradri Kothagudem District, Telangana State | 43,50,000 | - | - | - |
| 51 | Development works such as roads and drains in villages of Sathupalli Constituency under CSR | Development works such as roads and drains | Shedule (VII) Item no x | Local Area, Sathupalli Constituency, Khammam District, Telangana State | 50,00,000 | - | - | - |
| 52 | Drinking water provision to the Bhupalpalli Town & surroundng villages of Bhupalpalli Area during summer period by hired tractor tankers under CSR | Drinking water provision | Shedule (VII) Item no i | Local Area, Bhupalpalli Assembly Constituency, Jayashankar Bhupalpalli District, Telangana State | 30,00,000 | - | - | - |
| 53 | Supply of drinking water to Adarshnagar, Julapalli village near OCP-I | Supply of drinking water | Shedule (VII) Item no i | Local Area, Adarshnagar, Julapalli villages, Ramagundam -III Area, Peddapalli District, Telangana State | 2,70,000 | - | - | - |
| 54 | Infrastructure development works such as Roads, drains etc in surrounding areas of Manuguru | Roads, drains etc | Shedule (VII) Item no x | Local Area, Manuguru area Surroundings, Bhadradri Kothagudem, Telangana State | 50,00,000 | 19,85,931 | 19,85,931 | District Collector Kothagudem |
| 55 | Construction of public toilets in Bazar area, Bandarigudem, Manuguru area | Construction of public toilets | Shedule (VII) Item no i | Local Area, Bandarigudam, Manuguru, Bhadradri Kothagudem, Telangana State | 6,00,000 | 1,54,404 | 6,08,896 | Directly |

| Sl.No | CSR Activity | CSR Project/activity Identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (Budget) Project or Program wise | Amount spent on the projects or programs sub-heads 1) Direct expenditure on projects 2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 56 | Tandur Mandal Borewells | Borewells | Shedule (VII) Item no i | Local Area, Tandur Mandal, Komuram Bheem Asifabad District, Telangana State | 15,00,000 | 5,25,000 | 5,25,000 | District Collector |
| 57 | Tiryani Mandal development works | Development works | Shedule (VII) Item no x | Local Area, Tiryani Mandal, Komuram Bheem Asifabad District, Telangana State | 2,00,00,000 | 60,00,000 | 60,00,000 | District Collector |
| 58 | Tiryani Mandal development works | Development works | Shedule (VII) Item no x | Local Area, Tiryani Mandal, Komuram Bheem Asifabad District, Telangana State | 2,00,00,000 | 60,00,000 | 60,00,000 | District Collector |
| 59 | Infrastructure development works in nearby villages of Koyagudem Open Cast | Infrastructure development works | Shedule (VII) Item no x | Local Area, Koyagudem, Bhadradri Kothagudem District Telangana State | 50,00,000 | 18,41,279 | 18,41,279 | Directly |
| 60 | Procurement of Tarapaulin sheets for Kompelli villagers, Sathupalli, KGM Aea | Procurement of Tarapaulin sheets | Shedule (VII) Item no x | Local Area, Kompelli village, Sathupalli, Khammam District, Telangana State | 5,60,118 | 1,26,686 | 1,26,686 | Agency |
| 61 | PWS works at Dhanbad & Rudrampur | PWS works | Shedule (VII) Item no i, x | Local Area, Rudrampur, Kothagudem District, Telangana state | 10,00,000 | 9,95,634 | 9,95,634 | District Collector Kothagudem |
| 62 | Laying of CC roads Bittupalli village RG3 Area | Laying of CC roads | Shedule (VII) Item no x | Local Area, Bittupalli Village, RG3 Area, Peddapalli district, Telangana State | 46,10,000 | 40,80,217 | 40,80,217 | Directly |
| 63 | Laying CC roads in Rejerla, Kistaram in Sathupalli rural mandal | Laying CC roads | Shedule (VII) Item no x | Local Area, Rejerla, Kistaram Sathupalli, Khammam district, Telangana State | 50,00,000 | 15,00,000 | 15,00,000 | District Collector Khammam |
| 64 | Laying CC roads, construction of CC drains etc in Rajeev nagar, Siddaram GP of Sathupalli | Laying CC roads, construction of CC drains etc | Shedule (VII) Item no x | Local Area, Rajeev nagar, Siddaram GP Sathupalli, Khammam district, Telangana State | 30,00,000 | 9,00,000 | 9,00,000 | District Collector Khammam |
| 65 | Laying of CC /BT roads, construction of CC drains etc in Sathupalli Nagara Panchayat | Laying of CC /BT roads, construction of CC drains etc | Shedule (VII) Item no x | Local Area, Sathupalli Nagara Panchayat, Khammam District, Telangana State | 85,00,000 | 25,50,000 | 25,50,000 | District Collector Khammam |
| 66 | Providing water from SCCL summer storage tank penchikalpet village to irrigation purpose to the lands of Penchikalpet village | Providing water | Shedule (VII) Item no i | Local Area, Ramagundam, Peddapalli district, Telangana State | 51,00,000 | 20,66,394 | 20,66,394 | Directly |
| 67 | Construction of Cooking shed at UP school, Gunjapadugu village, RG3 Area | Construction of Cooking shed | Shedule (VII) Item no x | Local Area, Gunjapadugu, RG3 Area, Peddapalli District, Telangana State | 8,00,000 | 6,52,459 | 6,52,459 | Directly |

| Sl.No | CSR Activity | CSR Project/activity Identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (Budget) Project or Program wise | Amount spent on the projects or programs sub-heads 1) Direct expenditure on projects 2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 68 | Laying of CC roads in Kistaram village, Sathupalli Mandal | Laying of CC roads | Shedule (VII) Item no x | Local Area, Kistaram, Sathupalli, Khammam District, Telangana State | 85,00,000 | 25,50,000 | 25,50,000 | District Collector Khammam |
| 69 | Roads and drain woks pertaining to Sathupalli Nagara Panchayat | Roads and drain woks | Shedule (VII) Item no x | Local Area, Sathupalli Nagara Panchayat, Khammam District, Telangana State | 2,00,00,000 | 46,31,817 | 1,06,31,817 | District Collector Khammam |
| 70 | Providing four Yellow solar blinkers at Mandamarri Area | Providing four Yellow solar blinker | Shedule (VII) Item no x | Local Area, Mandamarri, Mancherial District' Telangana State | 93,000 | 95,000 | 95,000 | Directly |
| 71 | Roads in Mandamarri and surronding villages | Roads in Mandamarri | Shedule (VII) Item no x | Local Area, Mandamarri, Mancherial District, Telangana State | 75,00,000 | 25,24,242 | 25,24,242 | District Collector Mancherial |
| 72 | Development works such as Construction of UGD and RO plants etc., | Construction of UGD and RO plants etc., | Shedule (VII) Item no x | Local Area, Srirampur , Mancherial District Telangana State | 44,00,000 | 18,72,703 | 18,72,703 | District Collector Mancherial |
| 73 | Infrastructure development works in the nearby villages of Ramagundam area | Development works | Shedule (VII) Item no x | Local Area, Ramagundam, Peddapalli district, Telangana State | 1,00,00,000 | 30,00,000 | 30,00,000 | District Collector Peddapalli |
| 74 | Development works such as Construction of UGD and RO plants and etc., | Construction of UGD and RO plants and etc., | Shedule (VII) Item no x | Local Area, Ramagundam, Peddapalli District, Telangana State | 31,00,000 | 9,30,000 | 9,30,000 | District Collector Peddapalli |
| 75 | Infrastructure development works at Bhupalpalli Nagar Panchayat | Development works | Shedule (VII) Item no x | Local Area, Bhupalpalli, Bhupalpalli district, Telangana State | 4,00,00,000 | 2,69,91,064 | 2,69,91,064 | District Collector Bhuapalpalli |
| 76 | Providing drinking water by Thirteen (13) Nos. of hired tractor tankers to the Bhupalpalli Town & nearest villages of Bhupalpalli area under CSR | Providing drinking water | Shedule (VII) Item no x | LocalArea, Bhupalipalli, BhupalpalliDistrict, Telangana State | 25,00,000 | 21,55,361 | 21,55,361 | District Administration |
| 77 | Hiring of 200 HP Hydraulic excavators for desilting of Jangoan village tank near RG-I area, GDK under CSR | Desilting of Jangoan village tank | Shedule (VII) Item no x | Loacal area RG-I area, Godavarikhani, Peddapalli District, Telangana State | 20,24,000 | 20,07,900 | 20,07,900 | Directly |
| | | | | | **50,67,82,758** | **19,41,73,198** | **20,71,76,690** | |

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

The Board has accorded approval for earmarking Rs.40 crore towards CSR budget for 2017-18 which is equivalent of 5.55 % of average profits of the preceding 3 years. Out of this CSR budget of Rs.40 crore, CSR proposals were sanctioned for an amount of Rs.34.34 crore, the actual amount spent during FY 2017-18 was Rs.19.41 crore. The budget includes Rs.10.68 crores of sanctioned amount prior to 2017-18. The prescribed amount of CSR expenditure i.e., 2% average net profits of preceding 3 years amounts to Rs.14.39 crore. The CSR activities / programmes sanctioned are at various stages of implementation. The amount spent during 2017-18 is more than the prescribed amount.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

We hereby declare that implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

Sd/-

**(N. Sridhar)**

Chairman & M.D /

Chairman of the Committee

Date: 23.08.2018

Place: Hyderabad.

***Presenting Cheque to Hon'ble Ministers of Telangana State for CSR Works***

**Annexure-II**

# Form No: AOC-2

[Pursuant to Clause (h) of sub-Section(3) of Section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. **Name of the related party and nature of relationship:**

   Andhra Pradesh Heavy Machinery & Engineering Limited - Subsidiary Company.

2. **Details of contracts, value, duration of the contract from 1.4.2017 to 31.3.2018 at arm's length basis:**

| Sl. No. | Description of contract/ order | Nature & duration of contract | Net Value (Rs.) | Manner of determination of price |
|---|---|---|---|---|
| 1. | Orders / contracts placed for purchase of various equipment, spares, services at different dates during 2017-18 | Each order / contract has separate period | 30,61,47,685.43 | Orders against open tenders on L1 basis |
| 2. | Orders / contracts placed for purchase of various equipment, spares, services at different dates during 2017-18 | Each order / contract has separate period | 2,51,92,699.40 | Orders on proprietary basis |
| | Total | | 33,13,40,384.83 | |

3. **Details of contracts, value, duration of the contract from 1.4.2017 to 31.3.2018 not at arm's length basis:**

| Sl. No. | Description of contract/ order | Nature & duration of contract | Net Value (Rs.) | Manner of determination of price |
|---|---|---|---|---|
| 1. | Orders / contracts placed for purchase of various equipment, spares, services at different dates during 2017-18 | Each order / contract has separate period | 3,29,24,714.00 | Orders on nomination basis |

4. **Date of approval of Board for transactions not on arm's length basis:** 4.11.2016 & 30.10.2017

5. **Amount paid as advance:** Nil

6. **Date on which the special resolution was passed in general meeting as required under first proviso to Section 188:** Not applicable

7. **Justification for above contracts / orders:** APHMEL is a subsidiary company of the SCCL.

Date: 20.08.2018
Place: Hyderabad.

Sd/-
Chairman & Managing Director

**Annexure-III**

# SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED 31-3-2018

## Form No. MR 3

*(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)*

To
The Members,
***The Singareni Collieries Company Limited,***
Kothagudem Collieries.

I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by The Singareni Collieries Company Limited., (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

1. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by me and explanations furnished and representations made to me by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

2. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 ("Audit Period") according to the provisions of:

   i. The Companies Act, 2013 (the Act) and the rules made thereunder;

   ii. The Depositories Act, 1996 and regulations made thereunder - *Not applicable during the audit period.*

   iii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - *Not Applicable during the audit period.*

   iv. The Securities Contracts (Regulation) Act, 1956 and rules made thereunder: *Not applicable being the unlisted Company.*

   v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): *Not applicable being the unlisted Company.*

   vi. The Company is into the business of mining and sale of coal, power generation and sale. Accordingly, the following major industry specific Acts and Rules are applicable to the Company, in view of the Management:

      a. Mines Act, 1952 and Rules & regulations made thereunder.

      b. Coal Mines Provident Fund & Miscellaneous Provisions Act, 1948.

      c. The Environment (Protection) Act, 1986.

      d. The Forest (Conservation) Act, 1980.

      e. Mines and Minerals (Development & Regulation) Act, 1957 and Rules & Regulations made thereunder.

      f. Cess and other Taxes on Minerals (Validation) Act, 1992.

      g. The Coal Mines (Nationalization) Act, 1973.

      h. Coal Mines Pension Scheme, 1998.

i. Land Acquisition Act, 1894.

j. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement *Act, 2013.*

k. Essential Services Maintenance Act, 1971

l. Mines and Minerals Act 1957 and Rules & regulations made thereunder.

m. Explosive Substance Act, 1908 and Rules & regulations made thereunder.

n. The Coal Bearing Areas Act, 1957.

o. National Minerals Policy, 1993.

p. Coal Mines Conservation and Development Act, 1974 and Rules & regulations made thereunder.

q. The Explosives Act, 1884 and Rules and notifications made thereunder.

r. The Electricity Act, 2003 and Rules & regulations made thereunder.

vii. I have also examined compliance with Secretarial Standards issued by the institute of Company Secretaries of India in respect of Board and General Meeting(s) of the Company.

viii. During the period under review, the Company has complied with the provisions of the applicable Acts, Rules, Regulations, and Guidelines etc. as mentioned above except to the extent as mentioned below:

***a. The Company has not appointed requisite number of Independent Directors as prescribed under the provisions of Sub-section (4) of Section 149 of the Companies Act, 2013.***

***In this regard the management informed that vide Notification No.GSR 163 (E) dt.5th June, 2015 of Ministry of Corporate Affairs, Govt. of India, the responsibility for appointment of Independent Directors on the Board of Govt. Companies was shifted from Board of Directors of the Company to Ministry or Department of the Central / State Government, as the case may be.***

***b. The Company has Audit Committee without Independent directors as prescribed under the provisions of Section 177 of the Companies Act, 2013.***

***c. The Company has constituted Corporate Social Responsibility (C S R) Committee without Independent director as prescribed under the provisions of Section 135 of the Companies Act, 2013.***

***d. The Company has not appointed a Woman Director as prescribed under the provisions of Section 149 of the Companies Act, 2013.***

***e. The Company has not constituted Nomination and Remuneration Committee as prescribed under the provisions of Section 178 of the Companies Act, 2013.***

***f. The Company has been complying with the provisions of EIA Notification, 2006, its subsequent amendments and obtaining Environmental Clearance from MoEF&CC, New Delhi for New / Expansion / Modernization of Coal Mining Projects. MoEF&CC issued a notification vide S.O. 804(E), dated 14.03.2017 wherein it was stipulated that EC needs to be obtained for the projects or activities involving expansion, modernization and change in product-mix without obtaining prior Environmental Clearance and will be dealt under violation cases under Environment Impact Assessment Notification, 2006.***

***Accordingly, the Company submitted applications in Form-1 to MoEF&CC for 10 proposals involving 12 mines, namely, RK-8, IK-IA, GDK-7LEP, Dorli-I OCP, VK-7, KOC-II, RG OC-I, JVR OC-I, Kasipet-1 Incline, cluster of GDK 1&3, GDK 2&2A & GDK 5 mines. Further a time extension of 30 days was notified by MoEF&CC vide OM dated 16th March, 2018 for ratification in respect of EC violation mines. Accordingly, applications for 8 proposals viz., JK-5 OC, GK OC, Medipalli OC, Vakilpalli mine, RK-5 Inc, RK-6 Inc, KK-5 Inc, SRP-3&3A Inc were also submitted seeking prior EC under violation category.***

3. I, further report that:

a. *The Board of Directors of the Company is constituted with executive and non-executive directors without requisite number of independent directors and a woman director as stated elsewhere in the report. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act except in respect of independent directors and a woman director.*

b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance. Wherever the notes on agenda were sent with less than 7 days prior to the meeting, the same were taken up by the Board for consideration with the consent of all Members present in the meeting and permission of the Chairman & Managing Director of the Company. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. Majority decision is carried through and except on the following proposals, there were no instances of dissenting members in the Board of Directors.

i) In the three proposals placed before the Board of Directors in the 542nd meeting held on 30.10.2017 as per the directives of Government of Telangana viz., (1) Payment of Special Incentive @ 25% of net profit for the financial year 2016-17 to the employees; (2) Declaration of 14th April to commemorate the birth day of Dr.B.R.Ambedkar as Paid Holiday; and (3) Enhancement of the Lump sum amount in lieu of dependant employment / Monthly Monitory Compensation (MMC) from the existing Rs.12.50 lakh to Rs.25 lakh or MMC from the existing Rs.15,712.62 to Rs.25,000/- per month to those who have not opted for compassionate appointment, 3 Directors nominated by the Ministry of Coal, Govt. of India have expressed their dissent.

ii) In the two proposals placed before the Board of Directors in the 543rd meeting held on 23.2.2018 as per the directives of Government of Telangana viz., (1) Declaring Optional Paid Holiday on account of Sankranthi/ Ramzan (Eid-Ul-Fitr)/Christmas. (2) House Building Loan Interest Reimbursement Scheme-2018 for NCWA Employees, 2 Directors nominated by the Ministry of Coal, Govt. of India have expressed their dissent.

4. I,further report that there exists adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

5. I, further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, standards etc., referred above.

Sd/-
**(K.V.Chalama Reddy)**
Practising Company Secretary
M.No: F 9268, C.P.No.: 5451.

Place: Hyderabad,
Date: 11.07. 2018

This report is to be read with my letter of even date which is given as Annexure 'A' and forms an integral part of this report.

## Management replies to the observations of Secretarial Auditor in his report for the year 2017-18

| **Secretarial Auditor's Report**<br>*(Pursuant to Section 204 (1) of the Companies Act, 2013 and the Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)* | **Management reply on the audit observations**<br>*(Under Section 134(3)(f)(ii) of the Companies Act, 2013)* |
|---|---|
| To<br>The Members,<br>***The Singareni Collieries Company Limited,***<br>Kothagudem Collieries. | |
| I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by The Singareni Collieries Company Limited., (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. | |
| 1. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by me and explanations furnished and representations made to me by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. | -- |
| 2. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 ("Audit Period") according to the provisions of: | -- |
| i. The Companies Act, 2013 (the Act) and the rules made thereunder;; | -- |
| ii. The Depositories Act, 1996 and regulations made thereunder - Not applicable during the audit period. | -- |

| **Secretarial Auditor's Report** (contd..) | **Management reply on the audit observations** (contd..) |
|---|---|
| iii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - Not Applicable during the audit period. | -- |
| iv. The Securities Contracts (Regulation) Act, 1956 and rules made thereunder: *Not applicable being the unlisted Company.* | -- |
| v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): *Not applicable being the unlisted Company.* | -- |
| vi. The Company is into the business of mining and sale of coal, power generation and sale. Accordingly, the following major industry specific Acts and Rules are applicable to the Company, in view of the Management: | |
| a. Mines Act, 1952 and Rules & regulations made thereunder. | -- |
| b. Coal Mines Provident Fund & Miscellaneous Provisions Act, 1948. | -- |
| c. The Environment (Protection) Act, 1986. | -- |
| d. The Forest (Conservation) Act, 1980. | -- |
| e. Mines and Minerals (Development & Regulation) Act, 1957 and Rules & Regulations made thereunder. | -- |
| f. Cess and other Taxes on Minerals (Validation) Act, 1992. | -- |
| g. The Coal Mines (Nationalization) Act, 1973. | -- |
| h. Coal Mines Pension Scheme, 1998. | -- |
| i. Land Acquisition Act, 1894. | -- |
| j. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement *Act, 2013.* | -- |
| k. Essential Services Maintenance Act, 1971. | -- |
| l. Mines and Minerals Act 1957 and Rules & regulations made thereunder. | -- |
| m. Explosive Substance Act, 1908 and Rules & regulations made thereunder. | -- |

| **Secretarial Auditor's Report** (contd..) | **Management reply on the audit observations** (contd..) |
|---|---|
| n. The Coal Bearing Areas Act, 1957. | -- |
| o. National Minerals Policy, 1993. | -- |
| p. Coal Mines Conservation and Development Act, 1974 and Rules & regulations made thereunder. | -- |
| q. The Explosives Act, 1884 and Rules and notifications made thereunder. | -- |
| r. The Electricity Act, 2003 and Rules & regulations made thereunder. | -- |
| vii. I have also examined compliance with Secretarial Standards issued by the institute of Company Secretaries of India in respect of Board and General Meeting(s) of the Company. | -- |
| viii. During the period under review, the Company has complied with the provisions of the applicable Acts, Rules, Regulations, and Guidelines etc. as mentioned above except to the extent as mentioned below:<br>***a. The Company has not appointed requisite number of Independent Directors as prescribed under the provisions of Sub-section (4) of Section 149 of the Companies Act, 2013.***<br>***In this regard the management informed that vide Notification No.GSR 163 (E) dt.5th June, 2015 of Ministry of Corporate Affairs, Govt. of India, the responsibility for appointment of Independent Directors on the Board of Govt. Companies was shifted from Board of Directors of the Company to Ministry or Department of the Central / State Government, as the case may be.*** | i) These provisions were apprised to the Board in the 524th meeting held on 27.9.2014 and with the approval of the Board a letter dated 20.2.2015 was sent to Secretary, Energy dept., from Director (Finance), SCCL requesting the Govt. of Telangana to take suitable decision with regard to appointment of three Independent Directors and one Woman Director of the Board of SCCL before 31.3.2015 and recommend the same to the Govt. of India for concurrence.<br>ii) Later, letter was written by C&MD, SCCL to Secretary, Energy dept., Govt. of Telangana on 13.5.2015 requesting to take suitable action for appointment of Independent & Woman Directors on the Board of the SCCL as the same has been made mandatory w.e.f., 1.4.2015 under the provisions of the Companies Act, 2013.<br>iii) The Board in the meeting held on 22.8.2015 while reviewing the compliance of laws directed to send a reminder to Energy Dept., Govt. of Telangana for expediting appointment of Independent & Woman directors. Accordingly a letter dated 29.10.2015 was sent to Secretary, Energy Dept., from C&MD, SCCL. |

| **Secretarial Auditor's Report** (contd..) | **Management reply on the audit observations** (contd..) |
|---|---|
| | iv) Again vide letter No.CMD/PS/H/67, dt.4.6.2016 from C&MD, SCCL addressed to Prl. Secretary, Energy Dept., Govt. of Telangana, it was once again requested to expedite appointment of Independent & Woman Directors keeping in view the more than one year time already elapsed from the stipulated date for complying with the relevant provisions of the Companies Act, 2013 and also the observations made by the Secretarial Auditor of SCCL.<br>v) On the issue of appointment of Woman Director, letter dt.27.3.2017 was issued by RoC, Hyderabad to Prl. Secretary to Govt., Energy Dept. and the same was forwarded to SCCL vide letter dt.17.4.2017 of Spl. Chief Secretary, Energy Dept., Govt. of Telangana for discussing the same in the Board meeting. It was also suggested to discuss about appointment of independent Directors. Pursuant to the same the Board in the 540th meeting held on 27.5.2017 deliberated the issue and the Board requested the Govt. of Telangana to take decision on the issue of appointment of Independent & Woman Directors on the Board of the SCCL at the earliest keeping in view the instructions from the Ministry of Corporate Affairs, Govt. of India as communicated by the Registrar of Companies, Hyderabad vide letter dt.27.3.2017 as the provisions under the Companies Act, 2013 in this regard were mandatory w.e.f., 1.4.2015. Accordingly vide letter No.CMD/PS/H/202 dated 27.6.2017 from C&MD, SCCL addressed to Special Chief Secretary, Energy dept., Govt. of Telangana, it was once again requested to take immediate decision on the issue. Copy of the Board resolution was also forwarded to Special Chief Secretary. |
| ***b. The Company has Audit Committee without Independent directors as prescribed under the provisions of Section 177 of the Companies Act, 2013.*** | Same as replied to 2 (viii) (a) above. However, Independent Directors will be nominated to the Audit Committee after their appointment by the State Govt. |
| ***c. The Company has constituted Corporate Social Responsibility (C S R) Committee without Independent director as prescribed under the provisions of Section 135 of the Companies Act, 2013.*** | Same as replied to point No.2 (viii) (a) above. However, Independent Directors will be nominated to the CSR Committee after their appointment by the State Govt. |
| ***d. The Company has not appointed a Woman Director as prescribed under the provisions of Section 149 of the Companies Act, 2013.*** | Same as replied to point No.2 (viii) (a) above.. |
| ***e. The Company has not constituted Nomination and Remuneration Committee as prescribed under the provisions of Section 178 of the Companies Act, 2013.*** | The Nomination and Remuneration Committee will be constituted after appointment of Independent Directors by the State Govt. |

| **Secretarial Auditor's Report** (contd..) | **Management reply on the audit observations** (contd..) |
|---|---|
| *f. The Company has been complying with the provisions of EIA Notification, 2006, its subsequent amendments and obtaining Environmental Clearance from MoEF&CC, New Delhi for New / Expansion / Modernization of Coal Mining Projects. MoEF&CC issued a notification vide S.O. 804(E), dated 14.03.2017 wherein it was stipulated that EC needs to be obtained for the projects or activities involving expansion, modernization and change in product-mix without obtaining prior Environmental Clearance and will be dealt under violation cases under Environment Impact Assessment Notification, 2006.*<br><br>*Accordingly, the Company submitted applications in Form-1 to MoEF&CC for 10 proposals involving 12 mines, namely, RK-8, IK-IA, GDK-7LEP, Dorli-I OCP, VK-7, KOC-II, RG OC-I, JVR OC-I, Kasipet-1 Incline, cluster of GDK 1&3, GDK 2&2A & GDK 5 mines. Further a time extension of 30 days was notified by MoEF&CC vide OM dated 16th March, 2018 for ratification in respect of EC violation mines. Accordingly, applications for 8 proposals viz., JK-5 OC, GK OC, Medipalli OC, Vakilpalli mine, RK-5 Inc, RK-6 Inc, KK-5 Inc, SRP-3&3A Inc were also submitted seeking prior EC under violation category.* | i. MoEF&CC issued letters by email to SCCL to pay 100% of cost of illegally mined mineral to the Mines and Geology Department of State Government in terms of section 21 (5) of MMDR Act, 2015 and obtain "No Objection Certificate" from Mines and Geology Department in respect of settlement of all the amount payable against the identified violations in pursuance of Supreme Court judgement dated 2nd August 2017 in W.P. No. 114/2014 in the matter of 'common Cause Vs UoI'.<br>ii. In the 5th EAC meeting held on 21-22 March 2018, initial 10 proposals under violation category were considered and presentations were made in the EAC meeting. Five proposals were recommended for issue of ToR and other five proposals were deferred. The five deferred proposals subsequently were recommended by EAC for issue of ToRs in a meeting held on 13th June 2018. The remaining eight proposals are likely to be placed before EAC.<br>iii. SCCL represented to MoEF&CC for withdrawing the email letters as the judgment of Hon'ble Supreme Court in WP No.114/2014 pertains to accused parties only who carried out iron and Manganese ore illegal mining in the state of Odisha and also did not give any directions for its implementation in respect of other minerals. Hence, SCCL requested not to interpret by linking of violation of EC under EP Act, 1986 with action under section 21 (5) of MMDR Act, 2015 and to process the proposals for issue of ECs as per the Notification S.O.No.804 (E)). The Principal Secretary to Government & CIP (FAC), Industries and Commerce Department, Telangana Secretariat Hyderabad, informed Ministry of Mines, GoI by marking a copy to Secretary, MoEF&CC that the orders of Hon'ble Supreme Court are not applicable to SCCL and the proposals of SCCL may be granted ToRs. Further, DMG, Telangana State also issued NoC vide his letter No. 5928/R1-1/2018, dt.14.05.2018.<br>iv. Though, coal production exceeded EC capacity, SCCL is implementing pollution mitigation measures by deploying additional resources and maintain pollution levels within the prescribed limits by monitoring through EPTRI (CPCB recognized and NABL accredited laboratory) and the reports are submitted to regulatory authorities regularly. 8 Nos. of Continuous Ambient Air Quality Monitoring Stations (CAAQMS) were established one at each opencast project and were connected to TSPCB for real-time monitoring of air quality data. Mining leases, forest land renewals and CFOs are also obtained for the mines under violation category. |

| **Secretarial Auditor's Report** (contd..) | **Management reply on the audit observations** (contd..) |
|---|---|
| 3. I, further report that:<br><br>a. *The Board of Directors of the Company is constituted with executive and non-executive directors without requisite number of independent directors and a woman director as stated elsewhere in the report. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act except in respect of independent directors and a woman director.* | As replied in point Nos.2(viii)(a)&(d) |
| b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance. Wherever the notes on agenda were sent with less than 7 days prior to the meeting, the same were taken up by the Board for consideration with the consent of all Members present in the meeting and permission of the Chairman & Managing Director of the Company. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. Majority decision is carried through and except on the following proposals, there were no instances of dissenting members in the Board of Directors. | |
| i) In the three proposals placed before the Board of Directors in the 542nd meeting held on 30.10.2017 as per the directives of Government of Telangana viz., (1) Payment of Special Incentive @ 25% of net profit for the financial year 2016-17 to the employees; (2) Declaration of 14th April to commemorate the birth day of Dr.B.R.Ambedkar as Paid Holiday; and (3) Enhancement of the Lump sum amount in lieu of dependant employment / Monthly Monitory Compensation (MMC) from the existing Rs.12.50 lakh to Rs.25 lakh or MMC from the existing Rs.15,712.62 to Rs.25,000/- per month to those who have not opted for compassionate appointment, 3 Directors nominated by the Ministry of Coal, Govt. of India have expressed their dissent. | The SCCL is a State Govt. Company. As per the directions of the State Govt., these proposals were submitted to the Board.. |

| **Secretarial Auditor's Report** (contd..) | **Management reply on the audit observations** (contd..) |
|---|---|
| ii) In the two proposals placed before the Board of Directors in the 543rd meeting held on 23.2.2018 as per the directives of Government of Telangana viz., (1) Declaring Optional Paid Holiday on account of Sankranthi/ Ramzan (Eid-Ul-Fitr)/Christmas. (2) House Building Loan Interest Reimbursement Scheme-2018 for NCWA Employees, 2 Directors nominated by the Ministry of Coal, Govt. of India have expressed their dissent. | The SCCL is a State Govt. Company. As per the directions of the State Govt., these proposals were submitted to the Board. |
| 4. I further report that there exists adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines. | |
| 5. I, further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, standards etc., referred above. | |
| Sd/-<br>K .V. Chalama Reddy<br>Practising Company Secratary<br>M.No: F.C.S.9268, C.P.No.5451<br>Date: 11.07.2018<br>Place: Hyderabad. | for and on behalf of the Board<br>Sd/-<br>(N. Sridhar)<br>Chairman & Managing Director<br>Date: 16.08.2018<br>Place: Hyderabad. |

*Plantation on OB Dumps*

**Annexure-A**

To,

The Members,

The Singareni Collieries Company Limited.,

Kothagudem Collieries.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-
**(K.V.Chalama Reddy)**
Practising Company secretary
M.No: F9268, C.P.No.5451

Date: 11.07.2018
Place: Hyderabad.

**Annexure-IV**

# Form No. MGT 9

## EXTRACT OF ANNUAL RETURN

**as on financial year ended on 31.03.2018**
**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1)**
**of the Company (Management & Administration) Rules, 2014.**

## I REGISTRATION & OTHER DETAILS:

| | | |
|---|---|---|
| i | CIN | **U10102TG1920SGC000571** |
| ii | Registration Date | 23.12.1920 |
| iii | Name of the Company | **The Singareni Collieries Company Limited** |
| iv | Category / Sub-category of the Company | Mining, Consultancy & Power |
| v | Address of the Registered office & contact details | The Singareni Collieries Company Limited<br>Registered Office,<br>Kothagudem Collieries - 507 101,<br>Bhadradri Kothagudem Dist., Telangana. |
| vi | Whether listed company | No |
| vii | Name , Address & contact details of the Registrar & Transfer Agent, if any. | NA |

## II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY: Coal Mining & Power Generation

All the business activities contributing 10% or more of the total turnover of the company shall be stated

| SL. No. | Name & Description of main products/services | NIC Code of the Product/ service | % to total turnover of the company |
|---|---|---|---|
| 1. | Bituminous Coal | 270112.00 | 80.19 |
| 2. | Power | 271600.00 | 19.81 |

## III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:

| Sl. No. | Name & Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares Held | Applicable Section |
|---|---|---|---|---|---|
| 1. | Andhra Pradesh Heavy Machinery & Engineering Limited | U29219AP1976SGC002071 | Subsidiary | 81.54 | 2(87)(ii) |
| 2. | APMDC SCCL Suliyari Coal Co. Ltd.* | U10300TG2013SGC088684 | Associate | 49.00 | 2(6) |

* Winding-up of the Company is in final stage.

## IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | | |
| **A. Promoters** | | | | | | | | | | |
| **(1) Indian** | | | | | | | | | | |
| a) Individual/HUF | | 37252 | 37252 | 0.0021 | | 37252 | 37252 | 0.0021 | | |
| b) Central Govt. or State Govt. | | 1733159147 | 1733159147 | 99.9977 | | 1733159147 | 1733159147 | 99.9977 | - | - |
| c) Bodies Corporates | | | | | | | | | | |
| d) Bank/FI | | | | | | | | | | |
| e) Any other | | | | | | | | | | |
| **Sub Total:(A)(1)** | | 1733196399 | 1733196399 | 99.9999 | | 1733196399 | 1733196399 | 99.9999 | | |
| | | | | | | | | | | |
| **(2) Foreign** | | | | | | | | | | |
| a) NRI- Individuals | | | | | | | | | | |
| b) Other Individuals | | 1720 | 1720 | 0.0001 | | 1720 | 1720 | 0.0001 | | |
| c) Bodies Corp. | | | | | | | | | | |
| d) Banks/FI | | | | | | | | | | |
| e) Any other… | | | | | | | | | | |
| **Sub Total (A) (2)** | | 1720 | 1720 | 0.0001 | | 1720 | 1720 | 0.0001 | | |
| **Total Shareholding of Promoter (A)= (A)(1)+(A)(2)** | | 1733198119 | 1733198119 | 100.00 | | 1733198119 | 1733198119 | 100.00 | | |
| | | | | | | | | | | |
| **B. Public Shareholding** | | | | | | | | | | |
| **(1) Institutions** | | | | | | | | | | |
| a) Mutual Funds | | | | | | | | | | |
| b) Banks/FI | | | | | | | | | | |
| c) Central govt. | | | | | | | | | | |
| d) State Govt. | | | | | | | | | | |
| e) Venture Capital Fund | | | | | | | | | | |
| f) Insurance Companies | | | | | | | | | | |
| g) FIIS | | | | | | | | | | |
| h) Foreign Venture Capital Funds | | | | | | | | | | |
| i) Others (specify) | | | | | | | | | | |
| **Sub Total (B)(1):** | | | | | | | | | | |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **(2) Non Institutions** | | | | | | | | | |
| a) Bodies corporates | | | | | | | | | |
| i) Indian | | | | | | | | | |
| ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakh. | | | | | | | | | |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh. | | | | | | | | | |
| c) Others (specify) | | | | | | | | | |
| Sub Total (B)(2): | | | | | | | | | |
| **Total Public Shareholding (B)= (B)(1)+(B)(2)** | | | | | | | | | |
| **C. Shares held by Custodian for GDRs & ADRs** | | | | | | | | | |
| **Grand Total (A+B+C)** | | 1733198119 | 1733198119 | 100.00 | | 1733198119 | 1733198119 | 100.00 | |

## (ii) SHARE HOLDING OF PROMOTERS

| Sl. No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | % of shares pledged encumbered to total shares | No. of shares | % of total shares of the company | % of shares pledged encumbered to total shares | |
| 1 | Govt. of Telangana | 885599147 | 51.0962 | Nil | 885599147 | 51.0962 | Nil | - |
| 2 | Govt. of India | 847560000 | 48.9015 | Nil | 847560000 | 48.9015 | Nil | - |
| | Total | 1733159147 | 99.9977 | - | 1733159147 | 99.9977 | - | - |

### (iii) CHANGE IN PROMOTERS' SHAREHOLDING (specify if there is no change)

| Sl. No. | | Share holding at the beginning of the Year | | Cumulative Share holding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | - No change - | | | |
| | Date wise increase/ decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc) | | | | |
| | At the end of the year | | | | |

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 17885 | 0.0010 | 17885 | 0.0010 |
| | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc) | - No change - | | | |
| | At the end of the year (or on the date of separation, if separated during the year) | 17885 | 0.0010 | 17885 | 0.0010 |

### (v) Shareholding of Directors & KMP

| Sl. No. | For Each of the Directors & KMP | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 11 | - | 11 | - |
| | Date wise increase/ decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc) | - No change - | | | |
| | At the end of the year | 11 | - | 11 | - |

## V INDEBTEDNESS

(Rs. in crore)

| Indebtedness of the Company including interest outstanding/accrued but not due for payment | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebted ness |
|---|---|---|---|---|
| **Indebtness at the beginning of the financial year** | | | | |
| i) Principal Amount | 4684.54 | -- | -- | 4684.54 |
| ii) Interest due but not paid | -- | -- | -- | -- |
| iii) Interest accrued but not due | 88.59 | -- | -- | 88.59 |
| **Total (i+ii+iii)** | 4773.13 | -- | -- | 4773.13 |
| | | | | |
| **Change in Indebtedness during the financial year** | | | | |
| Additions | 241.30 | | | 241.30 |
| Reduction | 399.72 | | | 399.72 |
| **Net Change** | -158.42 | | | -158.42 |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 4526.12 | | | 4526.12 |
| ii) Interest due but not paid | -- | | | -- |
| iii) Interest accrued but not due | 85.43 | | | 85.43 |
| **Total (i+ii+iii)** | 4611.55 | | | 4611.55 |

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Whole time director and/or Manager:** (in Rs.)

| Sl. No. | Particulars of remuneration | Name of MD/WTD/Manager | | | | | | Total amount (Rs) |
|---|---|---|---|---|---|---|---|---|
| | | N.Sridhar, C & M.D. | J. Pavitran Kumar, Director (Finance) & (P.A&W)(FAC) and CFO | B Ramesh Kumar, Director (Operations) (up to 30.4.2017) | S.Shankar, Director (E&M) (w.e.f., 1.2.2017) | S Chandra-sekhar, Director (Operations) (from 2.5.2017) | B. Bhaskara Rao, Director (P&P) (from 2.5.2017) | |
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the IT Act, 1961 | 2212686 | 1194751 | 5021715 | 3335625 | 3838685 | 3871277 | 19474739 |
| | (b) Value of perquisites u/s 17(2) IT Act, 1961 | 25080 | 135354 | 164601 | 3395 | 3928 | 246378 | 578736 |
| | (c) Profits in lieu of salary u/s 17(3) Income Tax Act, 1961 | | | | | | | |
| 2 | Stock Option | | | | | | | |
| 3 | Sweat Equity | | | | | | | |
| 4 | Commission --as % of profit -others, specify | | | | | | | |
| 5 | Others, please specify - CMPF | 0 | 0 | 375627 | 315360 | 342916 | 342871 | 1376774 |
| | - Gratuity | | | 1000000 | | | | 1000000 |
| | TOTAL (A) | 2237766 | 1330105 | 6561943 | 3654380 | 4185529 | 4460526 | 22430249 |
| | Ceiling as per the Act (Rs. in Crore) | 78.54 (5% of PBT) | 15.71 (1% of PBT) | 15.71 (1% of PBT) | 15.71 (1% of PBT) | 15.71 (1% of PBT) | 15.71 (1% of PBT) | 172.78 (11% of PBT) |

## B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of the Directors | | | Total Amount |
|---|---|---|---|---|---|
| 1 | Independent Directors | | | | |
| | (a) Fee for attending board committee meetings | | | | |
| | (b) Commission | | | | |
| | (c ) Others, please specify | | | | |
| | **Total (1)** | | | | |
| 2 | Other Non Executive Directors | | | | |
| | (a) Fee for attending board committee meetings | | | | |
| | (b) Commission | | | | |
| | (c ) Others, please specify. | | | | |
| | **Total (2)** | | | | |
| | **Total (B)=(1+2)** | | | | |
| | **Total Managerial Remuneration** | | | | |
| | **Overall ceiling as per the Act.** | | | | |

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(in Rs.)

| Sl.No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| 1 | **Gross Salary** | **CEO *** | **Company Secretary** | **CFO *** | **Total** |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | | 2205004 | | 2205004 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | | 183937 | | 183937 |
| | (c )Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961. | – | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5 | Others, please specify – CMPF | | 225632 | - | 225632 |
| | **Total** | - | 2614573 | - | 2614573 |

* C&MD is CEO and Director (Finance) is CFO, details are given in Sl. No.VI.A.

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/ Compounding fees imposed | Authority (RD/NCLT/ Court) | Appeal made if any (give details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **B. DIRECTORS** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

Date: 20.08.2018
Place: Hyderabad.

Sd/-
Chairman & Managing Director

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF THE SINGARENI COLLIERIES COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of The Singareni Collieries Company Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 11-07-2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of The Singareni Collieries Company Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

| Sl.No. | Comments of the Comptroller & Auditor General of India under section 143 (6)(b) of the Companies Act, 2013 on the Standalone financial statements of The Singareni Collieries Company Limited, Kothagudem for the year ended 31st March, 2018. | Replies of the Management forming part of the Board's Report to the Shareholders |
|---|---|---|
| 1. | **Equity and Liabilities**<br>**Liabilities**<br>**Non-current liabilities**<br>**Provisions (Note No.22) - Rs.16926.84 Crore**<br>**Backfilling Provision - Rs.9859.88 Crore**<br><br>This includes excess provision of Rs. 266.61 crore due to non -adoption of Revised Cost Estimates (RCE) on back filling of Ramagundam Open Cast II mine. The company was required to review the Provision for back filling as per the RCE-2015 approved by Board in March 2016. However, the Company did not conduct a review or did not write back the excess provision. This has resulted in overstatement of Finance Cost ( Rs. 20.16 crore) and depreciation (Rs. 16.42 crore) charged to P&L Account by Rs.36.58 crore, Property, Plant and Equipment (PPE) by Rs.298.90 crore and Back Filling Provision by Rs. 266.61 crore. Consequently, Profit for the year is understated by Rs. 36.58 crore.<br><br>Though the issue was raised by Audit earlier on the accounts for the year ended 31st March 2017, the Company did not make the correction. The Statutory Auditors have also not included the same in the Independent Auditors' Report. | In respect of RG OC-II Project, the Backfilling obligation was estimated by adopting the mine life of 25 years from 2014-15 as per the approved Mining plan (vide MoC Letter No. 13016 / 03 /2009-CA II/Pt 1, dt. 06.09.2016.)<br><br>For revision of estimates in respect of Backfilling obligation, approval of mining plan by MoC and environmental clearance by MoEF are considered as reliable information. The life as per Revised Cost estimates (RCE 2015) can be adopted only after approval of the mining plan as per RCE by the MoC.<br><br>The above procedure is consistently followed since 2009-10 and as such compliance of the Audit comment issued for 2016-17 is not warranted. |

| Sl.No. | Comments of the Comptroller & Auditor General of India under section 143 (6)(b) of the Companies Act, 2013 on the Standalone financial statements of The Singareni Collieries Company Limited, Kothagudem for the year ended 31st March, 2018. | Replies of the Management forming part of the Board's Report to the Shareholders |
|---|---|---|
| 2(a) | **Employees Benefits Expenses**<br>**(Note No. 30) - Rs.6,812.78 Crore**<br>**Superannuation Benefit – Rs.156.48 Crore**<br>This includes an amount of Rs.68.36 crore towards interest @ 6% on superannuation benefit liability provided for the years 2006-07 to 2017-18<br>The interest provision on super-annuation benefit liability had no specific Board approval or Government approval. Without approval of competent authority, providing interest liability on superannuation benefit in the accounts is irregular. This resulted in overstatement of Employees Benefits Expenses and current liabilities by Rs.68.36 crore. Consequently, Profit for the year is also understated by Rs. 68.36 crore. | Superannuation Benefit Scheme (9.84%) could not be formulated in the Company owing to non-formulation of modalities by Coal India Ltd (CIL). Recently, CIL has formulated a Superannuation Benefit Scheme under name and style "CIL Executives Defined Contribution Pension Scheme, 2007".<br>As per the Scheme adopted by CIL, the Superannuation Benefits Contributions are to be deposited into the scheme fund along with accretions( Interest).A similar scheme shall be adopted by SCCL since the Executives pay structure of SCCL is adopted as per CIL pattern.<br>As per the provisions of para No.14 of the Ind AS-37, a provision shall be recognised when an entity has a present obligation either legal or constructive. The obligation to deposit the Superannuation Benefits contributions along with accretions (Interest) in line with CIL Scheme is in the nature of a "constructive obligation" on SCCL.<br>As such, this provision was appropriately made in books of account to present true and fair view of the Financial Results for 2017-18 and Financial Position as on 31.03.2018 as per the provisions of Ind AS-37.<br>Further, the provision towards accretion (Interest) is consequential to pay revision of Executives as per CIL pattern approved by the Board earlier. In addition, the provision made towards Superannuation accretions was approved by the Board as a part of Annual Accounts Agenda for 2017-18. Hence, the provision for the accretion (Interest) on Superannuation Benefit Contribution accumulations is backed by Competent Authority's approval. |
| 2(b) | **Performance related Pay :**<br>This is overstated by Rs. 25.54 crore due to non - deduction of interest income earned on cash or bank balances or investments from Profit Before Tax (PBT) for the purpose of Performance Related Pay (PRP).<br>As per the orders of Government of India based on recommendation of 3rd Pay Revision Committee, the overall profits for distribution of PRP shall be limited to 5 per cent of the year's profit accruing only from core business activities (without consideration of interest on cash/bank balance).<br>The Company made the provision for PRP without deducting interest income earned during the year 2017-18. This has resulted in overstatement of Employee Benefits Expenses and Current Liabilities by Rs. 25.54 crore. Consequently, Profit for the year is understated by Rs. 25.54 crore. | Provision for PRP is being made by reckoning 60% of PRP on the basis of 3% of the PBT and 40% of PRP on the basis of 10% of incremental profit (Profit Before Tax) for the respective Financial Year. Incremental profit would mean the increase in profit as compared to the previous year's profit. The total PRP, however, will be limited to 5% of the year's PBT. This practice of providing for PRP on the basis of reported PBT is being consistently followed by the company from 2006-07 onwards.<br>In this connection, incidental interest earned on temporary parking of funds as a part of working capital management from Bonds issued against coal dues, terms deposits with banks & with LIC etc form part of the income from core activity and cannot be said to have been earned on idle cash/bank balance as observed by Audit. |

| Sl.No. | Comments of the Comptroller & Auditor General of India under section 143 (6)(b) of the Companies Act, 2013 on the Standalone financial statements of The Singareni Collieries Company Limited, Kothagudem for the year ended 31st March, 2018. | Replies of the Management forming part of the Board's Report to the Shareholders |
|---|---|---|
| | | After careful examination of the proposal for payment of PRP based on MoU ratings, Govt. of Telangana has agreed for payment of PRP for the years 2014-15, 2015-16 and 2016-17 and accordingly payments were also released for these years. Further, revised MoU for the year 2017-18 has been prepared based on actual performance and the same is under circulation for approval of the Govt. |
| 2(c) | **CMPF, CMPS and Administrative charges - Rs.531.89 Crore**<br><br>This includes an amount of Rs. 8.78 crore towards additional contribution for executives for Coal Mines Pension Scheme (CMPS) for the period from 01.10.2017 to 31.03.2018.<br><br>As per 2nd pay revision of executive's superannuation benefit fund maximum of 30% of (basic + DA) was allowable for Contributory Provident Fund (CPF) (12%), Gratuity (4.16%), Pension (3%), Post Superannuation Medical Benefit (4%) and Superannuation Benefit (6.84%).<br><br>However, the Company had provided 9.84 per cent as Superannuation Benefit instead of 6.84 % from 01.10.2017. The increase in Superannuation Benefit by 3 % beyond the 30% has resulted in overstatement of CMPF, CMPS and Administrative Charges and Current Liabilities by Rs.8.78 crore. Consequently, Profit for the year is also understated by Rs. 8.78 crore.<br><br>The Statutory Auditors have not included the above issues in their Independent Auditors' Report. | The Coal Mines Pension Scheme, 1998 is applicable for all the employees viz. Non executives and as well as Executives. As per the recommendations of JBCCI, the employees as well as the employer shall contribute 7% of revised Basic and VDA after subsuming the existing 1.17% towards pension, RBPS 2% and one increment w.e.f 01.10.2017, to sustain the corpus of CMPS 1998.<br><br>Since the executives are also members of CMPS 1998, the provision of 7% towards Employer's contribution to CMPS after subsuming the existing contributions is provided for in FY 2017-18 as per the recommendations of JBCCI.<br><br>Further, as per the 2nd Pay Revision w.e.f. 01.01.2007 and 3rd PRC w.e.f 01.01.2017 for Board level and below Board level executives, Superannuation Benefits equalling to 30% of basic pay and VDA have been allowed, which includes 9.84% towards Superannuation benefit ( Pension Fund @ 3% plus Superannuation Fund @ 6.84%).<br><br>As per the Superannuation benefit scheme implemented CIL, Superannuation Benefit (9.84%) is an additional benefit to the executives without diluting the existing statutory benefits i.e. CMPF, CMPS etc. In view of the above stand taken by CIL, provision was made towards Superannuation benefit Fund @ 9.84% (of Basic plus DA) in the books of account of the Company for the year 2017-18 treating the same as additional benefit over and above the existing statutory benefits of CMPF& CMPS.<br><br>As explained above, these provisions towards Superannuation Benefit @ 9.84% and enhanced employer's contribution to CMPS (as per JBCCI recommendations) for Executive have been appropriately made based on the judgement and estimates of the management at the time of closure of Annual Accounts.<br><br>However, on implementation of Pay Revision to Executives in SCCL and based on the further developments, these provisions will be reviewed in due course and impact will be accounted as change in the estimate as per Ind AS 8. |
| | For and on behalf of the<br>Comptroller and Auditor General of India<br><br>Sd/-<br>Principal Accountant General (Audit)<br><br>Date: 27.09.2018<br>Place: Hyderabad. | For and on behalf of the Board<br><br>Sd/-<br>(N. Sridhar)<br>Chairman & Managing Director<br><br>Date: 27.09.2018<br>Place: Hyderabad. |

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE SINGARENI COLLIERIES COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of consolidated financial statements of The Singareni Collieries Company Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 11-07-2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of The Singareni Collieries Company Limited for the year ended 31 March 2018. A non- review certificate on the financial statements of Andhra Pradesh Heavy Machinery and Engineering Limited for the year 2017-18, (Subsidiary) has been issued. I did not conduct supplementary audit of the financial statements of Joint Ventures (NTPC-SCCL Global Ventures Private Limited and APMDC-SCCL Suliyari Coal Company Limited) ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6)(b) read with section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the consolidated financial statements and the related audit report.

| Sl.No. | Comments of the Comptroller & Auditor General of India under section 143 (6)(b) of the Companies Act, 2013 on the Consolidated financial statements of The Singareni Collieries Company Limited, Kothagudem for the year ended 31st March, 2018. | Replies of the Management forming part of the Board's Report to the Shareholders |
|---|---|---|
| 1. | **Equity and Liabilities**<br>**Liabilities**<br>**Non-current liabilities**<br>**Provisions (Note No.22) - Rs.16932.11 Crore**<br>**Backfilling Provision - Rs.9859.88 Crore**<br><br>This includes excess provision of Rs. 266.61 crore due to non -adoption of Revised Cost Estimates (RCE) on back filling of Ramagundam Open Cast II mine. The company was required to review the Provision for back filling as per the RCE-2015 approved by Board in March 2016. However, the Company did not conduct a review or did not write back the excess provision. This has resulted in overstatement of Finance Cost (Rs. 20.16 crore) and depreciation (Rs. 16.42 crore) charged to P&L Account by Rs.36.58 crore, Property, Plant and Equipment (PPE) by Rs.298.90 crore and Back Filling Provision by Rs. 266.61 crore. Consequently, Profit for the year is understated by Rs. 36.58 crore.<br><br>Though the issue was raised by Audit earlier on the accounts for the year ended 31st March 2017, the Company did not make the correction. The Statutory Auditors have also not included the same in the Independent Auditors' Report. | In respect of RG OC-II Project, the Backfilling obligation was estimated by adopting the mine life of 25 years from 2014-15 as per the approved Mining plan (vide MoC Letter No. 13016 / 03 /2009-CA II/Pt 1, dt. 06.09.2016.)<br><br>For revision of estimates in respect of Backfilling obligation, approval of mining plan by MoC and environmental clearance by MoEF are considered as reliable information. The life as per Revised Cost estimates (RCE 2015) can be adopted only after approval of the mining plan as per RCE by the MoC.<br><br>The above procedure is consistently followed since 2009-10 and as such compliance of the Audit comment issued for 2016-17 is not warranted. |

| Sl.No. | Comments of the Comptroller & Auditor General of India under section 143 (6)(b) of the Companies Act, 2013 on the Standalone financial statements of The Singareni Collieries Company Limited, Kothagudem for the year ended 31st March, 2018. | Replies of the Management forming part of the Board's Report to the Shareholders |
|---|---|---|
| 2(a) | **Employees Benefits Expenses**<br>**(Note No. 30) - Rs.6,834.20 Crore**<br>**Superannuation Benefit - Rs.156.47 Crore**<br>This includes an amount of Rs.68.36 crore towards interest @ 6% on superannuation benefit liability provided for the years 2006-07 to 2017-18<br>The interest provision on super-annuation benefit liability had no specific Board approval or Government approval. Without approval of competent authority, providing interest liability on superannuation benefit in the accounts is irregular. This resulted in overstatement of Employees Benefits Expenses and current liabilities by Rs.68.36 crore. Consequently, Profit for the year is also understated by Rs. 68.36 crore. | Superannuation Benefit Scheme (9.84%) could not be formulated in the Company owing to non-formulation of modalities by Coal India Ltd (CIL). Recently, CIL has formulated a Superannuation Benefit Scheme under name and style "CIL Executives Defined Contribution Pension Scheme, 2007".<br>As per the Scheme adopted by CIL, the Superannuation Benefits Contributions are to be deposited into the scheme fund along with accretions( Interest).A similar scheme shall be adopted by SCCL since the Executives pay structure of SCCL is adopted as per CIL pattern.<br>As per the provisions of para No.14 of the Ind AS-37, a provision shall be recognised when an entity has a present obligation either legal or constructive. The obligation to deposit the Superannuation Benefits contributions along with accretions (Interest) in line with CIL Scheme is in the nature of a "constructive obligation" on SCCL.<br>As such, this provision was appropriately made in books of account to present true and fair view of the Financial Results for 2017-18 and Financial Position as on 31.03.2018 as per the provisions of Ind AS-37.<br>Further, the provision towards accretion (Interest) is consequential to pay revision of Executives as per CIL pattern approved by the Board earlier. In addition, the provision made towards Superannuation accretions was approved by the Board as a part of Annual Accounts Agenda for 2017-18. Hence, the provision for the accretion (Interest) on Superannuation Benefit Contribution accumulations is backed by Competent Authority's approval. |
| 2(b) | **Performance related Pay :**<br>This is overstated by Rs. 25.54 crore due to non - deduction of interest income earned on cash or bank balances or investments from Profit Before Tax (PBT) for the purpose of Performance Related Pay (PRP).<br>As per the orders of Government of India based on recommendation of 3rd Pay Revision Committee, the overall profits for distribution of PRP shall be limited to 5 per cent of the year's profit accruing only from core business activities (without consideration of interest on cash/bank balance).<br>The Company made the provision for PRP without deducting interest income earned during the year 2017-18. This has resulted in overstatement of Employee Benefits Expenses and Current Liabilities by Rs. 25.54 crore. Consequently, Profit for the year is understated by Rs. 25.54 crore. | Provision for PRP is being made by reckoning 60% of PRP on the basis of 3% of the PBT and 40% of PRP on the basis of 10% of incremental profit (Profit Before Tax) for the respective Financial Year. Incremental profit would mean the increase in profit as compared to the previous year's profit. The total PRP, however, will be limited to 5% of the year's PBT. This practice of providing for PRP on the basis of reported PBT is being consistently followed by the company from 2006-07 onwards.<br>In this connection, incidental interest earned on temporary parking of funds as a part of working capital management from Bonds issued against coal dues, terms deposits with banks & with LIC etc form part of the income from core activity and cannot be said to have been earned on idle cash/bank balance as observed by Audit. |

| Sl.No. | Comments of the Comptroller & Auditor General of India under section 143 (6)(b) of the Companies Act, 2013 on the Standalone financial statements of The Singareni Collieries Company Limited, Kothagudem for the year ended 31st March, 2018. | Replies of the Management forming part of the Board's Report to the Shareholders |
|---|---|---|
| | | After careful examination of the proposal for payment of PRP based on MoU ratings, Govt. of Telangana has agreed for payment of PRP for the years 2014-15, 2015-16 and 2016-17 and accordingly payments were also released for these years. Further, revised MoU for the year 2017-18 has been prepared based on actual performance and the same is under circulation for approval of the Govt. |
| 2(c) | **CMPF, CMPS and Administrative charges - Rs.533.41 Crore**<br><br>This includes an amount of Rs. 8.78 crore towards additional contribution for executives for Coal Mines Pension Scheme (CMPS) for the period from 01.10.2017 to 31.03.2018.<br><br>As per 2nd pay revision of executive's superannuation benefit fund maximum of 30% of (basic + DA) was allowable for Contributory Provident Fund (CPF) (12%), Gratuity (4.16%), Pension (3%), Post Superannuation Medical Benefit (4%) and Superannuation Benefit (6.84%).<br><br>However, the Company had provided 9.84 percent as Superannuation Benefit instead of 6.84 % from 01.10.2017. The increase in Superannuation Benefit by 3 % beyond the 30% has resulted in overstatement of CMPF, CMPS and Administrative Charges and Current Liabilities by Rs.8.78 crore. Consequently, Profit for the year is also understated by Rs. 8.78 crore.<br><br>The Statutory Auditors have not included the above issues in their Independent Auditors' Report. | The Coal Mines Pension Scheme, 1998 is applicable for all the employees viz. Non executives and as well as Executives. As per the recommendations of JBCCI, the employees as well as the employer shall contribute 7% of revised Basic and VDA after subsuming the existing 1.17% towards pension, RBPS 2% and one increment w.e.f 01.10.2017, to sustain the corpus of CMPS 1998.<br><br>Since the executives are also members of CMPS 1998, the provision of 7% towards Employer's contribution to CMPS after subsuming the existing contributions is provided for in FY 2017-18 as per the recommendations of JBCCI.<br><br>Further, as per the 2nd Pay Revision w.e.f. 01.01.2007 and 3rd PRC w.e.f 01.01.2017 for Board level and below Board level executives, Superannuation Benefits equalling to 30% of basic pay and VDA have been allowed, which includes 9.84% towards Superannuation benefit ( Pension Fund @ 3% plus Superannuation Fund @ 6.84%).<br><br>As per the Superannuation benefit scheme implemented CIL, Superannuation Benefit (9.84%) is an additional benefit to the executives without diluting the existing statutory benefits i.e. CMPF, CMPS etc. In view of the above stand taken by CIL, provision was made towards Superannuation benefit Fund @ 9.84% (of Basic plus DA) in the books of account of the Company for the year 2017-18 treating the same as additional benefit over and above the existing statutory benefits of CMPF& CMPS.<br><br>As explained above, these provisions towards Superannuation Benefit @ 9.84% and enhanced employer's contribution to CMPS (as per JBCCI recommendations) for Executive have been appropriately made based on the judgement and estimates of the management at the time of closure of Annual Accounts.<br><br>However, on implementation of Pay Revision to Executives in SCCL and based on the further developments, these provisions will be reviewed in due course and impact will be accounted as change in the estimate as per Ind AS 8. |
| | For and on behalf of the<br>Comptroller and Auditor General of India<br><br>Sd/-<br>Principal Accountant General (Audit)<br><br>Date: 27.09.2018<br>Place: Hyderabad. | For and on behalf of the Board<br><br>Sd/-<br>(N. Sridhar)<br>Chairman & Managing Director<br><br>Date: 27.09.2018<br>Place: Hyderabad. |

| **INDEPENDENT AUDITORS' REPORT**<br>**on Standalone Financial Statements** | **Management reply on the audit observations**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| **To**<br>**The Members of**<br>**The Singareni Collieries Company Limited** | |
| **Report on the Standalone Financial Statements**<br>We have audited the accompanying standalone financial statements of **THE SINGARENI COLLIERIES COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information. | -- |
| **Management's Responsibility for the Standalone Financial Statements**<br>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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.<br><br>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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. | -- |

| **INDEPENDENT AUDITORS' REPORT on Standalone Financial Statements (Contd.)** | **Management reply on the audit observations** (Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| **Auditor's Responsibility**<br>Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting 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 and the Order issued under section 143(11) of the Act. | -- |
| We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement. | -- |
| An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone 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 standalone financial statements. | _ |
| We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements. | -- |
| **Opinion**<br>In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date. | -- |

| **INDEPENDENT AUDITORS' REPORT on Standalone Financial Statements (Contd.)** | **Management reply on the audit observations** (Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| **Emphasis of Matters paragraph**<br>Without qualifying our opinion, we draw attention to<br><br>a) *Provision of DMF of Rs.453 Crores made during F.Y 2015-16 for retrospective demand has been struck down by the Supreme Court and directed to pay prospectively. Provision withdrawn of Rs.453 Crores being a substantial portion of SCCL's current year profit of Rs.1212.75 Crores is disclosed as an exceptional item in the Profit & loss account. (Refer Note No.22.8.)* | |
| b. *Overburden provision of Rs.267.78 Crores of earlier years of KTK OC-I withdrawn during the year required restatement of earlier year's Profit and loss account and retained earnings as per Ind AS-8.(Refer note No.39.5.12(L)) .* | |
| c. *Bonus on diesel consumption and explosives payable to contractors of Rs.56.53 Crores has not been accounted for in the books as liability as required under Ind AS-37. (Refer note No.39.5.12(C)).* | The Auditors have drawn specific attention of the members on these matters, though they have been appropriately classified, presented and disclosed in the financial statements. |
| d. The profit for the year is lower by Rs.7.06 Crores, Rs.54.13 Crores, Rs.55.58. Crores, totaling to Rs.116.77 Crores, on account of change in methodology of valuation of closing stock, extension of CPRMS provision on actuarial basis to Non–Executives and the inclusion of accounting policy of depreciating the freehold mining lands respectively. (Refer *Note No.39.5.12(J)).* | |
| e. *Non furnishing of information and records of lands (Reference is invited to our point No.3 (a) under the **Report on Other Legal and Regulatory Requirements).*** | Reply has been given at para No.3 (a). |
| **Report on Other Legal and Regulatory Requirements**<br>1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in "Annexure-B" statement on the matters specified in Paragraphs 3 and 4 of the Order. | -- |

| **INDEPENDENT AUDITORS' REPORT on Standalone Financial Statements (Contd.)** | **Management reply on the audit observations (Contd.)** (Under Section 134 (3) of the Companies Act, 2013) |
| --- | --- |
| 2. As required by Section 143(3) of the Act, based on our audit we report that:<br>a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. | -- |
| b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books. | -- |
| c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account. | -- |
| d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act. | -- |
| e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act. | -- |
| f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses Disclaimer of opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting. | -- |
| 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, as amended, in our opinion and to the best of our information and according to the explanations given to us: | -- |

| **INDEPENDENT AUDITORS' REPORT on Standalone Financial Statements (Contd.)** | **Management reply on the audit observations (Contd.)** (Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note No. 4.a. of additional notes (Contingent liabilities) to the Ind AS financial statements; | -- |
| ii) The Company did not have long-term contracts including derivative contracts for which there were any material foreseeable losses. | -- |
| iii) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding company and its subsidiary companies, associate companies and jointly controlled entities/joint ventures and joint operation incorporated in India during the year ended 31.03.2018. | -- |
| 3. As required by the section 143 (5) of the Act and as per the directions of Comptroller and Auditor General of India, we report that : | -- |
| a) *We have not been furnished records/ documents of the freehold lands, assigned lands and leasehold lands. We are therefore unable to comment on the existence of the title deeds and lease deeds of the company.* | All the Freehold and Leasehold lands capitalised in the Books are mapped in the Asset Register in ERP-SAP with necessary details like location, extent, Award No. & Date etc. The title deeds and award copies etc., are available at respective Areas which could have been verified by the Auditors at respective Areas. However, Auditors have requisitioned the title deeds for their verification at the final stage of audit at Corporate office. It was apprised to the Auditors that collection of title deeds and other records from Areas at this stage is operationally not possible.<br><br>Further, other information like lands for which awards passed and possession not given and vice versa, lands surrendered and lands illegally occupied by the others etc. in the manner and fashion requisitioned by the Auditors requires perusal of all land records of the Company, seeking information from Areas and as such could not be furnished before conclusion of Audit. Though, this situation was apprised to Auditors they have drawn the attention of the members on the same.<br><br>However, the information and records requisitioned by the Auditors will be compiled and made available for verification in the ensuing period's Audit. |

| INDEPENDENT AUDITORS' REPORT on Standalone Financial Statements (Contd.) | Management reply on the audit observations (Contd.) (Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| *b)* As explained to us, there are no cases for waiver/ write off of debts/loans/interest etc. | -- |
| *c)* As informed to us, there are no inventories lying with third parties and as informed to us there are no gifts received from Government and other authorities. | -- |
| For Ramamoorthy(N) &Co<br>Chartered Accountants<br>FRN: 002899S<br><br>Sd/-<br>CA Surendranath Bharathi<br>Partner<br>Membership No.023837<br><br>Date: 11.07.2018<br>Place: Hyderabad | For and on behalf of the Board<br><br>Sd/-<br>(N. Sridhar)<br>Chairman & Managing Director<br><br>Date: 30.07.2018<br>Place: Hyderabad |


*Directors Receiving Secretary of Mines Sri Arun Kumar at Mining today Exhibition*

| **ANNEXURE "A"**<br>(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of The Singareni Collieries Company Limited of even date)<br>**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")** | **Management reply on the audit observations**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| We have audited the internal financial controls over financial reporting of **THE SINGARENI COLLIERIES COMPANY LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date. | This being a statement of fact, calls for no comment separately. |
| **Management's Responsibility for Internal Financial Controls**<br>The Management of the Company 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. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013. | This being a statement of fact, calls for no comment separately. |
| **Auditor's Responsibility**<br>Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. | This being a statement of fact, calls for no comment separately. |

| **ANNEXURE "A" (Contd.)**<br>(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of The Singareni Collieries Company Limited of even date)<br>**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")** | **Management reply on the audit observations**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. | This being a statement of fact, calls for no comment separately. |
| The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. | This being a statement of fact, calls for no comment separately. |
| 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. | This being a statement of fact, calls for no comment separately. |
| **Meaning of Internal Financial Controls over Financial Reporting**<br>A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that | This being a statement of fact, calls for no comment separately. |
| (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; | This being a statement of fact, calls for no comment separately. |
| (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 | This being a statement of fact, calls for no comment separately. |
| (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. | This being a statement of fact, calls for no comment separately. |

| **ANNEXURE "A" (Contd.)**<br>(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of The Singareni Collieries Company Limited of even date)<br>**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")** | **Management reply on the audit observations**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| **Limitations of Internal Financial Controls Over Financial Reporting**<br>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. | This being a statement of fact, calls for no comment separately. |
| **Disclaimer of Opinion**<br>According to information and explanations given to us, the company is in the process of establishing Internal Financial Control over financial reporting framework on criteria based on or considering the essential components of Internal Financial Control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by Institute of Chartered Accountants of India. However, we are unable to obtain audit evidence in supporting the implementation of the IFC over financial reporting. Because of this reason, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal financial controls over financial reporting and whether such internal financial control were operating effectively as at 31st March, 2018. | This being a statement of fact, calls for no comment separately. |
| For Ramamoorthy(N) &Co<br>Chartered Accountants<br>FRN: 002899S<br><br>Sd/-<br>CA Surendranath Bharathi<br>Partner<br>Membership No.023837<br><br>Date: 11.07.2018<br>Place: Hyderabad. | For and on behalf of the Board<br><br>Sd/-<br>(N. Sridhar)<br>Chairman & Managing Director<br><br>Date: 30.07.2018<br>Place: Hyderabad. |

| **ANNEXURE 'B'**<br>TO THE INDEPENDENT AUDITOR'S REPORT<br>A statement on the matters specified in the paragraph 3 and 4 of the CARO, 2016 (contd...) | **Management reply on the audit observations (Contd.)**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| **i. In respect of the Company's fixed assets:**<br>(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets ***except furnishing of records of freehold, assigned and leasehold lands*****.** | As explained at para No.3(a) the information and records would be compiled and furnished to the Auditors for verification in the ensuing period's Audit. |
| (b) The Company has a phased program of verification of fixed assets that is reasonable having regard to the size of the Company and the nature of its assets. As per the phased program, during the year, the management has carried out physical verification of fixed assets and discrepancies noted have been properly dealt within the books of account. | This being a statement of fact, calls for no comment separately. |
| (c) According to the information and explanations given to us, by the management, all the title deeds of immovable properties are held in the name of the Company; except to the extent disclosed in Note No. 3.1. | This being a statement of fact, calls for no comment separately. |
| **ii. In respect of its Inventory:**<br>a. The Company has conducted physical verification of its inventory during the year in a phased manner. | This being a statement of fact, calls for no comment separately. |
| b. In our opinion, having regard to the size of the company and nature of its business, the frequency of inventory verification process is reasonable on commensurate. | This being a statement of fact, calls for no comment separately. |
| c. Any material discrepancies were noticed, between book stocks and physical stocks have been properly dealt in books of accounts. | This being a statement of fact, calls for no comment separately. |
| **iii.** According to the information and explanations given to us, the Company has not entered into any contract or arrangement with the entities in which directors are interested within the meaning under section 189 of Companies Act, 2013. | This being a statement of fact, calls for no comment separately. |
| **iv.** In our opinion and according to the information and explanations given to us, there are no such loans, investments, guarantees and securities to which the provisions of Sections 185 and 186 of the Act are applicable. | This being a statement of fact, calls for no comment separately. |
| **v.** The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company. | This being a statement of fact, calls for no comment separately. |

| **ANNEXURE 'B' (Contd.)**<br>TO THE INDEPENDENT AUDITOR'S REPORT<br>A statement on the matters specified in the paragraph 3 and 4 of the CARO, 2016 (contd...) | **Management reply on the audit observations (Contd.)**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| vi) We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the central government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however, made detailed examination of the records with the view to determine whether they are complete. | This being a statement of fact, calls for no comment separately. |
| vii)<br>a) In respect of undisputed statutory dues, including Coal Mine Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax, Cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, the company has been generally regular in depositing with appropriate authorities during the period. According to the information and explanations given to us and records of the company examined by us, there are no arrears of outstanding statutory dues as at 31st March, 2018 for the period of more than 6 Months from the date they become payable. | This being a statement of fact, calls for no comment separately. |
| b) According to the information and explanations given to us and the records of the company examined by us the particulars in respect of Income Tax, Service Tax or Duty of Customs or Duty of Excise or Value Added Tax or Cess and any other statutory dues that have not been deposited on account of pending disputes as at 31st March, 2018 are furnished hereunder: | This being a statement of fact, calls for no comment separately. |

## ANNEXURE 'B' (Contd.)
## TO THE INDEPENDENT AUDITOR'S REPORT
A statement on the matters specified in the paragraph 3 and 4 of the CARO, 2016 (contd...)

## Management reply on the audit observations (Contd.)
(Under Section 134 (3) of the Companies Act, 2013)

| Sl. No | Name of the statute | Nature of Dues | Amount not deposited (Rs. Lakhs) | Period for which the demand pertains to | Forum where dispute is pending (2015-16) |
|---|---|---|---|---|---|
| 1 | Clean Energy Cess | Clean Energy Cess on captive consumption of coal | 4.08 | Feb-2012 to Nov-2012 | Dy. Commissioner of Customs and Central Excise |
| 2 | Clean Energy Cess | Clean Energy Cess on captive consumption of coal | 1.02 | Dec-2012 to July-2013 | Assistant Commissioner of Customs and Central Excise. |
| 3 | Clean Energy Cess | Clean Energy Cess on captive consumption of coal | 24.07 | March-2011 to Jan-2012 | CESTAT |
| 4 | The Central Excise Act 1944 | Refund order for Education Cess and Secondary & Higher Education Cess issued and later set aside | 77.65 | Mar-2011 | Commissioner of Customs and Central Excise |
| 5 | The Central Excise Act 1944 | Non-payment of Ex. Duty on APGENCO Perf.inc | 854.60 | FY 2014-15 | CESTAT |
| 6 | The Central Excise Act 1944 | Central Excise due to difference in quantity between Excise Returns and Clean Energy Cess Returns | 81.67 | Mar-2011 to Jan-2012 | CESTAT |
| 7 | The Central Excise Act 1944 | Central Excise due to difference in quantity between Excise Returns and Clean Energy Cess Returns | 1.02 | Aug-2011 to Jan -2012 | CESTAT |
| 8 | The Central Excise Act 1944 | Central Excise due to difference in quantity between Excise Returns and Clean Energy Cess Returns | 72.39 | Feb-2012 to Jun-2013 | CESTAT |
| 9 | The Central Excise Act 1944 | Central Excise due to difference in quantity between Excise Returns and Clean Energy Cess Returns | 159.47 | Feb-2012 to Nov-2012 | CESTAT |
| 10 | The Central Excise Act 1944 | Penalty on Payment of ED & CEC on qty Variance | 15.00 | Feb-2012 to Nov-2012 | CESTAT |
| 11 | The Central Excise Act 1944 | Central Excise Duty (with-held pending adjustment with credit notes) | 5.05 | Jan and Feb 2012 | CESTAT |
| 12 | The Central Excise Act 1944 | Non-payment of CEC on Captive Consumption | 3.68 | Aug-2013 to Feb-2014 | Dy. Commissioner of Customs and Central Excise |
| 13 | The Central Excise Act 1944 | Quantity Variance | 97.25 | July-2013 to Feb-2014 | CESTAT |
| 14 | Clean Energy Cess | Clean Energy Cess on captive consumption of coal | 7.11 | Mar-2014 to Dec-2014 | Dy. Commissioner of Customs and Central Excise |
| 15 | Clean Energy Cess | Clean Energy Cess on captive consumption of coal | 2.60 | Jan-2015 to June-2015 | Joint Commissioner of Customs and Central Excise |
| 16 | The Central Excise Act 1944 | Quantity Variance | 92.77 | Mar-2014 to Dec-2014 | CESTAT |
| 17 | The Central Excise Act 1945 | Quantity Variance | 50.74 | Jan-2015 to Jun-2015 | CESTAT |
| 18 | Clean Energy Cess | Clean Energy Cess on captive consumption of coal | 0.43 | Jul-2015 to Dec-2015 | Joint Commissioner of Customs and Central Excise |

The appeals pending at various stages are being contested by the Company with the help of professional firms wherever necessary for an early and favourable settlement.

## ANNEXURE 'B' (Contd.)
TO THE INDEPENDENT AUDITOR'S REPORT
A statement on the matters specified in the paragraph 3 and 4 of the CARO, 2016 (contd...)

## Management reply on the audit observations (Contd.)
(Under Section 134 (3) of the Companies Act, 2013)

| Sl. No | Name of the statute | Nature of Dues | Amount not deposited (Rs. Lakhs) | Period for which the demand pertains to | Forum where dispute is pending (2015-16) |
|---|---|---|---|---|---|
| 19 | The Central Excise Act 1944 | Quantity Variance | 56.60 | July-2015 to Dec-2015 | Joint Commissioner of Customs and Central Excise |
| 20 | The Central Excise Act 1944 | Quantity Variance | 1196.01 | Jan-16 to Dec-2016 | Commissioner of Customs and Central Excise |
| 21 | The Central Excise Act 1944 | Non payment of CEC on Captive Consumption | 0.79 | Jan-16 to Dec-2016 | Asst. Commissioner of Customs and Central Excise |
| 22 | APGST Act, 1957 | Sales Tax (on steel, Cement, HSD oil, Explosives etc to Contractors) | 9.39 | FY 2000-01 | Sales Tax Appellate Tribunal |
| 23 | APGST Act, 1957 | Sales Tax (on steel, Cement, HSD oil, Explosives etc to Contractors) | 227.23 | FY 2000-01 | Sales Tax Appellate Tribunal |
| 24 | APGST Act, 1957 | Sales Tax (on steel, Cement, HSD oil, Explosives etc to Contractors) | 55.26 | FY 2001-02 | Judicature of Hyderabad |
| 25 | APGST Act, 1957 | Sales Tax (on steel, Cement, HSD oil, Explosives etc to Contractors) | 27.54 | FY 2002-03 | AC (CT) WGL |
| 26 | APGST Act, 1957 | Sales Tax (on steel, Cement, HSD oil, Explosives etc to Contractors) | 68.99 | FY 2003-04 | AC (CT) WGL |
| 27 | APGST Act, 1957 | Sales Tax (on steel, Cement, HSD oil, Explosives etc to Contractors) | 91.21 | FY 2004-05 | AC (CT) WGL |
| 28 | APGST Act, 1957 | Bonus received from Coal Customers – treated as sale consideration by department and contested by SCCL | 10.81 | FY 2001-02 | Sales Tax Appellate Tribunal |
| 29 | APGST Act, 1957 | Adjustment of credit note issued to customer against APGST payable for August 2003 | 122.91 | FY 2003-04 | AC (CT) WGL |
| 30 | AP VAT ACT, 2005 | VAT on Steel, Cement, Explosives issued to contractors | 2.82 | FY 2005-06 | DC (CT) WGL |
| 31 | APGST Act, 1957 | Sales tax - interest on alleged delayed remittance of tax | 43.74 | FY 2001-02 | Judicature of Hyderabad |
| 32 | Entry Tax Act | additional tax demand on purchases made from outside A P sales | 15.71 | FY 2003-04 | Judicature of Hyderabad |
| 33 | Life Tax On Motor Vehicles Under AP Motor Vehicles Act. | Life Tax on Motor Vehicles treating Dumpers, Dozers considering them as Motor Vehicles | 209.46 | Various years up to 2010-11 | Judicature of Hyderabad |
| 34 | Central Sales Tax Act, 1956 | Central Sales Tax | 14.90 | FY 2012-13 | ADC(CT)Appeals Warangal |
| 35 | AP Tax on Professions, Trades, Callings and Employments Act, 1987 | Professional Tax - arrears of professional tax recovery from employees and remittance to the Department | 17644.03 | 1990-91 to 2012-13 | Deputy. C.T.O, Kothagudem |
| 36 | Entry Tax Act 2001 | Entry Tax on Goods | 12.76 | FY 2011-12 | Judicature of Hyderabad |

The appeals pending at various stages are being contested by the Company with the help of professional firms wherever necessary for an early and favourable settlement.

| **ANNEXURE 'B' (Contd.)**<br>TO THE INDEPENDENT AUDITOR'S REPORT<br>A statement on the matters specified in the paragraph 3 and 4 of the CARO, 2016 (contd...) | **Management reply on the audit observations (Contd.)**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|

| Sl. No | Name of the statute | Nature of Dues | Amount not deposited (Rs. Lakhs) | Period for which the demand pertains to | Forum where dispute is pending (2015-16) |
|---|---|---|---|---|---|
| 37 | Entry Tax Act 2001 | Entry Tax on Goods | 1011.46 | FY 2012-13 | AC (CT) WGL |
| 38 | Entry Tax Act 2001 | Entry Tax on Goods | 789.87 | FY 2013-14 | AC (CT) WGL |
| 39 | Entry Tax Act 2001 | Entry Tax on Goods | 980.84 | FY 2014-15 | AC (CT) WGL |
| 40 | Entry Tax Act 2001 | Entry Tax on Goods | 1265.80 | FY 2015-16 | AC (CT) WGL |
| 41 | Entry Tax Act 2001 | Entry Tax on Goods | 672.83 | FY 2016-17 | AC (CT) WGL |
| 42 | Income Tax Act 1961 | Income Tax | 188.46 | FY 2007-08 | ITAT, Hyderabad |
| 43 | Income Tax Act 1961 | Income Tax | 183.45 | 2012-13 | ITAT, Hyderabad |
| 44 | Income Tax Act 1961 | Income Tax | 268.80 | 2013-14 | ITAT, Hyderabad |
| 45 | Income Tax Act 1961 | Income Tax | 213.63 | 2014-15 | ITAT, Hyderabad |
| 46 | Income Tax Act 1961 | Fringe benefit Tax | 81.49 | 2006-07 | ITAT, Hyderabad |
| 47 | Income Tax Act 1961 | Fringe benefit Tax | 28.07 | 2007-08 | ITAT, Hyderabad |
| 48 | Income Tax Act 1961 | Fringe benefit Tax | 0.98 | 2008-09 | ITAT, Hyderabad |
| 49 | Finance Act 1994 / Central Excise Act 1944 | Interest on alleged availment of CENVAT Credit of Service Tax | 1382.18 | 2006-07 to 2008-09 | CESTAT, Bangalore |
| 50 | CESTAT | Service Tax | 6.39 | 2008-09 to Sep 2012 | CESTAT, Bangalore |
| 51 | CESTAT | Service Tax | 4.77 | Oct-2012 to Mar-2014 | CESTAT, Hyderabad |
| 52 | Finance Act 1994 | Service Tax demand on TDS Component on Import Services | 1.96 | Apr 2014 to Sep-2015 | CESTAT, Hyderabad |
| | **Total** | | **28441.74** | | |

The appeals pending at various stages are being contested by the Company with the help of professional firms wherever necessary for an early and favourable settlement.

| | Auditor's report | Management reply |
|---|---|---|
| viii. | According to the information and explanations given to us and the records of the company examined by us the Company has not defaulted in repayment of loans or borrowings to any financial institutions, bank, Government or due to the debenture holders. | This being a statement of fact, calls for no comment separately. |
| ix. | The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans raised are used for the purpose for which it was raised during the year. | This being a statement of fact, calls for no comment separately. |
| x. | To the best of our knowledge and according to the information and explanations given to us, during the year fraud aggregating to Rs. 626.74 Lakh has been reported as detailed hereunder, on the company by its officers or employees or others. | |

<table>
<tr><th>ANNEXURE 'B' (Contd.)<br>TO THE INDEPENDENT AUDITOR'S REPORT<br>A statement on the matters specified in the paragraph 3 and 4 of the CARO, 2016 (contd...)</th><th>Management reply on the audit observations (Contd.)<br>(Under Section 134 (3) of the Companies Act, 2013)</th></tr>
<tr><td>

| Sl. No. | Nature of Fraud | Amount involved (Rs. In Lakhs) |
|---|---|---|
| 1. | Continuous payment of monthly monitory compensation (MMC) for a period of 6 years after getting employment to minor male dependant | 9.99 |
| 2 | Irregularities in sand transportation at STPP- failed to recover the cost of Sand from BTG and BOP contractor (Qty.114786 Cu.m) and civil work contractors (Qty 59719 Cu.m). | 566.00 |
| 3 | Mis-use of Official position by a SO to GM and permitted an outsider to cut the nalla tumma trees from the premises of Ramagiri guest house | 0.75 |
| 4 | Release of Bank guarantee to OBR contractor | 50.00 |
| | Total | 626.74 |

</td><td>Vigilance department carries out investigations on issues referred to it, based on complaints and regularly keeps vigil on different managerial aspects and systems for detecting and preventing frauds, irregularities and procedural deviations. The frauds reported are as per the vigilance activities.</td></tr>
<tr><td>xi. Payment or provision for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act is not applicable in case of government company vide notification GSR 463(E) dated June 05, 2015.</td><td>This being a statement of fact, calls for no comment separately.</td></tr>
<tr><td>xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.</td><td>This being a statement of fact, calls for no comment separately.</td></tr>
<tr><td>xiii. According to the information and explanations given to us, and based on our examination of the records of the company, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.</td><td>This being a statement of fact, calls for no comment separately.</td></tr>
<tr><td>xiv. According to the information and explanations given to us, and based on our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year under review.</td><td>This being a statement of fact, calls for no comment separately.</td></tr>
<tr><td>xv. According to the information and explanations given to us, and based on our examination of the records of the company, the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors. Accordingly, paragraph 3(xv) of the Order is not applicable.</td><td>This being a statement of fact, calls for no comment separately.</td></tr>
<tr><td>xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.</td><td>This being a statement of fact, calls for no comment separately.</td></tr>
<tr><td>For Ramamoorthy (N) &Co<br>Chartered Accountants<br>FRN: 002899S<br><br>Sd/-<br>CA Surendranath Bharathi<br>Partner<br>Membership No.023837<br>Date : 11.07.2018<br>Place : Hyderabad</td><td>For and on behalf of the Board<br><br>Sd/-<br>( N. Sridhar )<br>Chairman & Managing Director<br>Date : 30.07.2018<br>Place : Hyderabad</td></tr>
</table>

| **INDEPENDENT AUDITORS' REPORT**<br>on Consolidated Financial Statements | **Management reply on the audit observations**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| **To**<br>**The Members of**<br>**The Singareni Collieries Company Limited** | |
| **Report on the Consolidated Financial Statements**<br><br>We have audited the accompanying Consolidated financial Statements of **THE SINGARENI COLLIERIES COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information. | -- |
| **Management's Responsibility for the Consolidated Financial Statements**<br>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 Consolidated financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.<br><br>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 Consolidated financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. | -- |
| **Auditor's Responsibility**<br><br>Our responsibility is to express an opinion on these Consolidated financial Statements based on our audit. In conducting 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 and the Order issued under section 143(11) of the Act. | -- |

| **INDEPENDENT AUDITORS' REPORT (Contd.)** on Consolidated Financial Statements | **Management reply on the audit observations** (Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| **Auditor's Responsibility (Contd.)**<br><br>We conducted our audit of the Consolidated financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated financial Statements are free from material misstatement.<br><br>An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Consolidated financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Consolidated financial Statements.<br><br>We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial Statements. | -- |
| **Opinion**<br><br>In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date. | -- |

| **INDEPENDENT AUDITORS' REPORT (Contd.)** on Consolidated Financial Statements | Management reply on the audit observations (Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| **Emphasis of Matter parapraph**<br>Without qualifying our opinion, we draw attention to<br>a. *Provision of DMF of Rs. 453 Crores made during F.Y 2015-16 for retrospective demand has been struck down by the Supreme court and directed to pay prospectively. Provision withdrawn of Rs.453 Crores being a substantial portion of SCCL's current year profit of Rs.1212.43 Crores is disclosed as an exceptional item in the Profit & loss account. (Refer Note No.22.8.)* | The Auditors have drawn specific attention of the members on these matters, though they have been appropriately classified, presented and disclosed in the financial statements. |
| b. *Overburden provision of Rs.267.78 Crores of earlier years of KTK OC-I withdrawn during the year required restatement of earlier year's Profit and loss account and retained earnings as per Ind AS-8.(Refer note No.39.5.12(L)).* | |
| c. *Bonus on diesel consumption and explosives payable to contractors of Rs.56.53 Crores has not been accounted for in the books as liability as required under Ind AS-37. (Refer note No.39.5.12(C).* | |
| d. *The profit for the year is lower by Rs.7.06 Crores, Rs.54.13 Crores, Rs.55.58. Crores, totaling to Rs.116.77 Crores, on account of change in methodology of valuation of closing stock, extension of CPRMS provision on actuarial basis to Non –Executives and the inclusion of accounting policy of depreciating the freehold mining lands respectively. (Refer Note No.39.5.12(J)) .* | |
| e. *Non furnishing of information and records of lands* **(***Reference is invited to our point No.3 (a) under the* ***Report on Other Legal and Regulatory Requirements****.)* | Reply has been given at para No.2 (a). |
| **Other Matters**<br><br>We did not audit the financial statements of the subsidiary APHMEL, whose financial statements/ financial information reflects total assets of Rs.82.31 Crores as at 31st March, 2018, total revenue of Rs.57.96 Crores and net cash flow amounting to Rs.6.92 Crores for the year ended on that date, as considered in consolidated financial statements. The consolidated financial statements also include the group's share of net loss of Rs. 1.175 Crores for the year ended 31st March, 2018, considered in the consolidated financial statements, in respect of subsidiary APHMEL whose financial information/ financial statements have not been audited by us. | -- |

| **INDEPENDENT AUDITORS' REPORT (Contd.)**<br>on Consolidated Financial Statements | Management reply on the audit observations (Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| | |
| **Other Matters (Contd.)**<br><br>These financial statements/financial information have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in the respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of the sub-section (3), (5) and (11) of section 143 of the act, in so far as it relates to the aforesaid subsidiary, jointly controlled entities and associates, is based solely on the reports of the other auditor.<br><br>Our opinion on the consolidated financial statements, and our report on the other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and reports of the other auditor and the financial statements/ financial information certified by the management. | -- |
| **Report on Other Legal and Regulatory Requirements**<br><br>1. Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, is not applicable to the auditor's report on the consolidated financial statements as per para 2 of the said Order. | -- |
| a) As required by Section 143(3) of the Act, we report, to the extent applicable, that we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements. | -- |
| b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and reports of the other auditors. | -- |
| c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, The Consolidated Cash flow statement, and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements. | -- |
| d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act. | -- |

| **INDEPENDENT AUDITORS' REPORT (Contd.)** on Consolidated Financial Statements | Management reply on the audit observations (Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| e) The group company and its jointly controlled entity, being Government companies, section 164(2) of the act is not applicable as per the GSR 463(E) dated 5th June, 2015. | -- |
| f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act. | -- |
| g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, Associates companies and jointly controlled entities/ joint ventures and joint operations incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses Disclaimer of opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting. | -- |
| h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us: | -- |
| i. The Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its Associates and jointly controlled entities/ joint ventures and joint operations. Refer Note No. 4.a. of additional notes to the consolidated financial statements; | -- |
| ii. The Group, its Associates and jointly controlled entities/ joint ventures and joint operations did not have any material foreseeable losses on long–term contracts including derivative contracts during the year ended 31st March 2018. | -- |
| iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding company and its subsidiary companies, associate companies and jointly controlled entities/joint ventures and joint operation incorporated in India during the year ended 31st March, 2018. | -- |

| **INDEPENDENT AUDITORS' REPORT (Contd.)**<br>on Consolidated Financial Statements | **Management reply on the audit observations**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| 2. As required by the section 143 (5) of the Act and as per the directions of Comptroller and Auditor General of India, we report that: | |
| a) *We have not been furnished records/ documents of the freehold lands, assigned lands and leasehold lands. We are therefore unable to comment on the existence of the title deeds and lease deeds of the company*. | All the Freehold and Leasehold lands capitalised in the Books are mapped in the Asset Register in ERP-SAP with necessary details like location, extent, Award No. & Date etc. The title deeds and award copies etc., are available at respective Areas which could have been verified by the Auditors at respective Areas. However, Auditors have requisitioned the title deeds for their verification at the final stage of audit at Corporate office. It was apprised to the Auditors that collection of title deeds and other records from Areas at this stage is operationally not possible.<br><br>Further, other information like lands for which awards passed and possession not given and vice versa, lands surrendered and lands illegally occupied by the others etc. in the manner and fashion requisitioned by the Auditors requires perusal of all land records of the Company, seeking information from Areas and as such could not be furnished before conclusion of Audit. Though, this situation was apprised to Auditors they have drawn the attention of the members on the same. However, the information and records requisitioned by the Auditors will be compiled and made available for verification in the ensuing period's Audit. |
| b) As explained to us, there are no cases for waiver/ write off of debts/loans/interest etc. | -- |
| c) As informed to us, there are no inventories lying with third parties and as informed to us there are no gifts received from Government and other authorities. | -- |
| For Ramamoorthy(N) &Co<br>Chartered Accountants<br>FRN: 002899S<br><br>Sd/-<br>CA Surendranath Bharathi<br>Partner<br>Membership No.023837<br><br>Date: 11.07.2018<br>Place: Hyderabad. | For and on behalf of the Board<br><br>Sd/-<br>(N. Sridhar)<br>Chairman & Managing Director<br><br>Date: 30.07.2018<br>Place: Hyderabad. |

| ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT<br>(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of The Singareni Collieries Company Limited of even date)<br>**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")** | **Management reply on the audit observations**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| We have audited the internal financial controls over financial reporting of **THE SINGARENI COLLIERIES COMPANY LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Consolidated financial Statements of the Company for the year ended on that date. | This being a statement of fact, calls for no comment separately. |
| **Management's Responsibility for Internal Financial Controls**<br>The Management of the Company 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. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013. | This being a statement of fact, calls for no comment separately. |
| **Auditor's Responsibility**<br>Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.<br>Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. | This being a statement of fact, calls for no comment separately. |

| **ANNEXURE "A" (Contd.)**<br>**TO THE INDEPENDENT AUDITOR'S REPORT**<br>(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of The Singareni Collieries Company Limited of even date)<br>**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")** | **Management reply on the audit observations**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| **Auditor's Responsibility (Contd.)**<br>The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.<br><br>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. | This being a statement of fact, calls for no comment separately. |
| **Meaning of Internal Financial Controls over Financial Reporting**<br><br>A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that | This being a statement of fact, calls for no comment separately. |
| (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; | This being a statement of fact, calls for no comment separately. |
| (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 | This being a statement of fact, calls for no comment separately. |
| (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. | This being a statement of fact calls for no comment separately. |

| **ANNEXURE "A" (Contd.)**<br>**TO THE INDEPENDENT AUDITOR'S REPORT**<br>(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of The Singareni Collieries Company Limited of even date)<br>**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")** | **Management reply on the audit observations**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| **Limitations of Internal Financial Controls Over Financial Reporting**<br><br>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. | This being a statement of fact, calls for no comment separately. |
| **Disclaimer of Opinion**<br><br>According to information and explanations given to us, the company is in the process of establishing Internal Financial Control over financial reporting framework on criteria based on or considering the essential components of Internal Financial Control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by Institute of Chartered Accountants of India. However, we are unable to obtain audit evidence in supporting the implementation of the IFC over financial reporting. Because of this reason, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal financial controls over financial reporting and whether such internal financial control were operating effectively as at 31st March, 2018. | This being a statement of fact, calls for no comment separately. |

| **ANNEXURE "A" (Contd.)<br>TO THE INDEPENDENT AUDITOR'S REPORT**<br>(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of The Singareni Collieries Company Limited of even date)<br>**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")** | **Management reply on the audit observations**<br>(Under Section 134 (3) of the Companies Act, 2013) |
|---|---|
| **Other matters**<br>Our aforesaid report under section 143(3)(i) of the Act on the adequacy and the operating effectiveness of the internal financial controls over financial reporting in so far as it related to one subsidiary company, incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. | This being a statement of fact, calls for no comment separately. |
| For Ramamoorthy(N) &Co<br>Chartered Accountants<br>FRN: 002899S<br><br>Sd/-<br>CA Surendranath Bharathi<br>Partner<br>Membership No.023837<br><br>Date: 11.07.2018<br>Place: Hyderabad. | For and on behalf of the Board<br><br>Sd/-<br>(N. Sridhar)<br>Chairman & Managing Director<br><br>Date: 30.07.2018<br>Place: Hyderabad. |

*Highwall Mining*

*Interactive Meeting with employees by Hon'ble Chief Minister Sri K. Chandra Shekhar Rao, Sri N. Sridhar, IAS,C&MD is also present in the Meeting*


*Review of Performance of the SCCL by Sri Piyush Goyal, Hon'ble Minister of Coal, GoI with Sri N. Sridhar, IAS, C&MD & Functional Directors, Sri Ajay Misra Spl. Chief Secretary, GoT also Present in the Meeting*

# Balance Sheet (Standalone) as at 31st March 2018

(Rs. in Crore)

| | Particulars | Note No | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|---|---|
| | **ASSETS** | | | |
| A. | **Non-current Assets** | | | |
| | (a) Property, Plant and Equipment | 3 | 15178.46 | 14940.01 |
| | (b) Capital Work-In-Progress | 4 | 1423.98 | 1467.69 |
| | (c) Other Intangible Assets | 5 | 1.83 | 2.44 |
| | (d) Financial Assets | | | |
| | (i) Investments | 6 | 1809.37 | 1811.37 |
| | (ii) Loans | 7 | 2129.84 | 521.38 |
| | (iii) Others | 8 | 581.18 | 208.60 |
| | (e) Deferred Tax Assets (Net) | 9 | 4021.64 | 3932.85 |
| | (f) Other Non-Current Assets | 10 | 500.38 | 417.19 |
| | **Total Non-Current Assets (A)** | | **25646.68** | **23301.53** |
| B. | **Current Assets** | | | |
| | (a) Inventories | 11 | 1119.48 | 1389.33 |
| | (b) Financial Assets | | | |
| | (i) Trade Receivables | 12 | 3157.96 | 3807.22 |
| | (ii) Cash and Cash Equivalents | 13 | 371.58 | 726.73 |
| | (iii) Bank Balance Other than (ii) above | 14 | 2587.24 | 1500.01 |
| | (iv) Loans | 7 | 127.79 | 180.81 |
| | (v) Others | 8 | 477.91 | 344.34 |
| | (c) Current Tax Asset (Net) | 15 | - | 49.62 |
| | (d) Other Current Assets | 16 | 494.14 | 415.33 |
| | **Total Current Assets (B)** | | **8336.10** | **8413.40** |
| | **Total Assets (A+B)** | | **33982.78** | **31714.93** |

## Balance Sheet(Standalone) as at 31st March 2018 (Contd.)

(Rs. in Crore)

| | Particulars | Note No | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | | |
| A. | **EQUITY** | | | |
| | (a) Equity Share Capital | 17 | 1733.20 | 1733.20 |
| | (b) Other Equity | 18 | 4429.38 | 3373.09 |
| | **Total Equity (A)** | | **6162.58** | **5106.29** |
| B. | **LIABILITIES** | | | |
| B.1 | **Non-Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 19 | 4088.77 | 4273.72 |
| | (b) Provisions | 22 | 16926.84 | 15605.98 |
| | (c) Other Non-Current Liabilities | 23 | 205.72 | 27.40 |
| | **Total Non-Current Liabilities (B.1)** | | **21221.33** | **19907.10** |
| B.2 | **Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 19 | 18.11 | 13.66 |
| | (ii) Trade Payables | 20 | 705.50 | 683.24 |
| | (iii) Other Financial Liabilities | 21 | 2981.14 | 3566.17 |
| | (b) Other Current Liabilities | 24 | 1397.38 | 1416.47 |
| | (c) Provisions | 22 | 1431.96 | 1022.00 |
| | (d) Current Tax Liabilities (Net) | 25 | 64.78 | - |
| | **Total Current Liabilities (B.2)** | | **6598.87** | **6701.55** |
| | **Total Liabilities (B=(B.1+B.2))** | | **27820.20** | **26608.65** |
| | **TOTAL EQUITY AND LIABILITIES (A+B)** | | **33982.78** | **31714.93** |

The accompanying Notes form an integral part of Financial Statements
As per our report of even date
M/s. Ramamoorthy (N) & Co.,
Charted Accountants
Firm Regn. No. 02899S

for and on behalf of the Board

| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| (Surendranath Bharathi) Partner Membership No. 23837 | (G.Srinivas ) Chief(C.A) & Company Secretary | (M.Narasimha Reddy) General Manager (F&A) | (S. Shankar) Director(Finance)& C.F.O | (N.Sridhar) Chairman & Managing Director |

Date: 11.07.2018
Place: Hyderabad

## Statement of Profit & Loss (Standalone) for the year ended 31st March 2018

(Rs inCrore)

| | Particulars | Note No. | For the year ended | |
|---|---|---|---|---|
| | | | 31.03.2018 | 31.03.2017 |
| | **Revenue from Operations** | | | |
| (I) | Revenue from Operations | 26 | 17535.59 | 14154.40 |
| (II) | Other Income | 27 | 832.67 | 551.12 |
| (III) | **Total Income (I+II)** | | **18368.26** | **14705.52** |
| (IV) | **EXPENSES** | | | |
| | Cost of Materials Consumed | 28 | 3327.49 | 2732.57 |
| | Changes in Inventories of Finished goods | 29 | 268.21 | (290.47) |
| | Excise Duty | | 218.31 | 854.49 |
| | Employee Benefits Expense | 30 | 6812.78 | 6330.75 |
| | Finance Costs | 31 | 1222.65 | 899.26 |
| | Depreciation and Amortization expenses | | 1532.56 | 1190.60 |
| | Power & Fuel | 32 | 464.73 | 469.52 |
| | Repairs & Maintenance | 33 | 157.54 | 192.54 |
| | Contractual Expenses | 34 | 2200.65 | 1845.07 |
| | Provisions | 35 | 139.72 | 2.84 |
| | Write offs | 36 | 11.77 | 7.14 |
| | Stripping Activity (OBR)Adjustment | | (68.48) | (1126.31) |
| | Other Expenses | 37 | 691.01 | 477.94 |
| | **Total Expenses (IV)** | | **16978.94** | **13585.95** |
| (V) | **Profit/(Loss) before Exceptional Items and Tax (III-IV)** | | 1389.32 | 1119.57 |
| (VI) | Exceptional Items | 38 | (453.03) | - |
| (VII) | **Profit /(Loss) Before Tax (V) - (VI)** | | **1842.35** | **1119.57** |
| (VIII) | **Tax Expense** | | | |
| | (1) Current Tax | | 446.75 | - |
| | (2) Tax relating to Earlier periods | | - | (7.93) |
| | (3) Deferred Tax | | 5.22 | 485.57 |
| (IX) | **Profit (Loss) for the period from Continuing Operations (VII - VIII)** | | **1390.38** | **641.94** |
| (X) | Profit/(Loss) from discontinued operations | | - | - |
| (XI) | Tax expenses of discontinued operations | | - | - |

## Statement of Profit & Loss (Standalone) for the year ended 31st March 2018 (Contd.)

(Rs. in Crore)

| | Particulars | Note No. | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|---|---|---|---|---|
| (XII) | Profit/(loss) from discontinued operations (After Tax) (X- XI) | | - | - |
| (XIII) | **Profit/(loss) for the Period (IX+XII)** | | **1390.38** | **641.94** |
| (XIV) | **Other Comprehensive Income** | | | |
| | A. Items that will not be reclassified to profit or loss | | (271.65) | (231.49) |
| | **Less:** Income tax relating to items that will not be reclassified to Profit or Loss | | 94.02 | 80.11 |
| | B. Items that will be reclassified to profit or loss | | - | - |
| | **Less:** Income tax relating to items that will be reclassified to Profit or Loss | | - | - |
| | **Total Other Comprehensive Income(XIV)** | | **(177.63)** | **(151.38)** |
| (XV) | **Total Comprehensive Income for the Period (XIII+XIV)** | | **1212.75** | **490.56** |
| (XVI) | **Earnings per Equity Share** | | | |
| | (1) Basic | | 8.02 | 3.70 |
| | (2) Diluted | | 8.02 | 3.70 |

The accompanying Notes form an integral part of Financial Statements
As per our report of even date
M/s. Ramamoorthy (N) & Co.,
Charted Accountants
Firm Regn. No. 02899S

for and on behalf of the Board

| | | | | |
|---|---|---|---|---|
| Sd/-<br>(Surendranath Bharathi)<br>Partner<br>Membership No. 23837 | Sd/-<br>(G.Srinivas )<br>Chief(C.A) &<br>Company Secretary | Sd/-<br>(M.Narasimha Reddy)<br>General Manager (F&A) | Sd/-<br>(S. Shankar)<br>Director(Finance)&<br>C.F.O | Sd/-<br>(N.Sridhar)<br>Chairman &<br>Managing Director |

Date: 11.07.2018
Place: Hyderabad

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018 (Standalone)

### A. EQUITY SHARE CAPITAL

(Rs. in Crore)

| Particulars | Balance as at 01.04.2016 | Changes in Equity Share Capital during the year | Balance as at 31.03.2017 | Changes in Equity Share Capital during the year | Balance as at 31.03.2018 |
|---|---|---|---|---|---|
| **Equity Shares** | **1733.20** | | **1733.20** | **-** | **1733.20** |

### B. OTHER EQUITY

(Rs. in Crore)

| Particulars | General Reserve | Retained Earnings | Total |
|---|---|---|---|
| **Balance at the Beginning of the reporting period as at 01.04.2016** | **1260.40** | **1904.99** | **3165.39** |
| Adjustments for Changes in accounting policy or prior period errors. | | (126.41) | (126.41) |
| **Restated balance as at 01.04.2016** | **1260.40** | **1778.58** | **3038.98** |
| Profit for the year | | 641.94 | 641.94 |
| Other Comprehensive income (net of tax) | | (151.38) | (151.38) |
| Dividends - 2015-16 (including dividend distribution tax) | | (156.45) | (156.45) |
| Transfer to/(from) retained earnings | 100.00 | (100.00) | -- |
| Any other change | | | |
| **Balance as on 31.03.2017** | **1360.40** | **2012.69** | **3373.09** |
| Profit for the year | | 1,390.38 | 1,390.38 |
| Other Comprehensive Income (net of tax) | | (177.63) | (177.63) |
| Dividends- 2016-17 (including dividend distribution tax) | | (156.45) | (156.45) |
| Transfer to/(from) retained earnings | 100.00 | (100.00) | -- |
| Any other change | | | |
| **Balance as on 31.03.2018** | **1460.40** | **2968.98** | **4429.38** |

# CASH FLOW STATEMENT (STANDALONE) FOR THE YEAR 2017-18

(Rs in Crore)

| S.No | Particulars | For the year ended 31.03.2018 | | For the year ended 31.03.2017 | |
|---|---|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| | Profit/(loss) before exceptional items and Tax | | **1389.32** | | **1119.57** |
| | **Adjustments for:** | | | | |
| | Depreciation / Amortization /Impairment | 1599.47 | | 1190.60 | |
| | Assets Written off | 11.68 | | 7.14 | |
| | Provisions Written Back | (12.43) | | (176.27) | |
| | Interest Income on Investments | (177.26) | | (177.45) | |
| | Interest Income on Term Deposits | (149.41) | | (54.96) | |
| | Interest Expense | 1222.65 | | 899.26 | |
| | Non - Current Provisions | 479.01 | | 26.44 | |
| | Unrealised foreign Exchange Loss/(Gain) | 13.83 | | (3.37) | |
| | Actuarial gains/(losses) routed through other comprehensive income | (271.65) | | (231.49) | |
| | Deferred Government Grant | (12.47) | | (9.58) | |
| | Exceptional Items | 453.03 | **3156.45** | 4.59 | **1474.92** |
| | **Operating Profit Before Working Capital Changes** | | **4545.77** | | **2594.49** |
| | **Adjustments towards changes in** | | | | |
| | Inventories | 269.85 | | (177.16) | |
| | Trade Receivables | 649.26 | | 388.64 | |
| | Current/Non - current/Loans, Other financial assets and other assets | (3310.80) | | (1000.81) | |
| | Trade Payables | 22.25 | | 62.20 | |
| | Current/Non - Current Borrowings, Financial liabilities and provisions | 218.34 | | 871.63 | |
| | Tax paid Including TDS | (332.35) | | (18.08) | |
| | | | **(2920.13)** | | **126.43** |
| | **Net Cash flow from Operating Activities (A)** | | **1625.64** | | **2720.91** |
| B | **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| | Increase in Property, plant & equipment (including Capital Work-in-progress) | (1596.62) | | (2404.76) | |
| | Proceeds of Dissolution of J.V Firm. | - | | 0.05 | |
| | Redemption of Investments | 2.00 | | 2.00 | |
| | Interest Income on Investments | 177.26 | | 177.45 | |
| | Interest Income on Term Deposits | 149.41 | | 54.96 | |
| | **Cash Flow from Investing Activities(B)** | | **(1267.94)** | | **(2170.30)** |

## CASH FLOW STATEMENT (STANDALONE)FOR THE YEAR 2017-18 (contd.)

(Rs in Crore)

| S.No | Particulars | For the year ended 31.03.2018 | | 31.03.2017 | |
|---|---|---|---|---|---|
| C | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | Non- current Borrowings | (162.86) | | 630.26 | |
| | Repayment of Government of India Loan | - | | (66.33) | |
| | Demand Loans from Banks | - | | (610.00) | |
| | Changes in Cash Credit | 4.45 | | (42.14) | |
| | Interest Expense | (398.68) | | (231.94) | |
| | Dividend paid | (129.99) | | (129.99) | |
| | Dividend Tax paid | (26.46) | | (26.46) | |
| | **Cash flow from Financing activities (C)** | | **(713.54)** | | **(476.60)** |
| D | **Net increase in Cash and Cash equivalents (A+B+C)** | | **(355.84)** | | **74.01** |
| E | **Cash & Cash equivalents at the beginning of the year** | | **721.33** | | **647.32** |
| F | **Cash & Cash equivalents at the end of the year (D+E)** | | **365.49** | | **721.33** |

### Cash and Cash Equivalents for the purpose of the Cash-Flow Statement

(Rs in Crore)

| Particulars | 2017-18 | 2016 - 17 |
|---|---|---|
| **Cash & Bank Balances at the Beginning of the year** | **726.73** | **679.40** |
| Special OD Account | - | - |
| Overdraft in Current Account | (5.40) | 32.08 |
| **Cash & Bank Balances at the Beginning of the year** | **721.33** | **647.32** |
| **Cash & Bank Balances at the End of the year** | **371.58** | 726.73 |
| Special OD Account | - | - |
| Overdraft in Current Account | (6.09) | ( 5.40) |
| **Cash & Bank Balances at the End of the year** | **365.49** | **721.33** |

The accompanying Notes form an integral part of Financial Statements
As per our report of even date
M/s. Ramamoorthy (N) & Co.,
Charted Accountants
Firm Regn. No. 02899S

for and on behalf of the Board

Sd/-
(Surendranath Bharathi)
Partner
Membership No. 23837

Sd/-
(G.Srinivas )
Chief(C.A) &
Company Secretary

Sd/-
(M.Narasimha Reddy)
General Manager (F&A)

Sd/-
(S. Shankar)
Director(Finance)&
C.F.O

Sd/-
(N.Sridhar)
Chairman &
Managing Director

Date: 11.07.2018
Place: Hyderabad

# Notes to the Standalone financial statements for the year ended 31st March, 2018

## Note 1. Corporate Overview

The Singareni Collieries Company Limited ('SCCL' or 'the Company') is a Government coal mining company jointly owned by the Government of Telangana and Government of India on a 51:49 equity basis.

The Company is mainly engaged in mining of coal. As a part of diversification, the company has entered in to power generation and presently operating 2x600 MW Singareni Thermal Power Plant (STPP). The major coal consumers of the company are power and cement sectors. Power purchase Agreement is entered with TS DISCOMs to sell the power generated from the Power Plant.

The Singareni coal reserves stretch across 350 Km of the Pranahita - Godavari Valley of Telangana with a proven geological reserves aggregating to approx. 8800 million tonnes. SCCL is currently operating 21 opencast and 30 underground mines in 6 districts of Telangana. SCCL is at present has not listed its stocks anywhere.

## Note 2. Significant Accounting Policies:

### 2.1 Basis of preparation of financial statements

#### A) Statement of Compliance

The financial statements of the Company have been prepared on going concern basis using accrual basis of accounting in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies(Indian Accounting Standards) Amendment Rules, 2016, the relevant provisions of The companies Act 2013 and Electricity Act 2003.

#### B) Basis of Measurement:

The financial statements have been prepared on historical cost basis of measurement, except for

- financial assets and liabilities measured at fair value (Accounting policy on financial instruments in para No.2.2.16);
- Defined benefit plans- plan assets measured at fair value;
- Inventories at Cost or NRV whichever is lower (Accounting policy in para No. 2.2.5).
- Other claims and revenues ( Accounting policy No.2.2.1.D)
- Certain Provisions are measured at fair value ( Accounting policy No.2.2.7)

#### C) Functional or presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest crore up to two decimal points.

#### D) Use of Estimates and Judgement

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)**

## E) Formulation of Accounting Policies

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

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

a) relevant to the economic decision-making needs of users; and

b) reliable in that financial statements:

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

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

c) The requirements in Ind ASs dealing with similar and related issues; and

d) The definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

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

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

## F) Materiality

Management uses judgement of materiality for determining the compliance requirement of the Ind AS. Management also uses judgment in deciding whether individual items or groups of item are material in the financial statements. Materiality is judged by reference to the size and nature of the item. The

**Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)**

deciding factor is whether omission or misstatement could individually or collectively influence the economic decisions that users make on the basis of the financial statements. A Transaction is considered material only if it exceeds Rs.50.00 lakh in each case for the purpose of adjustments for Pre-paid and Prior period items.

## 2.2 Summary of Accounting Policies:

### 2.2.1 Revenue recognition

#### A. Revenue from sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the customer with a reasonable certainty of collection.

Revenue is measured at the fair value of the consideration received or receivable (net of accepted deductions made by customers on account of quality of coal) taking into account contractually defined terms of payment and excluding taxes, levies or duties collected on behalf of the government/ other statutory bodies.

Advances received from the customers are reported as customer's deposits unless the above conditions for revenue recognition are met.

The company has assumed that revenue includes excise duty because recovery of excise duty flows to the company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. However, other taxes, levies or duties are not considered to be received by the company on its own account and are excluded from net revenue.

#### B. Revenue Recognition- Power Plant

Revenue from generation of electricity is accounted for as per the Tariff approved by Hon. TS Electricity Regulatory Commission (TSERC).

#### C. Interest

Interest income is recognised using the Effective Interest Method.

#### D. System of accounting of certain specific claims/revenues:

a. Penalty for short lifting of coal, on termination of contracts, interest on belated payment of coal dues on realisation.

b. The interest/ Late Payment Surcharge on late payment/ overdue sundry debtors for sale of power is recognised when no significant uncertainty as to measurability or collectability exists.

c. Escalation in prices and duties for explosives, equipment and spares supplied on payment.

d. Credit towards Powder factor is accounted as and when recovered from the suppliers of Explosives.

e. Additional claims from contractors on Capital Works when claims are settled, other than subsidiary.

f. Scrap sales are accounted for as and when lifted; and

g. Insurance Claims on receipt.

**Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)**

## 2.2.2 Grants from Government

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

Government Grants related to assets are presented in the balance sheet by setting up the grant as deferred income and are recognised in Statement of Profit and Loss on systematic basis over the useful life of asset.

Grants related to income (i.e. grant related to other than assets) are presented as part of statement of profit or loss.

## 2.2.3 Property, Plant and Equipment:

### A.Recognition and measurement:

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Company has elected to apply the optional exemption to use this previous GAAP value as deemed cost as at 1 April 2015, the date of transition.

The recognition of the Property, plant and equipment is subject to the following principles:

#### 1. Land:

a. Lands are capitalized from the date of taking possession / Award whichever is earlier. Payments made for Renewal of Leasehold lands are capitalized from the date of payment.

b. Freehold Lands (Patta lands, lands acquired under Land Acquisition Act, 1894, Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act, 2013 and Govt. Assigned lands) include cost of acquisition, Compensation, rehabilitation expenses, resettlement cost and interest up to the date of taking possession.

c. Leasehold Lands (Forest lands) include cost of compensatory land, NPV, afforestation and deforestation expenditure with regard to acquisition of forest land.

#### 2. Railway sidings:

Complete track renewals and sleeper renewals on Railway Sidings are capitalised

on completion of the work.

#### 3. Plant & Equipment:

a. Following items are classified as Capital;

   i) PVC Armoured Cables of all sizes; and

   ii) G.I. Pipes of 2" Dia and above.

b. Expenditure on Rehabilitation of HEMM and other Major Plant and Machinery is treated as Capital expenditure if such expenditure increases the future benefit from the Asset beyond its previously assessed standard of performance.

c. Equipment received for Projects under construction/ Mines under development but not installed and commissioned by the end of the year is shown as Capital Works-in-Progress.

Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

## B. Depreciation:

i) Depreciation on other Fixed Assets is provided on written down value method on the assets capitalised before 01.04.1985.

ii) Depreciation on property, plant and equipment, except freehold land, is provided as per cost model on straight line basis over the estimated useful lives of the asset as follows as per the Schedule II of the Companies Act,2013. However, in case of power plant depreciation rates as stipulated by CERC are adopted. The estimated useful life of the assets is reviewed at the end of each financial year.

iii) The estimated useful life of the assets is reviewed at the end of each financial year. In some cases based on technical evaluation, the management believes that the useful lives given below best represents the period over which the management expects to use the asset. Hence the useful lives of the below mentioned assets are lower than the useful lives prescribed under Part C of schedule II of companies act, 2013:

| | |
|---|---|
| ➢ LHDs | 7 Years |
| ➢ Jumbo Drills at CDF Panel | 7.5 Years |
| ➢ SDLs | 4 Years |
| ➢ Self Contained Self Rescuers | 10 Years |
| ➢ 35T Dumpers | 6 Years |
| ➢ Hydraulic Shovels upto 5 CU.M | 7 Years |
| ➢ Blast Hole Drills <160mm | 7 Years |
| ➢ Coal Tubs | 1 Year |
| ➢ Winding Ropes | 1 Year |
| ➢ Safety Lamps | 1 Year |
| ➢ Stowing Pipes | 1 Year |
| ➢ Assets whose actual cost does not exceed Rs.5000/ | 1 Year |

iv) Value of leasehold lands is amortised over a period of 10 years or over the lease period whichever is lower:

- from the date possession in case of fresh leases
- from the date of payment in case of renewal of leases.

v) Freehold Lands used for UG/OC mining Operations are amortized over the Life of the respective Mine/Project.

**C)** When parts of an item of property, plant and equipment, with a cost that is significant in relation to the total cost of the item, have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

## 2.2.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Cost of ERP software recognized as intangible asset is amortised over a period of 5 years.

## 2.2.5 Inventory:

### A: Stock of Coal:

i) Wherever variation between volumetrically measured coal stocks (including washery products) and the book stocks is more than 5%, the volumetrically measured stock balances are adopted with a reduction of 5% towards anticipated storage losses.

ii) Closing stock of coal including stock at washeries, coal-in-wagons, washed coal, is valued at lower of cost and net realisable value.

Closing stock of washery by products viz., rejects, slurry and fines are valued at net realisable value (shale and stone at nil value)

Coal stock at STPP is valued at weighted Average Acquisition Cost.

iii) The cost of production of respective Under Ground (UG) and Open Cast (OC) mines is considered as cost of coal for the stocks of respective UG and OC mines. The cost of stock at CHP and other stocking points is arrived by considering the ratio of admittance of coal from UG and OCmines during the year. Such cost of production is arrived at excluding borrowing costs, selling and distribution costs and administrative overheads etc., to the extent not related to production of coal.

iv) Cost of washed coal is calculated at average cost of production of coal as at (iii) above plus washery charges adjusted to standard yield, and by deducting NRV of by products from the cost thus arrived.

v) The net realisable value of grade-wise coal (including washed coal, rejects, slurry and fines) is arrived at on the basis of selling price to power utilities and mark up/ cost plus price wherever applicable less re-handling charges.

### B. Stores & Spares

i) Stores & Spares (including loose tools) are valued at Weighted Average cost.

ii) Suitable Provision for slow, non-moving and obsolescence is provided on review of stores and spares on annual basis.

### C. Other Inventories

Stock of medicines, provisions, stationery and sand are not valued and are charged directly to consumption on receipt.

## 2.2.6 Borrowing costs

Borrowings costs directly attributable to acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which it occurs.

Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

## 2.2.7 Mine Closure, Site Restoration and Decommissioning Obligations:

### A. Mine closure Plan:

i) The company's obligation for land reclamation and decommissioning of structures consists of spending at both surface and underground mines in accordance with the guidelines from Ministry of Coal, Government of India.

ii) The company estimates its obligation for Mine Closure, Site Restoration and Decommissioning based upon detailed calculation and technical assessment of the amount and timing of the future cash spending to perform the required work. Mine Closure expenditure is provided as per approved Mine Closure Plan.

iii) The estimates of expenses are escalated for inflation, and then discounted at a discount rate that reflects the current market assessment of the time value of money and the risks, such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The company records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding assets are recognised in the period in which the liability is incurred. The asset representing the total site restoration cost as per mine closure plan is recognised as a separate item in PPE and amortised over the balance project/mine life.

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

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

### B. Backfilling of Overburden:

i) In order to comply with the Ministry of Environment & Forest's stipulation regarding reducing the depth of the final void of certain opencast mines to 30/35/45 meters from surface, re-handling/dumping over burden (OB) is to be carried out to reduce the final void as per the MOEF stipulation. The reduction of the final void can be done either (i) by re-handling the Overburden of the external/ internal dumps or (ii) by dumping the OB produced from the adjacent/relay projects.

ii) Re-handling of Overburden of the external/internal dumps incurs additional cost which is provided for. The cost of dumping from the adjacent / relay project is considered as the cost of Overburden removal of the adjacent/relay project.

iii) The estimation of quantity of Overburden (OB) required to backfill the final void is made by in-house technical estimation by professionals in Mining, Project Planning Environment fields. Total cost of Backfilling required is estimated, based on the total quantity to be backfilled in cubic metres at the end of mine life, at the SCCL weighted average rate of OB Removal of outsourced operations.

iv) The Estimation of Liability and corresponding recognition of Asset, discounting of liability and depreciation of asset and unwinding of liability etc, shall be as per the procedure mentioned at accounting Policy No 2.2.7.A.(iii) and (iv).

## 2.2.8 Exploration and Evaluation assets

Exploration expenditure relates to the initial search for deposits with economic potential. Expenditure on exploration activity is treated as revenue expenditure.

**Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)**

Evaluation expenditure relates to a detailed assessment of deposits or other projects that have been identified as having economic potential. Capitalisation of evaluation expenditure commences when there is a high degree of confidence that the Company will determine that a project is commercially viable, that is the project will provide a satisfactory return relative to its perceived risks, and therefore it is considered probable that future economic benefits will flow to the Company.

## 2.2.9 Development Expenditure

A) When proved reserves are determined and development of mines/project is sanctioned, cost is recognised as assets under construction and disclosed as a component of capital work in progress under the head "Development". All subsequent development expenditure is also capitalised. Drilling done for projects under construction which is capitalised with the project cost under development at average normal cost per metre.

B) The Projects/Mines under development are brought to Revenue, earlier of

i) Either from the month following;

a) The achievement of 25% of the rated production, or

b) Completion of two years after touching the coal

OR

ii) from the beginning of the year, wherein the value of production at the average monthly selling price of the Area is more than the total related expenses of such developed project/ mine.

C) Expenditure incurred on Projects under Construction/Mines under Development is capitalised till such Projects/Mines are brought to revenue. In case of Long wall / Blasting Gallery (BG) technology Projects, the expenditure is capitalised up to the date of commissioning of the equipment.

D) Overheads specifically incurred for the projects under construction were capitalised.

E) Sale value of coal produced by Projects/Mines under construction is credited to Development Account at the Average Monthly Selling Price for the Area.

F) Residual Development Expenditure on Mines taken-up for reconstruction is treated as Development Expenditure of New Reconstruction Projects.

G) On being brought to revenue, the assets under capital work in progress are reclassified as a component of property, plant and equipment under the nomenclature "Other Mining Infrastructure". Other Mining Infrastructure are amortised over the Projects Life as estimated in the FR/latest life, not exceeding 10 years.

## 2.2.10 Over Burden Removal (OBR) - Stripping Cost

i. Expenditure on Overburden Removal (Stripping Cost) is charged at Stripping Ratio of the Open Cast projects irrespective of the Ratio of Actual Removal during the year. Expenditure on OB Removal is booked in the natural heads. The variance between actual OB Removal expenditure and OB Removal charge as per Stripping Ratio is shown as OB Removal adjustment account. Interest, Depreciation and Overheads on OB Removal are treated as period cost and not considered for arriving at OB Removal charge.

**Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)**

ii. The company reviews the Stripping Ratios of the Open Cast Projects once in five years except the new mines till they complete five years of revenue workings. In case significant deviation occurs in mining & geological structure, reorganisation and closure of mines, such review is taken up on occurrence.

iii. Provision for future Overburden Removal is restated at current year cost and difference is taken to profit and loss account. Advance Action for Overburden removal is valued at weighted average cost.

## 2.2.11 Investment in Subsidiaries and Joint Ventures:

Investments in subsidiaries and joint ventures are measured at cost.

## 2.2.12. Foreign Currency Transactions:

a) Monetary items related to Foreign currency transactions remaining unsettled at the end of the year are reported at the exchange rate at the Balance Sheet date.

b) Profit or Loss on account of exchange differences either on settlement or on restatement is recognised in the Profit and Loss Account.

c) Foreign currency gains and losses are reported on a net basis.

## 2.2.13 Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

### A. Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

### B. Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

**Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)**

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

## 2.2.14 Employee Benefits:

### A. Short-term Benefits

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

### B. Post-employment benefits and other long term employee benefits

**I. Defined contribution plans:**

Employer's contribution under Coal Mines Provident Fund Act and Executives Superannuation, Pension Benefits are defined Contribution Plans and the expenditure/ provision on the above is charged to statement of Profit & Loss.

**II. Defined benefits plans:**

a) **Gratuity:** Gratuity is a defined benefit scheme. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations as reduced by the fair value of scheme assets.

b) Leave encashment, Monthly Monetary Compensation to dependants of deceased in mine accidents/ medical unfit/ Low Productive Employees, Post Superannuation Medical Benefit to executives and non-executives are provided based on actuarial valuation carried out at each balance sheet date.

c) Re-measurement of the net defined benefit liability, which comprise actuarial gain and losses considering the return on plan assets (excluding interest) and the effects of the assets ceiling (if any, excluding interest) are recognised immediately in the other comprehensive income in case of post-employment defined benefit plans. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

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

e) Other employee benefits :

Certain employee benefits namely and Settling Allowance, LTC / LLTC are also recognised on the same basis as described above for defined benefit plans.

f) Voluntary retirement compensation is expensed in the year of incurrence.

## 2.2.15 Provisions, Contingent Liabilities:

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

**Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)**

Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risk specific to the liability.

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

## 2.2.16. Financial Instruments:

### A) Classification:

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

### B) Initial Measurement:

All financial instruments are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset/liability (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets/liabilities. While, loans and borrowings and payable are recognized net of directly attributable transactions costs.

### C) Subsequent Measurement:

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortized cost; non derivative financial liabilities at amortized cost.

### a) Non-derivative financial assets:

**Financial assets at amortized cost**

A financial asset shall be measured at amortized cost if both of the following conditions are met:

i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

Financial Assets at amortized cost are represented by security deposits, cash and cash equivalents, Trade receivables & similar nature and eligible current and non-current assets. Non Current assets comprises investments in debentures or bonds quoted, fully paid up, which are carried at amortized cost.

Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### b) Non-derivative financial liabilities at amortized cost

Financial liabilities at amortized cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

## 2.2.17: Impairment.

### Impairment of Assets (Non-financial assets)

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the Statement of Profit and Loss

### Impairment of financial assets (other than fair value)

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

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

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)**

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

## 2.2.18: Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### • Company as a Lessee

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

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

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available.

### • Company as Lessor

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

## 2.2.19. Earnings per share:

Basic and diluted earnings per share are computed by dividing the net profit after tax before considering other comprehensive income by the weighted average number of equity shares outstanding during the period.

## 2.2.20: Material Prior Period Errors, Effect of change in the Accounting Policies:

Material prior period errors are corrected retrospectively by restating the comparative amounts of the prior period(s) presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

The changes to the accounting policies are done retrospectively and the application of such change is limited to the earliest period practicable by adjusting the opening balance of each affected component of equity and other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

*Side Discharge Loader Loading Coal In Tubs*

## Notes to the Standalone financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE 3: PROPERTY, PLANT AND EQUIPMENT:

(Rs in Crore)

| Particulars | Free hold Land | Lease hold Land | Buildings Factory | Buildings Others | Roads | Railway Sidings | Plant & Equipment | Furniture & Fixtures | Vehicles | Office Equipment | Land Reclamation / site Restoration Costs | Other Mining Infras. (OMI) | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | | | | | | | | | | |
| **As at 1 April 2016** | **921.98** | **452.00** | **156.90** | **758.04** | **195.49** | **45.35** | **5412.75** | **14.47** | **48.72** | **1.03** | **4519.98** | **1428.77** | **13955.48** |
| Additions | 158.73 | 179.61 | 502.02 | 131.32 | 28.05 | 0.10 | 7056.60 | 2.01 | 2.50 | 0.19 | 1043.28 | 91.64 | 9196.05 |
| Deductions/Disposals | - | - | - | (0.06) | - | - | (308.57) | (1.04) | (0.32) | (0.05) | - | - | (310.04) |
| **As at 31 March 2017** | **1080.71** | **631.61** | **658.92** | **889.30** | **223.54** | **45.45** | **12160.79** | **15.44** | **50.90** | **1.17** | **5563.26** | **1520.41** | **22841.50** |
| Additions | 195.56 | 159.73 | 35.32 | 113.46 | 45.59 | 6.92 | 1032.66 | 1.69 | 0.77 | - | 457.24 | 45.00 | 2093.94 |
| Deductions/Disposals | - | - | (1.08) | (0.36) | (2.02) | - | (307.78) | (0.02) | (2.90) | (0.02) | (248.58) | (20.19) | (582.95) |
| **As at 31 March 2018** | **1276.27** | **791.34** | **693.16** | **1002.40** | **267.11** | **52.37** | **12885.67** | **17.11** | **48.77** | **1.15** | **5771.92** | **1545.22** | **24352.49** |
| **Accumulated Depreciation:** | | | | | | | | | | | | | |
| **As at 1 April 2016** | **3.27** | **325.37** | **50.04** | **187.84** | **144.93** | **30.52** | **3304.83** | **10.59** | **29.67** | **0.70** | **1886.50** | **827.88** | **6802.14** |
| Adjustments | 196.93 | | | | | | | | | | | | 196.93 |
| **As at 1 April 2016 (Restated)** | **200.20** | **325.37** | **50.04** | **187.84** | **144.93** | **30.52** | **3304.83** | **10.59** | **29.67** | **0.70** | **1886.50** | **827.88** | **6999.07** |
| Charge for the year | 52.04 | 46.92 | 14.02 | 28.04 | 11.31 | 1.82 | 687.85 | 0.96 | 4.64 | 0.11 | 243.58 | 113.74 | 1205.03 |
| Deductions/Disposals | - | - | - | (0.06) | - | - | (301.50) | (1.04) | (0.31) | (0.05) | - | - | (302.96) |
| **As at 31 March 2017** | **252.24** | **372.29** | **64.06** | **215.82** | **156.24** | **32.34** | **3691.18** | **10.51** | **34.00** | **0.76** | **2130.08** | **941.62** | **7901.14** |
| Charge for the year | 55.79 | 56.06 | 22.57 | 31.44 | 18.12 | 1.79 | 905.82 | 1.05 | 4.36 | 0.07 | 333.98 | 110.10 | 1541.15 |
| Deductions/Disposals | - | - | (0.46) | (0.07) | (1.80) | - | (306.71) | (0.02) | (2.90) | - | (3.67) | (19.55) | (335.18) |
| **As at 31 March 2018** | **308.03** | **428.35** | **86.17** | **247.19** | **172.56** | **34.13** | **4290.29** | **11.54** | **35.46** | **0.83** | **2460.39** | **1032.17** | **9107.11** |
| Provision for Diminution in Value of Assets | | | | | | | | | | | | | |
| 31 March 2017 | - | - | - | - | - | - | 0.34 | - | - | - | - | - | 0.34 |
| 31 March 2018 | - | - | 0.17 | - | - | - | 2.86 | - | - | - | 34.11 | 29.78 | 66.92 |
| **Net Carrying Amount** | | | | | | | | | | | | | |
| **As at 31 March 2018** | **968.24** | **362.99** | **606.82** | **755.21** | **94.55** | **18.24** | **8592.52** | **5.57** | **13.31** | **0.32** | **3277.42** | **483.27** | **15178.46** |
| **As at 31 March 2017** | **828.47** | **259.32** | **594.86** | **673.48** | **67.30** | **13.11** | **8469.27** | **4.93** | **16.90** | **0.41** | **3433.18** | **578.79** | **14940.01** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE 3 : PROPERTY, PLANT AND EQUIPMENT (Contd.)

3.1 Land measuring Acres: 717, Guntas: 12 1/2 (Previous year Acres 717: Guntas 12 1/2) shown under Fixed Assets has not been registered in the name of the Company.

3.2 Land measuring Acres 5.00 shown under Fixed Assets, for the land handed over to Ramagundam Municipality since the matter pending with the District Collector for fixing the market value.

3.3 Free hold lands includes Government Assigned lands.

3.4 Depreciation for the year Rs.1541.15 Crore includes - Capitalized Depreciation of Rs. 9.20 Crore (Previous Year Rs. 19.07 Crore). Depreciation Charged to Revenue (including on Intangible assets (Note 5) - Rs.1532.56 Crore (Previous Year Rs. 1190.60 Crore).

3.5 STPP assets include interest Capitalised on borrowings of Rs.1217.44 Crore (Previous Year Rs.1100.39 Crore).

### NOTE 4: CAPITAL WORK IN PROGRESS

(Rs in Crore)

| Particulars | Lands | Building | Plant and Equipments | Development | Total |
|---|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | | |
| **As at 1 April 2016** | **44.61** | **195.03** | **6833.14** | **124.89** | **7197.67** |
| Additions | 162.30 | 105.29 | 20.60 | 111.72 | 399.91 |
| Capitalised / Deletions | -63.71 | -147.43 | -5893.41 | -25.34 | -6129.89 |
| **As at 31 March 2017** | **143.20** | **152.89** | **960.33** | **211.27** | **1467.69** |
| Additions | 305.49 | 125.56 | 632.18 | 162.07 | 1225.30 |
| Capitalised / Deletions | -354.41 | -193.59 | -678.14 | -42.87 | -1269.01 |
| | | | | | |
| **As at 31 March 2018** | **94.28** | **84.86** | **914.37** | **330.47** | **1423.98** |

4.1. CWIP include interest on borrowings from Power Finance Corporation for construction of STPP of Rs. 85.59 Crore (upto Previous Year Rs. 181.09 Cr.)

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE - 5: OTHER INTANGIBLE ASSETS

(Rs. in Crore)

| Particulars | ERP - Software | TOTAL |
|---|---|---|
| **Gross Carrying Amount:** | | |
| **As on 01.04.2016** | **19.36** | **19.36** |
| Additions during the year | 0.98 | 0.98 |
| Deductions/Disposals | - | - |
| **31st March 2017** | **20.34** | **20.34** |
| Additions during the year | - | - |
| Deductions/Disposals | - | - |
| **Gross Block As on 01.04.2016** | **20.34** | **20.34** |
| **Depreciation/ Amortisation** | | |
| Up to 01.04.2016 | 17.49 | 17.49 |
| For the Year 2016-17 | 0.41 | 0.41 |
| Deductions/Disposals | | |
| **Up to 31st March 2017** | **17.90** | **17.90** |
| For the Year 2017-18 | 0.61 | 0.61 |
| Deductions/Disposals | | |
| **Up to 31st March 2018** | **18.50** | **18.50** |
| **Net Block** | | |
| **As at 31st March 2018** | **1.83** | **1.83** |
| **As at 31st March 2017** | **2.44** | **2.44** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE - 6: INVESTMENTS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| **Non - Current** | | | | |
| **(A) Investment in Equity instruments** | | | | |
| **Unquoted, fully paid-up Shares** | | | | |
| -14,750 Laxmi Porcelains Ltd of Rs.10/- each | 0.01 | | 0.01 | |
| **Less:** Provision for Diminution in the value of Investments | 0.01 | - | 0.01 | - |
| **Investments in Co-operative Societies** | | | | |
| 1,86,214 Singareni Collieries Co-operative Central Stores Ltd of Rs.10/- each | | 0.19 | | 0.19 |
| **Investment in Joint Venture** | | | | |
| 4,900 shares of APMDC-SCCL Suliyari Coal Co. Ltd. of Rs.10/- each(Rs.49,000) Less: Provision for Diminution in the value of Investments in JV ( Rs.49,000) | | - | | - |
| **Investment in Subsidiary** | | | | |
| (i) 91,80,000 Andhra Pradesh Heavy Machinery & Engineering Limited of Rs.10/- each | | 9.18 | | 9.18 |
| **(B) Investments in debentures or bonds** | | | | |
| **Quoted, fully paid-up** | | | | |
| (i) 10,000 - 9.75% APPFC Power Bonds (Series 2/2012) of Rs.10 Lakh each. | | 1000.00 | | 1000.00 |
| (ii) 40 - 8.50% APSFC-Non SLR Bonds (Series II/2008) of Rs.10 lakh each. | | - | | 2.00 |
| (iii) 8,000 - 9.95% APCPDCL Power Bonds (Series-1/2014) of Rs.10 Lakh each. | | 800.00 | | 800.00 |
| **TOTAL** | | **1809.37** | | **1811.37** |

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Aggregate of Quoted investments | 1800.00 | 1802.00 |
| Aggregate of Unquoted investments | 9.37 | 9.37 |
| Aggregate of Diminution provided | 0.02 | 0.01 |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE - 7: LOANS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| **Non Current** | | |
| **-Unsecured, considered good** | | |
| -Deposit with LIC | 2025.31 | 350.00 |
| -Security Deposits | 104.54 | 171.38 |
| **TOTAL** | **2129.85** | **521.38** |
| **Current** | | |
| -Security Deposits | 73.46 | 127.57 |
| -Advances to Staff | 54.33 | 53.24 |
| **TOTAL** | **127.79** | **180.81** |

### NOTE - 8: OTHER FINANCIAL ASSETS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| **Non – Current** | | | | |
| Deposit under Mine Closure Plan Scheme (Maturity > 12 Months) | | 581.18 | | 208.60 |
| **TOTAL** | | **581.18** | | **208.60** |
| **Current** | | | | |
| Interest Accrued On Investments - Securities | | 143.77 | | 60.21 |
| Interest Accrued on Deposits with Banks | | - | | 3.96 |
| Interest Accrued on Loans & Advances | | 5.98 | | 5.01 |
| Other Receivables Considered good - Stowing subsidy, Rent, Water, Electricity etc. | | 328.16 | | 275.17 |
| Other receivables considered doubtful | 13.81 | | 11.10 | |
| Less: Provision for bad and doubtful | 13.81 | - | 11.10 | - |
| **TOTAL** | | **477.91** | | **344.34** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE 9: DEFERRED TAX ASSET (NET)

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| **(A) Deferred Tax Asset:** | | |
| -Backfilling & Mine Closure plan | 1521.19 | 2228.76 |
| -Gratuity | 908.25 | 796.58 |
| -Other Employee Benefits | 597.62 | 466.38 |
| - Overburden Removal | 902.00 | 917.03 |
| -Carry Forward Tax Loss | 312.13 | - |
| - MAT Credit | 287.81 | - |
| - Others | 493.37 | 385.41 |
| Total (A) | 5022.37 | 4794.15 |
| **(B) Deferred Tax Liability:** | | |
| -Fixed Assets- Excess of Net Book value over Written down value as per provisions of Income Tax Act | 1000.73 | 861.30 |
| Total (B) | 1000.73 | 861.30 |
| **Net Deferred Tax Asset (A-B)** | **4021.64** | 3932.85 |

9.1 The amount of Net Deferred Tax Asset of Rs.4021.64 Crore (Previous year Rs. 3,932.85 Crore) includes amount of Rs.1,521.19 Crore (Previous year Rs.2228.76 Crore) on account of provision for backfilling and mine closure plan. As per the current estimates, the amount of deferred tax asset (non-current) for backfilling and mine closure plan is realisable at the earliest after 6 to 7 years and so on, on commencement of Backfilling and Mine Closure activities at JK-5 OC, MOCP, GKOC etc. Similarly Provision for Backfilling & Mine Closure net of PPE is Rs.7,644.77 Crore (Previous year Rs 6453.78 Crore) will also crystallize simultaneously in the same time frame.

### NOTE - 10: OTHER NON CURRENT ASSETS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| **Unsecured, considered good** | | |
| -Capital Advances | 343.23 | 319.21 |
| -Deposits under Protest (VAT, CST, Service Tax, WCT, APGST, Entry Tax) | 157.15 | 97.98 |
| **TOTAL** | **500.38** | **417.19** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE - 11: INVENTORIES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| (i) Stores and Spares | 453.62 | | 427.59 | |
| (ii) Loose Tools | 2.56 | | 1.87 | |
| **Less:** Provision for obsolete, Non-moving Stores & Shortages and Damages | 58.98 | | 26.81 | |
| | | 397.20 | | 402.65 |
| (iii) Finished Goods | | 685.13 | | 953.35 |
| (iv) Work-in-Progress | | 0.38 | | 0.32 |
| (v) Stores in Transit | | 36.77 | | 33.01 |
| **TOTAL** | | **1119.48** | | **1389.33** |

### NOTE - 12: TRADE RECEIVABLES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| **Unsecured, considered good** | | | | |
| i) Exceeding six months | | | | |
| (a) Coal | 161.03 | | 1610.25 | |
| (b) Power | - | | - | |
| | | 161.03 | | 1610.25 |
| ii) Not exceeding six months | | | | |
| (a) Coal | 1084.44 | | 1174.95 | |
| (b) Services | 1.73 | | 0.89 | |
| (c) Power | 1910.76 | | 1021.14 | |
| | | 2996.93 | | 2196.98 |
| **Unsecured, considered doubtful** | 340.86 | | 340.86 | |
| **Less:** Provision for doubtful debts | 340.86 | - | 340.86 | - |
| **TOTAL** | | **3157.96** | | **3807.23** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE - 13: CASH AND CASH EQUIVALENTS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| Cash on hand | | 0.20 | | 0.16 |
| **Balances with banks** | | | | |
| In Deposit Account (Maturity < 3 Months) | 161.95 | | 446.43 | |
| In Current Account | 209.44 | | 280.14 | |
| | | 371.39 | | 726.57 |
| **TOTAL** | | **371.59** | | **726.73** |

### NOTE - 14: OTHER BANK BALANCES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| -Unpaid dividend accounts | 0.01 | 0.01 |
| -In Deposit Account (Maturity > 3 Months) | 2587.23 | 1500.00 |
| **TOTAL** | **2587.24** | **1500.01** |

**14.1 Balance with Banks includes unclaimed dividend of Rs.1,20,152.26 (PY Rs.1,14,650.50)**

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| 14.2 Securities by way of deposits in the form of fixed deposit receipts etc., received from the Contractors / Suppliers etc., are kept in the Company's custody and not accounted for. | **35.99** | **32.80** |

### NOTE - 15: CURRENT TAX ASSET (Net)

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Income Tax | - | 49.62 |
| **TOTAL** | **-** | **49.62** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE - 16: OTHER CURRENT ASSETS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| **Loans & Advances:** | | | | |
| **Unsecured, Considered good** | | | | |
| -Advances Against Purchases, Services & others | | 181.39 | | 250.65 |
| -Considered Doubtful Adv. against purchases & services | 10.55 | | 0.47 | |
| **Less:** Provision for Bad & Doubtful Advances | 10.55 | - | 0.47 | - |
| -Prepaid Expenses | | 8.61 | | 10.05 |
| -Cenvat ,VAT Credit available | | 83.89 | | 154.63 |
| -GST (ITC) receivable | | 220.25 | | - |
| **TOTAL** | | **494.14** | | **415.33** |

### NOTE - 17: EQUITY SHARE CAPITAL

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| **AUTHORIZED** | | |
| 180,00,00,000 Equity Shares of Rs.10/ each | 1800.00 | 1800.00 |
| **ISSUED,SUBSCRIBED AND PAID-UP** | | |
| 173,31,98,119 Equity Shares of Rs.10/- each fully paid (includes 6,32,145 Equity Shares of Rs.10/- each allotted as bonus shares by capitalisation of general and capital reserves) | 1733.20 | 1733.20 |
| **TOTAL** | **1733.20** | **1733.20** |

The company has only one class of shares referred to as equity shares having par value Rs.10/-.

### The Details of Shareholders holding More than 5%:

| Name of the Shareholder | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| | **No. of Shares** | **% Held** | No. of Shares | % Held |
| Government of Telangana | 88,55,99,147 | 51.0962 | 88,55,99,147 | 51.0962 |
| Government of India | 84,75,60,000 | 48.9015 | 84,75,60,000 | 48.9015 |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### RECONCILIATION OF EQUITY SHARES

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| | No. of Shares | Amount (Rs. in Crore) | No. of Shares | Amount (Rs. in Crore) |
| Shares outstanding at the beginning of the year | 1,73,31,98,119 | 1,733.20 | 1,73,31,98,119 | 1,733.20 |
| Shares issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | **1,73,31,98,119** | **1,733.20** | **1,73,31,98,119** | **1,733.20** |

### NOTE - 18: OTHER EQUITY

(Rs. in Crore)

| Particulars | General Reserve | Retained Earnings | Total |
|---|---|---|---|
| **Balance at the Beginning of the Reporting Period as at 01.04.2016** | **1260.40** | **1904.99** | **3165.39** |
| Adjustments for Changes in accounting policy or prior period errors. | | (126.41) | (126.41) |
| **Restated balance as at 01.04.2016** | **1260.40** | **1778.58** | **3038.98** |
| Profit for the year | | 641.94 | 641.94 |
| Other Comprehensive income (net of tax) | | (151.38) | (151.38) |
| Dividends -2015-16 (including dividend distribution tax) | | (156.45) | (156.45) |
| Transfer to/(from) retained earnings | 100.00 | (100.00) | -- |
| Any other change | | | |
| **Balance as on 31.03.2017** | **1360.40** | **2012.69** | **3373.09** |
| Profit for the year | | 1390.38 | 1390.38 |
| Other Comprehensive Income (net of tax) | | (177.63) | (177.63) |
| Dividends-2016-17 (including dividend distribution tax) | | (156.45) | (156.45) |
| Transfer to/(from) retained earnings | 100.00 | 100.00) | -- |
| Any other change | | | |
| **Balance as on 31.03.2018** | **1460.40** | **2968.98** | **4429.38** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE - 19: BORROWINGS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| **Non – Current** | | |
| **Term Loans** | | |
| Secured | | |
| - From Power Finance Corporation (PFC) | 3233.75 | 3565.41 |
| (Rs.3980 Cr. Less current maturities of Rs.331.67 Cr and principle paid Rs.414.58 Cr) | | |
| -From Power Finance Corporation (PFC) & Rural Electrification Corporation Ltd. (REC) | 855.02 | 708.31 |
| (Rs.1023.99 Cr. Less current maturities of Rs.87.57 Cr and principle paid Rs. 81.40 Cr ) | | |
| **TOTAL** | **4088.77** | **4273.72** |
| **Current** | | |
| Secured: | | |
| -Loans payable on demand - from Banks | - | - |
| -Cash Credit | 18.11 | 13.66 |
| -Special Overdraft Account | - | - |
| **TOTAL** | **18.11** | **13.66** |

19.1 (i) Loan of Rs.3980 Crore from Power Finance Corporation (PFC) (Phase-I) for funding 2x600 MW STPP is secured by an exclusive first charge on the project (2x600 MW STPP) assets, movable (by way of hypothecation) and immovable (by way of mortgage).

(ii) This Loan of Rs 3565.42 Crore is repayable in forty-three equal quarterly installments of Rs.82.92 Crore each. Interest payable on this loan is as below:

| | |
|---|---|
| Rate of Interest p.a | 9.50% |
| Loan amount (Rs. Cr) | 3565.42 |

19.2 (i) Further, second Loan of Rs.1320 Crore has been sanctioned by PFC & REC for funding cost overrun of 2x600 MW STPP which is secured by an exclusive first charge on all the Project assets including movable and immovable on a pari-passu basis with M/s.PFC Ltd. (the Phase-I lender). Out of this loan, an amount of Rs.1023.99 Crore has been utilized.

**Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)**

(ii) Against this loan, Rs.942.59 Crore outstanding as on 31.03.2018 is repayable in forty-three equal quarterly installments of Rs. 21.92 Crore each. Rate of Interest payable on this loan is as below.

| Rate of Interest p.a | Loan Amount (Rs. Cr) | Rate of Interest p.a | Loan Amount (Rs. Cr) |
|---|---|---|---|
| 8.25 | 26.38 | 8.93 | 21.74 |
| 8.28 | 5.48 | 8.95 | 9.54 |
| 8.39 | 67.78 | 9.02 | 69.55 |
| 8.50 | 18.59 | 9.08 | 8.93 |
| 8.55 | 43.68 | 9.23 | 1.80 |
| 8.64 | 1.70 | 9.26 | 123.73 |
| 8.71 | 134.90 | 9.36 | 115.17 |
| 8.72 | 11.70 | 9.40 | 2.68 |
| 8.73 | 10.51 | 9.42 | 19.03 |
| 8.87 | 7.03 | 9.44 | 24.10 |
| 8.88 | 5.73 | 9.50 | 147.88 |
| 8.90 | 8.74 | 9.63 | 56.22 |

19.3 Cash Credit and Special Overdraft Account - Secured by first charge in favour of participating banks ranking pari-passu on the stocks & receivables and other Current Assets.

## NOTE - 20: TRADE PAYABLES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| (a) Dues to Micro, Small & Medium Enterprises | 19.23 | 4.75 |
| (b) Dues to Subsidiary - Andhra Pradesh Heavy Machinery Engineering Limited (APHMEL) | 10.45 | 12.07 |
| (c) Dues to Others (including Stores-in-Transit net of Advances) | 675.82 | 666.04 |
| (d) Others | - | 0.38 |
| **TOTAL** | **705.50** | **683.24** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE - 21: OTHER FINANCIAL LIABILITIES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| (1) Current maturities of long- term debt | | 419.24 | | 397.15 |
| (2) Interest accrued but not due on borrowings | | 85.43 | | 88.59 |
| (3) Unclaimed dividends | | 0.01 | | 0.01 |
| (4) Deposits from Others | | 2.01 | | 1.03 |
| (5) Deposits from Suppliers & Contractors | | 51.72 | | 42.98 |
| (6) Other Payables: | | | | |
| (i) Salaries & Wages | | 1156.59 | | 604.37 |
| (ii) Others : | | | | |
| a) Deposits from Vendors | 149.57 | | 114.91 | |
| b) Deposits from Coal Customers | 193.21 | | 190.67 | |
| c) Overdraft in Current Account | 6.09 | | 5.40 | |
| d) Creditors for Capital Expenditure | 571.26 | | 667.07 | |
| e) Other Liabilities | 346.01 | | 1454.00 | |
| | | 1266.14 | | 2432.04 |
| **TOTAL** | | **2981.14** | | **3566.17** |

21.1. Current maturities of Long term Debt represent the instalments payable in the year 2018-19 in respect of term loans from PFC & PFC-REC as mentioned in Note no 19.

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE - 22: PROVISIONS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| **Non - Current:** | | | | |
| **(a) Provision for Employee Benefits :** | | | | |
| -Gratuity (to the extent unfunded) | 2599.17 | | 2301.70 | |
| -Leave Encashment (unfunded) | 583.75 | | 558.54 | |
| -Monthly Monetary Compensation & Low Productive Employee Compensation ( Unfunded) | 146.41 | | 115.76 | |
| -Settling-in- Allowance | 53.85 | | 49.56 | |
| -LTC | 42.34 | | 46.32 | |
| | | 3425.52 | | 3071.88 |
| **(b) Others:** | | | | |
| -Overburden Removal Adjustment Net of Advance Action Rs. 586.55. (P.Y. Rs.436.85 Crore) | 2579.15 | | 2647.14 | |
| -Back Filling | 9859.88 | | 8930.10 | |
| -Mine Closure | 1062.29 | | 956.86 | |
| | | 13501.32 | | 12534.10 |
| **TOTAL** | | **16926.84** | | **15605.98** |
| **Current:** | | | | |
| **(a) Provision for employee benefits:** | | | | |
| -Gratuity (unfunded) | 1.31 | | 1.31 | |
| - Leave Encashment (unfunded) | 97.05 | | 92.54 | |
| - Monthly Monetary Compensation (unfunded) | 39.50 | | 32.00 | |
| -Superannuation Benefit (unfunded) | 293.07 | | 190.04 | |
| -Post Superannuation Medical Benefit(Executives & Non Executives) (unfunded) | 181.15 | | 127.81 | |
| - Settling-in- Allowance | 10.72 | | 3.81 | |
| - LTC | 36.97 | | 19.47 | |
| - Performance Related Pay (EXE) | 154.90 | | 124.29 | |
| - Performance Linked Reward (PLR) | 286.06 | | 294.82 | |
| - Corporate Special Incentive | 304.56 | **1405.29** | 90.00 | **976.09** |
| **(b) Others:** | | | | |
| -Excise Duty on Closing Stock of Coal | 0.00 | | 45.51 | |
| -Shale & Stone/Grade Variance | 26.67 | | 0.40 | |
| | | 26.67 | | 45.91 |
| **TOTAL** | | **1431.96** | | **1022.00** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

22.1 (i) In respect of all open cast (OC) mines, overburden removal (OBR) adjustment is made as per accounting policy 2.2.10.

(ii) During the year, review of Stripping Ratio RK OCP was carried out consequent to reassessment of quantities of Coal and Over Burden of the Project . As there was upward revision of stripping ratio, the excess value of advance action of Rs.137.66 Crs as on 31.03.2017 was charged off during the year.

(iii) KTK OC I was due for closure in 2017-18 and consequent to the availability of additional coal with the extension of limit line, the operations are continued in 2017-18 and this mine will be closed in 2018-19. There was reduction in the stripping ratio consequent to increase in coal reserves and not reducing the OB removed in development period from OB chargeable in revenue period which has resulted in accumulation of Provision over the life of the project. As the revision of stripping ratio could not be carried in 2016-17 owing to non assessment of additional coal reserves before the closure of accounts, the revision of stripping ratio was viewed as prior period error and the excess provision available in books as on 31.03.2017 of Rs.267.79 Crore was withdrawn by restating the comparative amounts of the Financial Year 2016-17 and Retained earnings and OBR reserve as on 01.04.2016 as per the provisions of Ind AS 8.

22.2 (i) As per the stipulations in Environment Clearances (EC) the depth of final void in 11 opencast (OC) mines should be reduced to 30/35/40 metres from the surface as the case may be. Other OC projects are either on relay concept or no such stipulation in the EC.

(ii) The estimation of quantity of over burden (OB) required to backfill the final void, in order to comply with aforesaid stipulation requires technical estimation by professionals in mining and project planning fields. Services of in-house professionals having considerable experience in the field of mining, project planning, environment etc. were used to arrive at backfilling quantity and formation of final void.

(iii) Backfilling provision is considered as Site restoration and decommissioning obligation as per Ind AS 16 (Property, Plant and Equipment) read with Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets). The future value of the cost of backfilling is estimated as on transition date by considering the CAGR inflation @ 2.5% on outsourced OB Removal cost and then discounted to the present value by applying discounting rate of 8%. The present value is recognized as back filling obligation under long term provisions.

(iv) The corresponding value of obligation is recognized as an asset under Property, Plant & Equipment as Site restoration Cost. The annual amortized cost of the asset and the cost of Unwinding of the obligation would constitute the elements of backfilling cost charged to P&L Account.

(v) Quantity of Overburden (OB) required to backfill the final void and useful life of the mine as mentioned in the approved Mining Plan and Environmental Clearance are considered for the estimation of Backfilling provision. However, for the mines for which RCE is approved but approval of the mining plan as per the RCE and Environmental clearance(EC) is pending , the same parameters as per the original Mining Plan/EC approved are adopted.

22.3 (i) Provision for Mine Closure Plan (MCP) made on the basis of guidelines of Ministry of Coal (MoC) dated 7th January 2013 is considered as site restoration and decommissioning obligation as per Ind AS 16 (Property, Plant and Equipment) read with Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets). The future value of MCP is estimated as on transition date by considering the amount of Rs. 6 lakh/Rs.1 lakh per hectare for OC and UG mine respectively as per MOC guidelines with 5% escalation and then discounted to the Present Value by applying discount rate of 8%. The present value is recognized as provision for Mine Closure under long term provisions.

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

(ii) The corresponding value of obligation is recognized as an asset under Property, Plant & Equipment as Site restoration Cost. The annual amortized cost of the asset and the cost of Unwinding of the obligation would constitute the elements of Mine Closure cost charged to P&L Account.

(iii) Provision for Mine closure plan was made for 21 OC and 29 UG mines against 22 OC and 30 UG Mines. Approvals from MoC are received in respect of 20 OC and 21 UG mines . The provision was made on the basis of guidelines is subject to approval of mine closure plan in respect of balance mines. During the year Rs.371.93 Crs (including Rs.30.31 Crs of interest accrued) was deposited in designated account in respect of 38 mines. For the balance mines escrow accounts are opened during the year with minimum amount of Rs. 5 lakhs for each mine. (Cumulative Deposit as on 31.03.2018 amounted to Rs.581.18 Crs. including accrued interest of Rs.49.83 Cr).

22.4 Performance Related Pay payable to Executives of the Company as part of Revised Pay Package was adopted and provided by Company on par with other Central Public Sector Units for the period 2007-08 to 2017-18 pending receipt of approval from designated authority. During the Year, PRP for the year 2014-15 and 2015-16 was paid with the approval from designated authority.

22.5 Royalty on Closing Stock of Coal amounting to Rs.82.11 Crs was not transacted in the Books (Previous year Rs.106.16 Crore).

22.6 CPRMS (NE): As per the terms of NCWA X wage agreement concluded in the year 2017-18, the company has to contribute an amount of RS.18,000/- per employee on roll as on 01.07.2016 to the Contributory Post retirement Superannuation Medical Scheme (Non-Executives).The actuarial liability against this amounting to Rs. 54.13 crs as on 31.03.2018 has been provided for in the books of account for the current year.

22.7 Owing to non-formulation of the Modalities of the scheme, the Superannuation Benefit contributions (Executives) have remained payable in the Books of SCCL. Recently Coal India has formulated a Superannuation Benefit Scheme under the nomenclature – "CIL Executives Defined Contribution Pension Scheme 2007", and a similar scheme is likely to be adopted by SCCL . As per the scheme implemented at CIL , the contributions are to be deposited to trust/fund along with interest. As such, accretion on the Superannuation Benefit Contributions for an amount of Rs. 68.36 Crore was provided for in the current year.

22.8 Govt. of India & Govt. of Telangana have issued Notification for retrospective collection of DMF from 12.01. 2015. This demand was contested by the coal customers. Accordingly. SCCL made a provision of Rs.467.87cr for the period 12.01.2015 to 19.01.2016 dung 2015-16. Hon'ble, Supreme Court vide it's judgment in October 2017 struck down the retrospective demand and fixed the date of collection of DMF from 20.10.2015. SCCL has recovered Rs.14.84 Cr from customers in 2016-17 and Rs.118.99 Cr from the customers for the period 20.10.2015 to 19.01,2016 In 2017-18 and remitted the same. Consequently. SCCL has withdrawn the entire provision of Rs.453.03 Cr and exhibited the same as an exceptional item in accordance with Schedule III of the Companies Act, 2013.

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE - 23: OTHER NON - CURRENT LIABILITIES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Deferred Government Grant | 205.72 | 27.40 |
| **TOTAL** | **205.72** | **27.40** |

### NOTE - 24: OTHER CURRENT LIABILITIES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| -Statutory Dues | 602.45 | 700.00 |
| -Advances from Coal & Other Customers | 786.84 | 707.12 |
| -Deferred Government Grant | 8.09 | 9.34 |
| **TOTAL** | **1397.38** | **1416.47** |

### NOTE - 25: CURRENT TAX LIABILITY

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| -Income Tax | 64.78 | - |
| **TOTAL** | **64.78** | **-** |

Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

## NOTE - 26: REVENUE FROM OPERATIONS

(Rs. in Crore)

| Particulars | 2017 - 18 | | 2016 - 17 | |
|---|---|---|---|---|
| (a) Sale of Coal | | | | |
| Turnover (Gross) | | 17887.47 | | 16634.71 |
| Less : Statutory Levies | | | | |
| Stowing Excise Duty | 14.33 | | 58.17 | |
| Royalty | 1605.17 | | 1440.55 | |
| Clean energy cess | 570.47 | | 2330.22 | |
| GST Compensation Cess | 1774.34 | | 0.00 | |
| | | 3964.31 | | 3828.94 |
| | | 13923.16 | | 12805.77 |
| Less: Transfer to Development | | 14.12 | | 12.29 |
| Turnover (Net) | | 13909.04 | | 12793.48 |
| (b) Sale of Power | | 3435.97 | | 1188.02 |
| (c) Income from Services | | | | |
| Consultancy Services | | 4.25 | | 3.79 |
| (d) Other operating revenue | | | | |
| Penalty for Short lifting of Coal | 8.51 | | 3.20 | |
| Subsidy received from CCDAC for Stowing, Protective works, etc. | 117.51 | | 106.86 | |
| Deferred Grant Amortisation | 12.47 | | 9.58 | |
| Bonus for Supply of Coal | 47.84 | | 49.47 | |
| | | 186.33 | | 169.11 |
| **TOTAL** | | **17535.59** | | **14154.40** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE - 27: OTHER INCOME

(Rs. in Crore)

| Particulars | 2017 - 18 | | 2016 - 17 | |
|---|---|---|---|---|
| **(a) Interest Income** | | | | |
| -Interest on Investment (Non-trade) Gross | 177.26 | | 177.45 | |
| -Interest on Term Deposits | 149.41 | | 54.96 | |
| -Interest on Sundry Debtors for Coal, Loans, Advances to others | 117.77 | | 51.85 | |
| - Interest on deposit with LIC(ETB) | 124.31 | | - | |
| - Interest / LPS on Sundry debtors for Power | 167.21 | 735.96 | - | 284.26 |
| **(b) Other non-operating income** | | | | |
| -Rents | 6.49 | | 5.80 | |
| -Electricity & Fuel | 29.18 | | 24.96 | |
| -Water charges | 0.80 | | 0.82 | |
| -Provisions and Liabilities no longer required written back | 12.43 | | 176.27 | |
| -Miscellaneous Receipts | 47.81 | 96.71 | 59.01 | 266.86 |
| **TOTAL** | | **832.67** | | **551.12** |

### NOTE - 28: COST OF MATERIALS CONSUMED

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Stores & Spares | 609.85 | 619.32 |
| Explosives | 445.54 | 351.14 |
| Petrol, Oil and Lubricants (POL) | 2304.58 | 1747.14 |
| Internal Consumption of Coal | 0.01 | 3.61 |
| Others | (32.49) | 11.36 |
| **TOTAL** | **3327.49** | **2732.57** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE – 29: CHANGES IN INVENTORIES

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Opening Stock | 953.35 | 807.36 |
| **Less:** Internal Consumption of Coal | 0.01 | 3.61 |
| **Less:** Consumption of raw coal at STPP | - | 140.87 |
| **Less:** Closing Stock | 685.13 | 953.35 |
| **TOTAL** | **268.21** | **(290.47)** |

### NOTE – 30: EMPLOYEE BENEFITS EXPENSE

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Salaries, Wages and Allowances | 5055.45 | 4244.66 |
| CMPF,CMPS and Administrative charges | 531.89 | 419.30 |
| Attendance Bonus | 217.31 | 177.01 |
| Performance Linked Reward | 299.66 | 292.86 |
| Gratuity | 322.10 | 967.04 |
| Superannuation Benefit | 156.48 | 33.62 |
| Workmen's Compensation, Group Insurance & Group Personal Accident Insurance | 4.73 | 5.46 |
| Directors' Remuneration | 1.54 | 1.61 |
| Life cover premia under Gratuity Scheme with LIC | 6.67 | 7.99 |
| **Social Amenities:** | | |
| Employee Welfare Expenses | 100.05 | 106.46 |
| Lumpsum/ Monthly Monetary Compensation for dependants | 78.75 | 38.24 |
| Grants to Singareni Collieries Educational Society | 38.15 | 36.50 |
| **TOTAL** | **6812.78** | **6330.75** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE – 31: FINANCE COSTS

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| **Interest Expense** | | |
| -Interest on Cash Credit | - | 0.08 |
| -Interest on Loans | 390.85 | 196.15 |
| -Interest on Others | 7.82 | 35.71 |
| -Unwinding Cost-Back filling provision | 745.59 | 611.16 |
| -Unwinding Cost -Mine closure provision | 78.39 | 56.16 |
| **TOTAL** | **1222.65** | **899.26** |

### NOTE – 32: POWER & FUEL

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| -Electricity | 464.51 | 469.40 |
| -Others | 0.22 | 0.12 |
| **TOTAL** | **464.73** | **469.52** |

### NOTE – 33: REPAIRS & MAINTENANCE

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Railway sidings | 4.30 | 3.98 |
| Buildings | 43.31 | 70.72 |
| Plant & Machinery | 109.93 | 117.84 |
| **TOTAL** | **157.54** | **192.54** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE – 34: CONTRACTUAL EXPENSES

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| -Coal Offloading | 103.82 | 91.81 |
| -OBR Offloading | 1329.50 | 1109.20 |
| -Transportation Charges | 353.21 | 361.20 |
| -Hiring of Heavy Earth Moving Machinery (HEMM), Weighbridge and others | 138.91 | 109.46 |
| -STPP - O&M | 83.88 | 32.52 |
| -Others | 191.33 | 140.88 |
| **TOTAL** | **2200.65** | **1845.07** |

### NOTE – 35: PROVISIONS

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| -Obsolete Stores | 33.52 | 2.04 |
| -Shortage of Coal | - | 0.15 |
| -Doubtful Debts / Advances | 13.01 | 0.43 |
| Impairment of Site Restoration cost Assets(MCP UG) | 34.11 | - |
| -Impairment of OMI( Development - UG) | 29.78 | - |
| -Impairment P&M , Buildings etc | 3.02 | - |
| -Shale/stone & grade variance | 26.28 | 0.22 |
| **TOTAL** | **139.72** | **2.84** |

### NOTE – 36: WRITE-OFFS

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Bad & Doubtful Debts | 0.10 | - |
| Advances | - | - |
| Assets | 11.67 | 7.14 |
| **TOTAL** | **11.77** | **7.14** |

## Notes to the Standalone financial statements for the year ended 31st March, 2018 (Contd...)

### NOTE – 37: OTHER EXPENSES

(Rs. in Crore)

| Particulars | 2017 - 18 | | 2016 - 17 | |
|---|---|---|---|---|
| (a) Selling & Distribution | | 132.85 | | 113.63 |
| (b) Gain/Loss on Exchange Rate Variance | | 13.83 | | (3.37) |
| (c) Corporate Social Responsibility (CSR) | | 19.41 | | 13.57 |
| (d) **Others:** | | | | |
| Rents | 2.47 | | 2.27 | |
| Insurance | 9.45 | | 4.19 | |
| Rates & Taxes | 10.55 | | 7.47 | |
| Travelling Expenses | 8.51 | | 9.65 | |
| Postage, Telegrams and Telephone | 3.26 | | 3.02 | |
| Legal Expenses | 2.89 | | 2.51 | |
| Bank Charges and Commission | 1.92 | | 2.76 | |
| CISF Salaries and Wages | 38.31 | | 35.79 | |
| Directors' Travelling Expenses | 0.42 | | 0.82 | |
| Auditors' Remuneration | | | | |
| -Statutory Audit Fee | 0.22 | | 0.13 | |
| -Out of Pocket Expenses | 0.05 | | 0.02 | |
| -Other Expenses-Certification | 0.03 | | 0.01 | |
| -Tax Audit | 0.03 | | 0.03 | |
| -Cost Audit Fee | 0.03 | | 0.03 | |
| Advertisements | 2.33 | | 4.37 | |
| Research and Development Expense | 2.41 | | 3.51 | |
| Journals and Periodical | 0.16 | | 0.17 | |
| Printing and Stationary | 0.74 | | 0.55 | |
| Plantation Expenditure | 11.59 | | 10.41 | |
| Royalty - STPP | 248.65 | | 91.56 | |
| Excise Duty - STPP | 20.38 | | 38.05 | |
| Clean energy Cess - STPP | 49.79 | | 112.43 | |
| GST ITC Reversal -STPP | 77.22 | | 0.00 | |
| Forest permit Fee -STPP | 5.93 | | 2.80 | |
| Other Expenses | 27.58 | 524.92 | 21.56 | 354.11 |
| **TOTAL** | | **691.01** | | **477.94** |

### NOTE – 38: EXCEPTIONAL ITEMS

(Rs. In Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Withdrawl of DMFT provision | (453.03) | - |
| **TOTAL** | **(453.03)** | - |

# NOTE – 39

## ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018. (Standalone)

### 1. Fair Value measurement:

### A. Financial Instruments by Category :

(Rs. in Crore)

| Financial assets and liabilities | As on 31st March 2018 | | | As on 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVT OCI | Amortized cost | FVTPL | FVT OCI | Amortized cost |
| Financial Assets | | | | | | |
| Loans | - | - | 2,257.63 | - | - | 702.24 |
| Others | - | - | 1059.09 | - | - | 607.29 |
| Trade receivables | - | - | 3157.96 | - | - | 3807.23 |
| Cash & cash equivalents | - | - | 371.58 | - | - | 726.73 |
| Other Bank Balances | - | - | 2587.24 | - | - | 1500.01 |
| Investments* | - | - | 1800.19 | - | - | 1802.19 |
| **Financial Liabilities** | | | | | | |
| Borrowings | - | - | 4106.88 | - | - | 4287.39 |
| Trade payables | - | - | 705.50 | - | - | 683.24 |
| Other Financial Liabilities | - | - | 2981.14 | - | - | 3566.17 |

*Investments in Equity shares in Joint Ventures are measured at cost which stands at Rs. 9.18 crore as on 31.03.2018 (Rs.9.18 crore as on 31.03.2017) and are not included above.

# FVTPL - Fair Value through Profit & Loss A/c

# FVTOCI- Fair Value through Other Comprehensive Income

### A. Fair value hierarchy

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

**(a) Recognized and measured at fair value – NIL**

**Additional Notes to the Financial Statements** (Contd...)

## (b) Measured at amortized cost and for which fair values are disclosed in the financial statements :

(Rs. in Crore)

| Financial assets and liabilities measured at amortized cost for which fair values are disclosed at 31st March, 2018 | As on 31st March 2018 | | | As on 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | Level-I | Level-II | Level-III | Level-I | Level II | Level III |
| **Financial Assets at FVTPL** | | | | - | - | |
| Loans | - | - | 2,257.63 | - | - | 702.24 |
| Others | - | - | 1059.09 | - | - | 607.29 |
| Trade receivables | - | - | 3157.96 | - | - | 3807.23 |
| Cash & cash equivalents | - | - | 371.58 | - | - | 726.73 |
| Other Bank Balances | - | - | 2587.24 | - | - | 1500.01 |
| Investments | - | 1800.19 | - | - | 1802.19 | - |
| **Financial Liabilities** | | | | | | |
| Borrowings | - | - | 4106.88 | - | - | 4287.39 |
| Trade payables | - | - | 705.50 | - | - | 683.24 |
| Other Financial Liabilities | - | - | 2981.14 | - | - | 3566.17 |

Level-I: Level-I hierarchy includes financial instruments measured using quoted prices

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

Level-III: If one or more of the significant inputs is not based on observable market data, the instrument is included in level-III. This is the case for unlisted equity securities, bonds, borrowings, security deposits and other liabilities taken included in level-III.

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

i) Valuation techniques used to value financial instruments include:

- The use of quoted market prices of instruments
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

ii) Fair value measurements using significant unobservable inputs

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

## (d) Fair values of financial assets and liabilities measured at amortized cost

- The carrying amounts of trade receivables, short term deposits, cash and cash equivalents, trade payables are considered to be the same as their fair values, due to their short-term nature.
- Other Financial assets accounted at amortized cost are not carried at fair value only if same is not material.

**Additional Notes to the Financial Statements** (Contd...)

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

**Significant estimates**:

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Uses its judgment to select a method and makes suitable assumptions at the end of each reporting period.

## 2. RISK ANALYSIS AND MANAGEMENT:

### Financial Risk Management Objectives and Policies

The Company's principal Financial Liabilities comprise Loans and Borrowings, Trade and Other Payables directly related to its operations. The main purpose of these Financial Liabilities is to finance the Company's operations. The Company's principal Financial Assets include Loans, Trade and Other Receivables, and Cash and Cash Equivalents that are derived directly from its operations.

The Company is exposed to Market Risk, Credit Risk and Liquidity Risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees Policies for managing each of these risks, which are summarized below.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in Financial Statements.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Cash and Cash equivalents, trade receivables financial asset measured at amortized cost | Ageing analysis | Regular monitoring and review by senior management and audit committee |
| Liquidity Risk | Borrowings and other liabilities | Periodic cash flows | Availability of committed credit lines and borrowing facilities |
| Market Risk-foreign exchange | Future commercial transactions, recognized financial assets and liabilities not denominated in INR | Cash flow forecast sensitivity analysis | Regular monitoring and review by senior management and audit committee. |
| Market Risk-interest rate | Cash and Cash equivalents, Bank deposits. | Cash flow forecast sensitivity analysis | Regular monitoring and review by senior management and audit committee |

### A. Credit Risk:

Credit risk arises from Cash and Cash Equivalents, Investments carried at amortized cost and Deposits with Banks and Financial Institutions, as well as including outstanding receivables.

**Additional Notes to the Financial Statements** (Contd...)

### Credit risk management:

Macro - economic information (such as regulatory changes) is incorporated as part of the Fuel Supply Agreements (FSAs), Power Purchase Agreements (PPAs) and e-auction terms.

### Fuel Supply Agreements:

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

- FSAs with customers in the power utilities sector, including State power utilities, Private Power Utilities ("PPUs") and Independent Power Producers ("IPPs");
- FSAs with customers in Non-Power Industries (including captive power plants ("CPPs")); and
- FSAs with State Nominated Agencies

### Power Purchase Agreement

SCCL is operating 2X600 MW Singareni Thermal Power Project (STPP). To secure guarantee of purchase of power and certainty of revenue stream, legally enforceable power purchase agreement has been entered with Southern Power Distribution Company of Telangana Ltd (TSSPDCL) and Northern Power Distribution Company of Telangana Ltd(TSNPDCL) on 18.01.2016 for 25 years from the date of COD of the project ie., 02.12.2016.

### E-Auction Scheme:

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

### Provision for Expected Credit Loss:

The Company provides for expected credit risk loss for doubtful/ credit impaired assets, by lifetime expected credit losses (Simplified approach).

Expected Credit losses for trade receivables under simplified approach:

(Rs. in Crore) (As on 31.03.2018)

| Ageing | Due for below 6 months | Due for above 6 months | Due for more than 3 years | Total |
|---|---|---|---|---|
| Gross carrying amount | 2,996.93 | 161.03 | 340.86 | **3498.82** |
| Expected loss rate | | | 100% | **9.74%** |
| Expected credit losses (Loss allowance provision) | | | 340.86 | **340.86** |

## Additional Notes to the Financial Statements (Contd...)

(Rs. in Crore) (As on 31.03.2017)

| Ageing | Due for below 6 months | Due for above 6 months | Due for more than 3 years | Total |
|---|---|---|---|---|
| Gross carrying amount | 2196.98 | 1610.25 | 340.86 | **4148.09** |
| Expected loss rate | - | - | 100.00% | **8.22%** |
| Expected credit losses (Loss allowance provision) | - | - | 340.86 | **340.86** |

Reconciliation of loss allowance provision - Trade receivables

| Particulars | (Rs. in Crore) |
|---|---|
| Loss allowance on 31.03.2017 | 340.86 |
| Changes in loss allowance | - |
| Loss allowance on 31.03.2018 | 340.86 |

### Significant estimates and judgments:

#### Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### B. Liquidity Risk

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

Management monitors forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

### Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period.

(Rs. in Crores)

| **Exposure to risk** | **As on 31 March 2018** | As on 31 March 2017 |
|---|---|---|
| Interest bearing borrowings | | |
| On demand | - | - |
| Less than 365 days | - | - |
| More than 365 days | (PFC-REC Loan2) 296.01 | (PFC-REC Loan2) 532.95 |
| **Total** | **296.01** | **532.95** |

Note: Cash Credits & Special Over drafts not considered.

## Additional Notes to the Financial Statements (Contd...)

### C. Market risk :

a) Foreign currency risk :

b) Cash flow and fair value interest rate risk: Ind AS 107(33)(a) :

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

### Capital management

The company being a government entity manages its capital as per the guidelines of Department of Investment and Public Asset Management under Ministry of Finance.

Capital Structure of the company is as follows: (Rs. in Crore)

| Particulars | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Equity Share capital | 1733.20 | 1733.20 |
| Long term debt | 4088.77 | 4273.72 |

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

i) The Company operates some Defined Contribution Plans which include the following

(Rs. in Crore)

| Sl.No. | Particulars | **For the FY 2017-18** | For the FY 2016-17 |
|---|---|---|---|
| 1 | Coal Mines Provident Fund Scheme is a Defined Contribution Plan and charged off to Statement of Profit & Loss. | 531.89 | 419.30 |
| 2 | Superannuation & Pension Benefit to the Executive Cadre employees was provided and charged off to Statement of Profit & Loss. | 102.35 | 20.06 |

ii) The Company operates some Defined Benefit Plans as follows which are valued on Actuarial basis:

- Gratuity (Funded)
- Leave Encashment
- Settling Allowance
- Leave Travel Concession
- Monthly Monetary Compensation(MMC)
- CPRMS(E) & CPRMS(NE)

## Additional Notes to the Financial Statements (Contd...)

a) Total liability as on 31.03.2018 based on valuation made by the Actuary, details of which are mentioned below is Rs.3773.85 Crore (PY Rs.3334.97 Crore)

(Rs. in Crore)

| Particulars | Opening Actuarial Liability as on 01.04.2017 | Incremental Liability during the Year | Closing Actuarial Liability as on 31.03.2018 |
|---|---|---|---|
| Gratuity | 2301.70 | 297.47 | 2599.17 |
| Leave Encashment | 638.54 | 25.21 | 663.75 |
| CPRMS(E)&(NE) | 127.81 | 53.34 | 181.15 |
| Monthly Monetary Compensation | 147.76 | 38.15 | 185.91 |
| Settling Allowance | 53.37 | 11.20 | 64.57 |
| Leave Travel concession | 65.79 | 13.51 | 79.30 |
| Total | 3334.97 | 438.88 | 3773.85 |

b) Contributory Post Retirement Medicare Scheme:

The actuarial liability (as certified by the Actuary) for Contributory Post Retirement Medicare Scheme for executives & their spouses and company contribution to the Contributory Post Retirement Medicare Scheme for Non-Executives amount to Rs. 181.15 Crore as at 31.3.2018, as against provision of Rs.127.81 Crore up to 31.3.2017. An amount of Rs.57.88 Crore is charged to Revenue and Rs.4.54 Crore was paid under the Scheme.

c) Monthly Monetary Compensation to dependants of deceased in mines accidents/ medical unfit, etc., & Low Productive Employees are valued on actuarial basis and actuarial liability as at 31.3.2018 is Rs.185.91 Crore (Previous Year Rs.147.76 Crore).

d) Settling Allowance is valued on actuarial basis and actuarial liability as at 31.03.2018 is Rs.64.57 Crore as against Previous Year of Rs.53.37 Crore.

e) Leave Travel concession is valued on actuarial basis and actuarial liability as at 31.03.2018 is Rs.79.30 Crore (Previous Year Rs.65.79 Crore). An amount of Rs.40.44 Crore charged to Revenue and Rs.26.93 Crore was paid under this Scheme.

iii) Disclosure as per Actuary's Certificate :

The disclosures as per Actuary's Certificate for employee benefits for Gratuity (funded) and Leave Encashment (funded) are given below:-

## Additional Notes to the Financial Statements (Contd...)

### ACTUARIAL VALUATION OF GRATUITY LIABILITY AS AT 31.03.2018 CERTIFICATES AS PER IND AS-19

(Rs. in Crore)

| Changes in Present Value of defined benefit obligations | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Present Value of obligation at beginning of the period | 4372.53 | 3301.81 |
| Current Service Cost | 140.67 | 51.52 |
| Past Service Cost | - | 826.62 |
| Interest Cost | 349.80 | 264.14 |
| Actuarial (Gain) / Loss on obligations due to change in financial assumption | 271.45 | 234.93 |
| Actuarial (Gain) / Loss on obligations due to unexpected experience | - | - |
| Benefits Paid | (316.28) | (306.49) |
| Present Value of obligation at end of the period | 4818.17 | 4372.53 |

(Rs. in Crore)

| Changes in Fair Value of Plan Assets | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Fair Value of Plan Asset at beginning of the period | 2070.83 | 2105.45 |
| Interest Income | 164.63 | 168.44 |
| Employer Contributions | 300.00 | 100.00 |
| Benefits Paid | (316.28) | (306.49) |
| Return on Plan Assets excluding Interest income | (0.18) | 3.43 |
| Fair Value of Plan Asset as at end of the period | 2219.00 | 2070.83 |

(Rs. in Crore)

| Statement showing reconciliation to Balance Sheet | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Fund Liability | 4818.17 | 4372.53 |
| Fund Asset | 2219.00 | 2070.83 |
| Un Funded Status | 2599.17 | 2301.70 |

(Rs. in Crore)

| Expense Recognized in Statement of Profit / Loss | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Current Service Cost | 140.67 | 51.52 |
| Past Service Cost | - | 826.62 |
| Net Interest Cost | 185.17 | 95.71 |
| Benefit Cost (Expense recognized in Statement of Profit/Loss) | 325.84 | 973.85 |

## Additional Notes to the Financial Statements (Contd...)

(Rs. in Crore)

| Other Comprehensive Income | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Actuarial (Gain) / Loss on obligations due to change in financial assumption | 271.45 | 234.93 |
| Actuarial (Gain) / Loss on obligations due to unexpected experience | - | - |
| Total Actuarial (Gain) / Loss | | |
| Return on Plan Asset, excluding Interest Income | 0.20 | (3.43) |
| Balance at the end of the period | | |
| Net (Income) / Expense for the period recognized in Other Comprehensive Income | 271.65 | 231.49 |

| Statement showing Plan Assumptions: | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Discount Rate | 7.50% | 8% |
| Expected Return on Plan Asset | 7.95% | 8% |
| Rate of Compensation Increase (Salary Inflation) | 6.50% | 6.50% |
| Average Expected Future Service (Remaining Working Life) | 11.34Years | 11.11 Years |
| Average Duration of Liabilities | 23.31 Years | 23.66Years |
| Mortality Table | LIC (2006-08)Ultimate | |
| Superannuation at Age | 60 Years | 60 Years |
| Early Retirement and Disablement | | |
| Gratuity limit | 20 Lakhs | Rs.20 lakh |

| | Mortality Table | |
|---|---|---|
| Age | Mortality (Per Annum) | Mortality (Per Annum) |
| Uniform for all ages | 4.14 | 4.30 |

| Statement Showing Benefit Information Estimated Future payments (Past Service) | | (Rs. in Crore) |
|---|---|---|
| Year | **31.03.2018** | **31.03.2017** |
| 1 | 531.77 | 267.61 |
| 2 | 549.81 | 451.33 |
| 3 | 733.35 | 457.75 |
| 4 | 704.46 | 599.52 |
| 5 | 565.82 | 679.83 |
| 6 to 10 | 1637.76 | 2017.73 |
| More than 10 years | 2510.70 | 2449.79 |
| Total Undiscounted Payments Past and Future Service | 7233.67 | 6270.63 |
| Total Undiscounted Payments related to Past Service | 4880.32 | 4611.22 |
| Less Discount For Interest | 62.15 | 409.89 |
| Projected Benefit Obligation | 4818.17 | 4201.33 |

## Additional Notes to the Financial Statements (Contd...)

(Rs. in Crore)

| Statement Showing Cash Flow Information | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Current service Cost (Employer portion Only) Next period | 175.00 | 250.00 |
| Interest Cost next period | 7.50 | 8.00 |
| Expected Return on Plan Asset | 176.00 | 165.00 |
| Benefit Cost | 550.00 | 438.81 |

(Rs. in Crore)

| Statement Showing expected return on Plan Asset at end Measurement | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Current liability | | |
| Non-Current Liability | | |
| Net Liability | 4818.17 | 4372.53 |

## ACTUARIAL VALUATION OF LEAVE ENCASHMENT BENEFIT (EL/HPL) AS AT 31.03.2018 CERTIFICATES AS PER IND AS-19

(Rs. in Crore)

| Changes in Present Value of defined benefit obligations | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Present Value of obligation at beginning of the period | 638.54 | 558.40 |
| Current Service Cost | 111.28 | 90.57 |
| Interest Cost | 47.89 | 44.67 |
| Actuarial (Gain)/ Loss on obligations due to change in financial assumption | (133.96) | (55.11) |
| Actuarial (Gain)/ Loss on obligations due to unexpected experience | - | - |
| Benefits Paid | - | - |
| Present Value of obligation at end of the period | 663.75 | 638.54 |

(Rs. in Crore)

| Changes in Fair Value of Plan Assets | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Fair Value of Plan Asset at beginning of the period | Unfunded | Unfunded |
| Interest Income | Unfunded | Unfunded |
| Employer Contributions | Unfunded | Unfunded |
| Benefits Paid | Unfunded | Unfunded |
| Return on Plan Assets excluding Interest income | Unfunded | Unfunded |
| Fair Value of Plan Asset as at end of the period | Unfunded | Unfunded |

(Rs. in Crore)

| Statement showing reconciliation to Balance Sheet | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Fund Liability | 663.75 | 638.54 |
| Fund Asset | - | - |
| Funded Status | Unfunded | Unfunded |

## Additional Notes to the Financial Statements (Contd...)

(Rs. in Crore)

| Statement showing Plan Assumptions: | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Discount Rate | 7.50% | 8% |
| Expected Return on Plan Asset | - | - |
| Rate of Compensation Increase (Salary Inflation) | 6.50% | 6.25% |
| Average Expected Future Service (Remaining Working Life) | 11.34 Years | 11.11 Years |
| Average Duration of Liabilities | 23.31 Years | 23.66Years |
| Mortality Table | LIC (2006-08)Ultimate | |
| Superannuation at Age | 60 years | 60 Years |
| Early Retirement and Disablement | | |
| Voluntary Retirement | | |

(Rs. in Crore)

| Expense Recognized in Statement of Profit / Loss | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Current Service Cost | 111.28 | 90.57 |
| Net Interest Cost | 47.89 | 44.67 |
| Net Actuarial Gain / Loss | (133.96) | (55.11) |
| Benefit Cost (Expense recognized in Statement of Profit/Loss) | 25.21 | 80.13 |

| Mortality Table | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Age | Mortality (Per Annum | Mortality (Per Annum) |
| Uniform for all ages | 4.14 | 4.30 |

| Statement Showing Benefit Information Estimated Future payments | | |
|---|---|---|
| Year | | Rs. in Crore |
| 1 | 59.10 | 57.14 |
| 2 | 60.02 | 52.56 |
| 3 | 71.31 | 56.37 |
| 4 | 67.36 | 66.94 |
| 5 | 60.04 | 62.34 |
| 6 to 10 | 201.98 | 224.58 |
| More than 10 years | 198.39 | 371.91 |
| Total Undiscounted Payments Past and Future Service | 793.53 | 1016.69 |
| Total Undiscounted Payments related to Past Service | 718.25 | 891.84 |
| Less Discount For Interest | 54.50 | 253.30 |
| Projected Benefit Obligation | 663.75 | 638.54 |

(Rs. in Crore)

| Statement Showing expected return on Plan Asset at end Measurement | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Current liability | 80.00 | 80.00 |
| Non-Current Liability | 583.75 | 558.54 |
| Net Liability | 663.75 | 638.54 |

## Additional Notes to the Financial Statements (Contd...)

### 4. Unrecognized items:

#### a) Contingent Liabilities

(Rs. in Crore)

| Sl.No. | Particulars | As on 31.3.2018 | As on 31.3.2017 |
|---|---|---|---|
| | Claims against the Company not acknowledged as debts: | | |
| (i) | Demand from Divisional Forest Officer towards NPV for renewal of different mining leases – contested by the company | 7.91 | 7.91 |
| (ii) | Workmen Compensation (cases contested – court) | 1.09 | 1.05 |
| (iii) | Motor Accident claims (cases contested – court) | 0.78 | 0.79 |
| (iv) | Police Guard (excess man power billed disputed) | 2.98 | 3.60 |
| (v) | S C Railways (damages, demurrages etc. disputed) | 1.62 | 1.62 |
| (vi) | Water Royalty (billed at Industrial rate disputed) | 1.10 | -- |
| (vii) | Vacant Land Tax (Levy contested) | 16.06 | 16.06 |
| (viii) | Contractors & Suppliers | 298.03 | 310.28 |
| (ix) | Other disputed claims & Legal cases etc. | 19.50 | 8.51 |
| (x) | Service Tax demands were raised on OBR contractors by Service Tax Department treating value of free issue explosives and HSD oil as additional consideration to them. The demands of Service Tax Department have been contested by the Service Providers. Pending adjudication of disputed demands, SCCL issued letter of comfort to the contractors with commitment to reimburse Service Tax, interest and penalty thereon in case the verdict goes against them.<br>However, Larger Bench of CESTAT, New Delhi in the case of M/s. Bhayana Builders (P) Ltd., and others held that value of the goods and materials supplied free of cost of being neither monetary nor non-monetary consideration and would be outside the taxable value or the gross amount charged to Service Tax.<br>In the appeal filed by M/s. SV Engg. Constructions, to whom comfort letter was given by SCCL, the Hyderabad Circuit Bench of CESTAT has given judgment in favour of M/s. SV Engg. Constructions.<br>Further, in appeals filed by M/s. PLR Projects Pvt. Ltd., M/s Gulf Oil Corporation Ltd., M/s GRN Construction Pvt. Ltd., M/s. BGR Mining & Infra Pvt. Ltd. and SV Engg. Constructions, CESTAT, Bangalore has passed a judgement in favour of the Contractors. However, Department has filed a Civil Appeal in the Hon'ble Supreme Court against the order passed by the CESTAT in the case of M/s. Gulf Oil Corporation Ltd. However, pending adjudication the service tax on the value of HSD & Explosives is considered as contingent liability. | 337.64 | 337.64 |

## Additional Notes to the Financial Statements (Contd...)

(Rs. in Crore)

| Sl. No. | Particulars | As on 31.3.2018 | As on 31.3.2017 |
|---|---|---|---|
| (xi) | (a) Customs, Central Excise & Service Tax Department, issued Notice No. O.C.No.650/2010, dated 22.09.2010, demanding Interest payment of Rs.13,82,17,534/- on alleged availment of Input Service Tax Credit on ineligible services of Rs.52,62,75,583/- (from 2006-07 to 2008-09), though the same was not utilized by SCCL. Appeal is filed before CESTAT Bangalore and the same is pending adjudication. | 13.82 | 13.82 |
| | (b) Excise Duty demands on quantity disputes. | 5.60 | 5.60 |
| | (c) Education Cess and Secondary Higher Education Cess demands raised by Excise Department from March, 2011 to March, 2015 contested by SCCL | 0.78 | 0.78 |
| | (d) Demand for Clean Energy Cess | 0.24 | 0.24 |
| | (e) Excise duty on APGENCO performance incentive | 8.55 | - |
| (xii) | Tax Demands from Commercial Taxes Department (including entry tax) which are disputed by SCCL and pending before various appellate authorities for adjudication. | 15.34 | 15.34 |
| (xiii) | Tax Demands from Income Tax Department which are disputed by SCCL and pending before various appellate authorities for adjudication. | 62.98 | 66.73 |
| (xiv) | (a) Service Tax demand on TDS Component on Import Services for the period 2008-09 to Sept, 2015 raised by the Service Tax Department is disputed and pending before CESTAT for adjudication. | 0.15 | 0.15 |
| | (b) Service Tax demand on Liquidated damages, Penalties etc collected by SCCL for the period from July, 2012 to March, 2017 raised by The Service Tax dept is disputed and pending before CESTAT,Hyd for adjudication. However, an amount of Rs.10.95 Crs demanded by the Department has been deposited to the Governments Account under protest. | 10.95 | - |
| (xv) | Profession Tax: Dy. C.T.O., KGM has been issued a Demand Notice basing on G.O. No. 14897/CT-IV/2004, Dt. 23.02.2013 for arrears of professional tax recovery from employees and remittance to the Dept. for the years 1990-91 to 2012-13. Previously it has been kept in abeyance for NCWA employees of SCCL by the Govt.. As per above mentioned G.O. Govt. has rescinded that. Representative Union has requested CM of Telangana for abolish of Professional Tax for Coal miners and the same is kept abeyance. | 176.44 | 176.44 |
| (xvi) | Claims in respect of suits filed by the Pattadars for additional compensation for Acres: 5075, Guntas: 27¼ (Previous year: Acres 3071, Guntas: 04¼) contested by the Company and pending in Courts. | Not quantifiable | Not quantifiable |
| (xvii) | An amount of Rs.13.56 Crore has been charged to M/s. B.G.R. Mining &Infra Pvt. Ltd., towards lead variation charges and recognised as income during the year 2012-13. As against recovered amount of Rs.13.56 Crore, an amount of Rs.5.81 Crore was released during the year 2013-14 keeping the Bank Guarantees for an amount of Rs.7.65 Crore as collateral security. A case has been filed by the contractor before the Hon'ble Principal Dist. Judge, Khammam challenging the above recovery. | | |
| (xviii) | Coal pilferage was reported in Financial year 2013-14 involving 12099 Tonnes, valued at Rs.4.04 Crore. The party made a conditional deposit of Rs.4.37 Crore and the amount is kept under deposits. Pending enquiry issue is not dealt in the books. | | |
| | *The contingent liability indicated above is excluding interest wherever applicable.* | | |

## Additional Notes to the Financial Statements (Contd...)

### b) Capital Commitments:

(Rs. in Crore)

| Sl.No. | Particulars | As on 31.3.2018 | As on 31.3.2017 |
|---|---|---|---|
| 1. | a) Estimated value of capital commitment for 2x600 MW Singareni Thermal Power Project, Jaipur, Telangana State. | 412.33 | 690.67 |
| | b) Estimated value of capital commitments of other contracts to be executed | 530.76 | 875.76 |
| 2. | The balance value of Surrounding Habitats Assistance Programme (SHAPE) works to be executed. | 8.29 | 9.40 |
| 3. | Outstanding Letters of Credit | 29.60 | 187.26 |
| 4. | Guarantees given by the Bank on behalf of the company for which counter guarantees of even amount are given by the company to the bank. | 283.76 | 283.67 |

## 5. Other Information

### 5.1 Government Grants

Subsidy for Sand Stowing, Protective Works, Roads, Railway Sidings and other Infrastructure facilities etc of Rs.129.98 Crore for the year 2017-18 (PY Rs.116.44 Crore) includes Rs.117.51 Crore (PY Rs.106.86 Crore) received/receivable (revenue nature) from Ministry of Coal, Government of India in terms of Coal Mines (Conservation & Development) Act, 1974 towards reimbursement of expenditure incurred for the Sand Stowing & Protective Works etc and Rs.12.47 Crore of Capital Grants amortised as Deferred Income for the current year (PY Rs.9.58 Crore).

### 5.2 Provisions

The position and movement of various provisions as on 31.03.2018 are given below:

(Rs. In Crore)

| Provisions | Opening Balance as on 01.04.2017 | Addition during the year | Write back/Adj. during the year | Unwinding of discounts | Closing Balance as on 31.03.2018 |
|---|---|---|---|---|---|
| **Long term provisions:** | | | | | |
| Gratuity | 2301.70 | 112.30 | | 185.17 | 2599.17 |
| Leave encashment | 558.54 | 25.21 | | - | 583.75 |
| Monthly Monetary Compensation & Low productive employee compensation (MMC & LPE) | 115.75 | 30.66 | | - | 146.41 |
| Settling Allowance | 49.56 | 4.29 | | - | 53.85 |
| Leave Travel Concession | 46.32 | | (3.99) | - | 42.33 |
| OBR | 2647.14 | (67.99) | | - | 2579.15 |
| Backfilling | 8930.10 | 389.79 | (205.61) | 745.59 | 9859.88 |
| Mine Closure Plan | 956.86 | 67.45 | (40.64) | 78.62 | 1062.29 |
| **Short term provisions :** | | | | | |
| Gratuity | 01.31 | - | - | - | 01.31 |
| Leave Encashment | 92.54 | 4.51 | - | - | 97.05 |
| MMC & LPE | 32.00 | 7.50 | - | - | 39.50 |
| Superannuation Benefit | 190.04 | 103.03 | - | - | 293.07 |

## Additional Notes to the Financial Statements (Contd...)

(Rs. in Crore)

| Provisions ... contd | Opening Balance as on 1.04.2017 | Addition during the year | Write back/Adj. during the year | Unwinding of discounts | Closing Balance as on 31.03.2018 |
|---|---|---|---|---|---|
| Post Superannuation Medical Benefit- Executives & Non Executives | 127.80 | 53.35 | | | 181.15 |
| Performance related pay - Exe | 124.29 | 30.61 | - | - | 154.90 |
| Performance Linked Reward Scheme(PLR) (Exgratia) | 294.82 | | (8.76) | - | 286.06 |
| Settling Allowance | 3.81 | 6.91 | - | - | 10.72 |
| LTC / LLTC | 19.47 | 17.50 | - | - | 36.97 |
| Corporate Special Incentive | 90.00 | 214.55 | | - | 304.55 |
| Shale & Stone/grade variance | 0.40 | 26.27 | - | - | 26.67 |
| Excise Duty on Closing Stock of coal | 45.51 | | (45.51) | - | - |

## 5.3 Earnings per share:

### For Profit after Tax (excluding Other Comprehensive Income):

| Sl. No. | Particulars | **For the year ended 31.03.2018** | For the year ended 31.03.2017 |
|---|---|---|---|
| i) | Net profit after tax attributable to Equity Share Holders (Rs. in Crore) | 1390.38 | 641.94 |
| ii) | No. of Equity Shares Outstanding(In Number) | 1733198119 | 1733198119 |
| iii) | Basic Earnings per Share in Rupees (Face value Rs.10/- per share) | 8.02 | 3.70 |

## 5.4 Segment Reporting:

The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 4 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in this standalone financial statements.

## 5.5 Related Party Disclosures:

### 1.Key Managerial Personnel

| Sl.No | Name | Position | Period |
|---|---|---|---|
| 1. | Sri N. Sridhar | Chairman &Managing Director | Full period |
| 2. | Sri B. Ramesh Kumar | Director (Operations) | Up to 30.4.2017 |
| 3. | Sri J. Pavitran Kumar | Director (PA&W) & Director (Finance) | Full period |
| 4. | Sri S. Shankar | Director (Electrical & Mechanical) | Full period |
| 5. | Sri S. Chandrasekhar | Director (Operations) | (from 2.5.2017 AN) |
| 6. | Sri B. Bhaskara Rao | Director (Planning & Projects) | (from 2.5.2017 AN) |
| 7. | Sri G. Srinivas | Company Secretary | Full period |

2.Subsidiary Company: Andhra Pradesh Heavy Machinery & Engineering Limited, Vijayawada: On the Recommendation of Audit Committee Board is ratifying/ approving certain transactions.

3. APMDC-SCCL Suliyari Coal Company Ltd., a Joint Venture by SCCL and APMDC:

During the year there are no operations. The Joint Venture was formed for exploration of coal in Suliyari Coal Block. Hon'ble Supreme Court vide its judgement dated 25.08.2014 has cancelled this Coal Blocks allocation. In the SCCL's Board meeting held on 04.03.2017, it was accorded approval for voluntary winding up of the JV company and seeking repayment of RS.9.80 Crs from JV company which was contributed by the company.

The winding up proceedings of the JV company are yet to commence. During the year provision was made towards diminution in the value of investments for Rs.49,000/- (Share application) and doubtful advances for Rs.9.80 Crs (Share application money kept in Advances account)

### 4. Details of Interest of the Company in Joint Venture as per IND AS - 111:

| | |
|---|---|
| (i) | Name of the Joint Venture entity : APMDC - SCCL Suliyari Coal Company Ltd. |
| (ii) | Country of Incorporation : India |
| (iii) | Principal Activities : Coal & Lignite mining; generating power through Wind, Tidal and Solar sources and Setting up integrated power plants |
| (iv) | Ownership interest: 49% |
| (v) | Original cost of Investment: Rs.49,000& Rs.9,79,51,000/- paid towards Share application. |
| (vi) | Aggregate amounts related to interest in Joint Venture entity: The Company's interest in the aforementioned entity's assets, liabilities, income and expenditure are not disclosed as the entities financials are not finalised yet. |

## 5.6 Related Party Transactions:

**a)** Remuneration of Key Managerial Personnel:

(Rs. In Crore)

| Sl. No. | Payment to CMD, Whole Time Directors and Company Secretary | For the year ended 31.03.2018 | For the year ended 31.03.2018 |
|---|---|---|---|
| i) | Short Term Employee Benefits<br>Gross Salary | 2.17 | 1.42 |
| | Perquisites & Medical Benefits | 0.08 | 0.12 |
| ii) | Post-Employment Benefits<br>Contribution to P.F. & other fund | 0.19 | 0.17 |
| iii) | Termination Benefits (Paid at the time of separation) Leave Encashment | - | 0.83 |
| | Gratuity paid | 0.10 | 0.20 |
| | Gratuity Outstanding | 0.10 | 0.30 |
| | TOTAL | **2.63** | **3.04** |

## b) Sitting Fees:

(Rs. In Crore)

| Sl. No. | Payment to Independent Directors | For the year ended **31.03.2018** | For the year ended 31.03.2017 |
|---|---|---|---|
| 1 | Sitting Fees | - | - |

## c) Balances Outstanding as on 31.03.2018

(Rs. In Crore)

| Sl. No. | Particulars | As on **31.03.2018** | As on 31.03.2017 |
|---|---|---|---|
| i) | Amount Payable- Gratuity | 0.30 | 0.30 |
| ii) | Amount Receivable | NIL | NIL |

## d) Subsidiary & Joint Ventures :

i) Subsidiary Company: Andhra Pradesh Heavy Machinery & Engineering Limited, Vijayawada: On the recommendation of Audit Committee Board is ratifying/ approving certain transactions.

ii) APMDC-SCCL Suliyari Coal Company Ltd., a Joint Venture by SCCL and APMDC: During the year there are no operations. It is proposed to wind-up this Company.

**Additional Notes to the Financial Statements** (Contd...)

## 5.7 Taxation:

i) Accounting for Taxes on Income under Ind AS-12- Calculation of Deferred Tax :

(Rs. In Crore)

| | DEFERRED TAX ASSETS/LIABILITY | As on 31.03.2018 | As on 31.03.2017 |
|---|---|---|---|
| A | **Deferred Tax Liabilities** | | |
| | Depreciation | 1000.73 | 861.30 |
| | **TOTAL** | **1000.73** | **861.30** |
| B | **Deferred Tax Assets** | | |
| | Back filling & Mine Closure Provision | 1521.19 | 2228.76 |
| | Gratuity | 908.25 | 796.58 |
| | Other Employment Benefits | 597.62 | 466.38 |
| | Overburden Removal | 902.00 | 917.03 |
| | MAT Credit | 287.81 | - |
| | Carry forward Tax Loss | 312.13 | - |
| | Others | 493.37 | 385.41 |
| | **TOTAL** | **5022.37** | **4794.15** |
| | **Deferred Tax Assets (net) (B-A)** | **4021.64** | **3932.85** |

## ii) Relationship between Tax Expense and Accounting Profit :

Numerical Reconciliation of difference

( Rs. In Crore)

| SI.No. | Nature of Adjustments | Year ended 31.03.2018 |
|---|---|---|
| 1 | Net profit as per Statement of Profit and Loss (before tax) | **1,842.35** |
| 2 | Add/Less: Differences as per Income Tax Act. (MAT) | **251.01** |
| 3 | Book profit for the purpose of MAT | **2,093.35** |
| 4 | Applicable tax rate (MAT -21.3416%) | **21.3416%** |
| 5 | MAT on Book profit as per income Tax Act, 1961 (3*4) | **446.75** |
| 6 | Taxes as per P&L A/c | |
| | a) Current year tax | **446.75** |
| | b) Deferred Tax in P&L | **5.22** |
| | c) Deferred Tax in OCI | **(94.01)** |
| | d) Tax related to earlier years | **-** |
| 7 | Net tax liability as per P&L A/c | **357.95** |
| 8 | Other Comprehensive Income (Excluding Deferred Tax on OCI) | **(271.65)** |
| 9 | Profit after Tax (Total comprehensive income for the period) (1-7+8) | **1212.75** |

**Additional Notes to the Financial Statements** (Contd...)

iii) **Explanation of changes in applicable tax rates compared to previous accounting period :**

There is no change in the applicable tax rate for the current period when compared with previous accounting period. However, from AY 2019-20 (FY 2018-19) onwards Education cess @ 2% and secondary higher education cess @1 % has been withdrawn and new cess named Health and Education cess has been introduced at a rate of 4% as per the Finance Act 2018. Normal Tax rate will increase from 34.608% to 34.944% and MAT rate will increase from 21.3416% to 21.5488%. The above changes in tax rate are considered for recognition of Deferred Tax.

iv) **Dividend Distribution Tax:**

For the Financial year 2016-17 Company has declared and paid Dividend @7.50% on the paid-up equity share capital for amounting to Rs.129.99 Crs. Dividend distribution Tax at the effective rate of 20.358 % amounting to Rs.26.46 Crs was paid on the same

## 5.8 Insurance and escalation claims :

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

## 5.9 Provisions made in the Accounts:

Provisions are made in the accounts against slow moving/non-moving/obsolete stores, claims receivable, advances, doubtful debts, impairment of Site Restoration Costs and Impairment of Other Mining Infrastructure( Development Expenditure ) of UG Mines incurring losses etc. are considered adequate to cover possible losses.

## 5.10 Current Assets, Loans and Advances etc.

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

## 5.11 Current Liabilities

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

## 5.12 Others:

A) As required by Section 22 of the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) the following information is disclosed on the basis of information available with the company.

(Rs. In Crore)

| Particulars | **As on 31.3.2018** | **As on 31.3.2017** |
|---|---|---|
| The principal amount remaining unpaid (But not due) | 19.23 | 4.75 |
| Interest due thereon (interest due and / or payable) | Nil | Nil |

**Additional Notes to the Financial Statements** (Contd...)

**B)** Consequent to handing over of 9 schools, 2 colleges and 1 Polytechnic to Singareni Collieries Educational Society, all running expenses of these institutions, after deduction of receivables from these institutions viz., Grant-in-Aid, Fee collections from students, recoveries from the employees towards amenities provided etc., are being met by the Company by way of Educational Grant. Further, infrastructure used by the Society is continued to be under the ownership of the Company for which no recovery is made from the Society.

**C)** The company engage contractors for removal of Overburden. In some of the contracts the contractors are eligible for Bonus in respect of the quantity of explosives and HSD oil saved by them during the course of the contract, which is to be set off against future excess consumption as per contractual terms. Further, these contractors can claim and en-cash such accrued Bonus at the end of every financial year at their option. Considering the uncertainty, the value of explosives and HSD oil saved and not en-cashed by such contractors for set off against future excess consumption amounting to Rs.56.53 Crore (Previous year Rs. 36.71 Crore) as on 31.3.2018, has not been provided.

## D) Balance Confirmations

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

ii. Joint reconciliation with major sundry debtors is done periodically.

## E) Value of imports on CIF basis :

(Rs. In Crore)

| Particulars | **For the Year ended 31.3.2018** | For the Year ended 31.3.2017 |
|---|---|---|
| Components, Stores & Spare Parts | **30.94** | 46.67 |
| Capital Goods | **179.81** | 138.93 |

## F) Expenditure incurred in Foreign Currency :

(Rs. In Crore)

| Particulars | **For the Year ended 31.3.2018** | For the Year ended 31.3.2017 |
|---|---|---|
| Travelling Expenses | **0.12** | 0.40 |
| Consultancy Payments | **1.14** | 1.57 |
| Others | **3.81** | 4.48 |

## G) Consumption of Stores & Spares :

(Rs. In Crore)

| Particulars | **31.3.2018** | | 31.3.2017 | |
|---|---|---|---|---|
| | Amount | % of total consumption | Amount | % of total consumption |
| Imported | **44.87** | **1.35** | 38.30 | 1.40 |
| Indigenous | **3282.62** | **98.65** | 2694.27 | 98.60 |
| **Total** | **3327.49** | **100.00** | **2732.57** | **100.00** |

Additional Notes to the Financial Statements (Contd...)

## H) Physical verification of Fixed Assets

Physical verification of all Fixed Assets with original value of Rs.3 lakh and above will be covered in block of 3 years. The block of 2015-18 commenced from 2015-16.

i) Fixed Assets with original value > Rs.50 Lakh annually.

ii) Fixed Assets with original value > Rs.10 Lakh and < Rs.50 Lakh once in three years (2nd year of Block).

iii) Fixed Assets with original value > Rs.3 Lakh and < Rs.10 Lakh once in three years (3rd year of Block).

The Assets mentioned at (i) & (iii) above were physically verified during 2017-18 and deviations are accounted and in respect of other assets the same are confirmed as available based on certification by the unit head.

## I) Statement of Opening Stock, Production, Turnover and Closing Stock of Coal:

| Particulars | **For the year ended 31.3.2018** | | For the year ended 31.3.2017 | |
|---|---|---|---|---|
| | Quantity In '000 T | Value (Rs. In Crore) | Quantity In '000 T | Value (Rs. In Crore) |
| Opening Balance | 7,949.93 | 953.35 | 7271.34 | 807.36 |
| Production | 62,010.05 | - | 61,305.80 | - |
| Despatches | 58,692.04 | 13,909.05 | 58,168.17 | 12,793.48 |
| Internal Consumption (incl. STPP) | 5,906.50 | 1,821.64 | 2,459.04 | 730.93 |
| Adjustments for adopted Stock | (1.56) | - | - | - |
| Shale/Stone Write off | 79.35 | - | - | - |
| Closing Balance*** | **5,283.66** | **685.13** | **7,949.93** | **953.35** |

***The above closing stock includes 38,471.91 Tonnes of shale values at NIL rate (Previous Year 1,24,917.99 Tonnes)

## J) Significant Accounting Policies:

Significant accounting policies (Note-2) have been suitably modified / re-drafted over previous period, as found necessary to elucidate the accounting policies adopted by the Company in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs (MCA)under the Companies (Indian Accounting Standards) Rules, 2015.The following are the major changes and modifications to the accounting policies of the company:

a) For the purpose of valuation of closing stock of coal, the method of calculation of cost of coal was modified to the respective cost of productions for UG & OC Mines separately. Due to the above, there is reduction in the value of closing stock by Rs.52.06 Crore as on 31.3.2018 corresponding value of closing stock as on 31.03.2017 was increased by Rs.59.12 Crs. Consequently, the profit for the year 2017-18 was lower by RS.7.06 Crs.

b) Amortization of free hold lands is made from 2017-18 in line with peer Industry practice as the freehold lands used at OC Mines for quarry, dump yard etc., may not be useful for normal purposes and saleable. Similarly, the lands used for UG Mining operations may not be capable of being sold owing to subsidence issues and safety reasons. Further, conversion of UG Mines as OC Mines subsequently also would be lead to impairment of land of UG mines in the due course.

**Additional Notes to the Financial Statements** (Contd...)

Due to the above depreciation charge for the year 2017-18 has increased by Rs.55.58 Crs with a consequential reduction in the profit for the year 2017-18 by RS.55.58 crs. Further, depreciation up to the year 2016-17 was also provided for an amount of Rs.248.97 Crs. As per the requirements of the Ind As 8 and as per the Company's Accounting Policy No.2.2.20. with regard to the changes in the Accounting policies, the above changes in the accounting policies have been applied retrospectively by restating the comparative amounts disclosed for the year 2016-17 and restating the opening balance of Retained Earnings and carrying amounts of assets of the comparative period 2016-17 in respect of affect pertaining to the earliest period.

**K) Future Changes in the Accounting Policies:**

As per requirement mentioned at para no 30 of Ind AS 8 (Accounting Policies, Changes in Accounting estimates and Errors), the amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs ('MCA') has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards:

**1) Ind AS 115 - Revenue from contracts with customers :**

Ind AS 115 is effective for annual periods beginning on or after 1 April 2018. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the requirements of Ind AS 115.However,its impact would be insignificant for the company.

**2) Amendments to Ind 112 - Disclosure of interests in other entities: Clarification of the scope of disclosure requirements in Ind AS 112**

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. As the Company has not included in disposal group/classified as held for sale any of its subsidiary, joint ventures or associate. Accordingly, the amendments in Ind AS 112 will not have any impact on the Company.

**3) Amendments to Ind AS 12 - Recognition of deferred tax assets for unrealised losses :**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Company as the Company has already considered restrictions on the sources of taxable profits and as per the internal estimates for the near future it is expected to earn future taxable profits against which the deductible temporary differences could be reversed.

**Additional Notes to the Financial Statements** (Contd...)

### 4) Transfers of investment property - Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

These amendments are effective for annual periods beginning on or after April 1, 2018. The Company will apply amendments when they become effective. As the Company has not recognized any investment property on the grounds of materiality, the amendments in Ind AS 112 will not have any impact on the Company.

### 5) Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

i) The beginning of the reporting period in which the entity first applies the Appendix; or

ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. Since the Company has already recognizing related assets , liabilities based on the exchange rate prevailing on the date on which the non-monetary asset arising from the advance consideration is initially recognized, this amendment does not have any additional effect of the financial statements of the Company.

### L) Material Prior Period Errors :

a) Revision of Stripping Ratio of KTK OC I :

As per the RCE 2012 , the operations of KTK OC I were due for closure in 2017-18 . Consequent to the availability of additional coal with the extension of limit line, the operations were continued in 2017-18 and this mine will be closed in 2018-19. There was reduction in the stripping ratio of the project consequent to increase in coal reserves and not reducing the quantity of OB removed in development period from chargeable quantity in revenue period which has resulted in accumulation of Provision over the life of the project. As the revision of stripping ratio could not be carried in 2016-17 where the extracted coal has marginally exceeded the Reserves contemplated

**Additional Notes to the Financial Statements** (Contd...)

in the RCE 2012 owing to non assessment of additional coal reserves before the closure of accounts, the revision of stripping ratio was viewed as a prior period error and the excess provision available in books as on 31.03.2017 of Rs.267.79 Crs was withdrawn by restating the comparative amounts of the Financial Year 2016-17 and Equity and Assets as on 01.04.2016 as per the provisions of Ind AS 8 with regard to treatment of material prior period errors and as per the Accounting Policy 2.2.20.

b) Few expenses and revenues pertaining to prior periods have been recognised in the current year. These items amounting to Rs.6.06 Crs have been corrected retrospectively by restating the comparative amounts for the prior period 2016-17 and similar items classified as exceptional items in Profit and Loss Account for the year 2016-17 have been adjusted against the opening balance of retained earnings (Rs.8.82 crs) as per the provisions of Ind AS 8 with regard to treatment of material prior period errors and as per the Company's Accounting Policy 2.2.20.

## M) Exceptional Items:

Further reference to Note No.22.8, the provision towards DMFT of Rs.453.03 Crore withdrawn in the current year consequent to the Hon'ble Supreme Court's judgment Dt.13.10.2017 is classified and disclosed as Exceptional Item as per para No.9.6 of Guidance Note issued by ICAI on Division II - Ind AS Schedule-III to the Companies Act, 2013.

## 6. Miscellaneous:

A) Previous period's figures have been restated as per Ind AS & regrouped, rearranged and renumbered wherever considered necessary.

B) i) Note-1 gives corporate information;

ii) Note-2 represents Significant Accounting Policies

iii) Note-3 to Note-25 form part of the Balance Sheet as at 31st March, 2018

iv) Note-26 to Note-38 form part of Statement of Profit & Loss for the year ended on that date; and

v) Note -39 represents Additional Notes to the Financial Statements.

*****

As per our report of even date
M/s. Ramamoorthy (N) & Co
Charted Accountants
Firm Regn. No. 02899S

for and on behalf of the Board

| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| (Surendranath Bharathi) | (G.Srinivas ) | (M.Narasimha Reddy) | (S. Shankar) | (N.Sridhar) |
| Partner | Chief(C.A) & | General Manager (F&A) | Director(Finance)& | Chairman & |
| Membership No. 23837 | Company Secretary | | C.F.O | Managing Director |

Date: 11.07.2018
Place: Hyderabad.

# FORM AOC-1

[Pursuant to first proviso to sub-section (3) of section 129 read with rule of 5 of Companies (Accounts) Rules, 2014]
Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

## Part “A”: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts Rs. in Crore)

| 1. | Name of the subsidiary | Andhra Pradesh Heavy Machinery & Engineering Limited |
|---|---|---|
| 2. | Reporting period for the subsidiary concerned, if different from the holding company’s reporting period | NA |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | NA |
| 4. | Share capital | 17.27 |
| 5. | Reserves & surplus | 45.21 |
| 6. | Total assets | 82.31 |
| 7. | Total Liabilities | 82.31 |
| 8. | Investments | -- |
| 9. | Turnover | 52.21 |
| 10. | Profit/ (Loss) before taxation | (1.46) |
| 11. | Provision for taxation | 0.28 |
| 12. | Profit / (Loss) after taxation | (1.18) |
| 13. | Proposed Dividend | -- |
| 14. | % of shareholding | 81.54% |

for and on behalf of the Board

| Sd/-<br>(G.Srinivas )<br>Chief(C.A) &<br>Company Secretary | Sd/-<br>(M.Narasimha Reddy)<br>General Manager (F&A) | Sd/-<br>(S. Shankar)<br>Director(Finance)&<br>C.F.O | Sd/-<br>(N.Sridhar)<br>Chairman &<br>Managing Director |
|---|---|---|---|

Date: 11.07.2018
Place: Hyderabad.

## Part “B”: Associated and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associates/ Joint Ventures | | APMDC - SCCL Suliyari Coal Company Limited |
|---|---|---|
| 1. | Latest audited Balance Sheet Date | -- |
| 2. | Shares of Associate/ Joint Ventures held by the company on the year end. | |
| | No. | 4900 |
| | Amount of Investment in Associates/ Joint Ventures (Rs. in Crore) | 0.0049 |
| | Extent of Holding % | 49% |
| 3. | Description of how there is significant influence | By virtue of shareholding |
| 4. | Reason why the associate/ joint venture is not consolidated | Financial statements are not made available |
| 5. | Net worth attributable to Shareholding as per latest audited Balance Sheet (Rs. in Crore) | 0.0049 |
| 6. | Profit/ Loss for the year | |
| | i) Considered in Consolidation (Rs. in Crore) | -- |
| | ii) Not considered in Consolidation | -- |

for and on behalf of the Board

| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| (Surendranath Bharathi) | (G.Srinivas ) | (M.Narasimha Reddy) | (S. Shankar) | (N.Sridhar) |
| Partner | Chief(C.A) & | General Manager (F&A) | Director(Finance)& | Chairman & |
| Membership No. 23837 | Company Secretary | | C.F.O | Managing Director |

Date: 11.07.2018
Place: Hyderabad.

## Consolidated Balance Sheet as at 31st March 2018

(Rs. in Crore)

| | Particulars | Note No | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|---|---|
| | **ASSETS** | | | |
| A. | **Non-current Assets** | | | |
| | (a) Property, Plant and Equipment | 3 | 15171.45 | 14932.24 |
| | (b) Capital Work-In-Progress | 4 | 1423.85 | 1467.55 |
| | (c) Goodwill | | 14.95 | 14.95 |
| | (d) Other Intangible Assets | 5 | 1.83 | 2.44 |
| | (e) Financial Assets | | | |
| | (i) Investments | 6 | 1800.19 | 1802.19 |
| | (ii) Loans | 7 | 2130.04 | 521.58 |
| | (iii) Others | 8 | 581.18 | 208.60 |
| | (f) Deferred Tax Assets (Net) | 9 | 4024.30 | 3935.21 |
| | (g) Other Non-Current Assets | 10 | 502.23 | 418.90 |
| | **Total Non-Current Assets (A)** | | **25650.02** | **23303.66** |
| B. | **Current Assets** | | | |
| | (a) Inventories | 11 | 1137.18 | 1399.25 |
| | (b) Financial Assets | | | |
| | (i) Trade Receivables | 12 | 3174.46 | 3828.51 |
| | (ii) Cash and Cash Equivalents | 13 | 388.53 | 736.76 |
| | (iii) Bank Balance Other than (iii) above | 14 | 2596.67 | 1517.12 |
| | (iv) Loans | 7 | 128.28 | 180.99 |
| | (v) Others | 8 | 478.57 | 344.47 |
| | (c ) Current Tax Asset (Net) | 15 | 0.60 | 49.77 |
| | (d) Other Current Assets | 16 | 495.80 | 417.17 |
| | **Total Current Assets (B)** | | **8400.09** | **8474.04** |
| | **Total Assets (A+B)** | | **34050.11** | **31777.70** |

## Consolidated Balance Sheet as at 31st March 2018 (Contd.)

(Rs. in Crore)

| | Particulars | Note No | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | | |
| A. | **Equity** | | | |
| | (a) Equity Share Capital | 17 | 1733.20 | 1733.20 |
| | (b) Other Equity | 18 | 4478.34 | 3422.35 |
| | (c) Non Controlling Interest | | 9.78 | 9.58 |
| | **Total Equity (A)** | | **6221.32** | **5165.13** |
| B. | **LIABILITIES** | | | |
| B.1 | **Non-Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 19 | 4088.77 | 4273.72 |
| | (b) Provisions | 22 | 16932.11 | 15610.16 |
| | (c) Other Non-Current Liabilities | 23 | 205.72 | 27.40 |
| | **Total Non-Current Liabilities (B.1)** | | **21226.60** | **19911.28** |
| B.2 | **Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 19 | 18.12 | 13.66 |
| | (ii) Trade Payables | 20 | 698.66 | 673.96 |
| | (iii) Other Financial Liabilities | 21 | 2986.67 | 3571.02 |
| | (b) Other Current Liabilities | 24 | 1400.02 | 1418.34 |
| | (c) Provisions | 22 | 1433.94 | 1024.31 |
| | (d) Current Tax Liabilities (Net) | 25 | 64.78 | - |
| | **Total Current Liabilities (B.2)** | | **6602.19** | **6701.29** |
| | **Total Liabilities (B=(B.1+B.2))** | | **27828.79** | **26612.57** |
| | **TOTAL EQUITY AND LIABILITIES (A+B)** | | **34050.11** | **31777.70** |

The accompanying Notes form an integral part of Financial Statements
As per our report of even date
M/s. Ramamoorthy (N) & Co
Charted Accountants
Firm Regn. No. 02899S

for and on behalf of the Board

| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| (Surendranath Bharathi) | (G.Srinivas ) | (M.Narasimha Reddy) | (S. Shankar) | (N.Sridhar) |
| Partner | Chief(C.A) & | General Manager (F&A) | Director(Finance)& | Chairman & |
| Membership No. 23837 | Company Secretary | | C.F.O | Managing Director |

Date: 11.07.2018
Place: Hyderabad.

## Statement of Consolidated Profit & Loss for the year ended 31st March 2018

(Rs in Crore)

| | Particulars | Note No. | For the year ended | |
|---|---|---|---|---|
| | | | 31.03.2018 | 31.03.2017 |
| | **Revenue from Operations** | | | |
| (I) | Revenue from Operations | 26 | 17566.91 | 14229.87 |
| (II) | Other Income | 27 | 838.02 | 553.48 |
| (III) | **Total Income** (I+II) | | **18404.93** | **14783.34** |
| (IV) | **EXPENSES** | | | |
| | Cost of Materials Consumed | 28 | 3332.15 | 2750.53 |
| | Changes in Inventories of Finished goods | 29 | 263.74 | (286.99) |
| | Excise Duty | | 218.71 | 864.53 |
| | Employee Benefits Expense | 30 | 6834.20 | 6353.07 |
| | Finance Costs | 31 | 1222.70 | 899.30 |
| | Depreciation and Amortization expenses | | 1532.81 | 1190.88 |
| | Power & Fuel | 32 | 465.56 | 470.46 |
| | Repairs & Maintenance | 33 | 157.85 | 192.96 |
| | Contractual Expenses | 34 | 2209.50 | 1851.89 |
| | Provisions | 35 | 139.72 | 3.28 |
| | Write offs | 36 | 11.78 | 7.37 |
| | Stripping Activity Adjustment | | (68.48) | (1126.31) |
| | Other Expenses | 37 | 694.62 | 484.76 |
| | **Total Expenses** (IV) | | **17014.86** | **13655.73** |
| (V) | **Profit/(Loss)before Exceptional Items and Tax** (III-IV) | | **1390.06** | 1127.61 |
| (VI) | Exceptional Items | 38 | (453.03) | |
| (VII) | **Profit / (Loss) Before Tax** (V) - (VI) | | **1843.09** | **1127.61** |
| (VIII) | **Tax Expense** | | | |
| | (1) Current Tax | | 446.75 | 1.21 |
| | (2) Tax relating to Earlier periods | | - | (7.82) |
| | (3) Deferred Tax | | 5.31 | 486.75 |
| (IX) | **Profit / (Loss) for the period from Continuing Operations** (VII - VIII) | | **1391.03** | **647.47** |
| (X) | Profit/(Loss) from discontinued operations | | - | - |
| (XI) | Tax expenses of discontinued operations | | - | - |

## Statement of Consolidated Profit & Loss for the year ended 31st March 2018(Contd.,)

(Rs in Crore)

| | Particulars | Note No. | For the year ended | |
|---|---|---|---|---|
| | | | 31.03.2018 | 31.03.2017 |
| (XII) | Profit/ (loss) from discontinued operations (After Tax) (X- XI) | | - | - |
| (XIII) | **Profit/(loss) for the Period** (IX+XII) | | **1391.03** | **647.47** |
| | **Attributable to:** | | | |
| | Equity shareholders of Parent | | 1390.69 | 646.61 |
| | Non-controlling Interest | | 0.34 | 0.86 |
| (XIV) | **Other Comprehensive Income** | | | |
| | **A.** Items that will not be reclassified to profit or loss | | (272.79) | (232.76) |
| | **Less:** Income tax relating to items that will not be reclassified to Profit or Loss | | 94.39 | 80.53 |
| | **B.** Items that will be reclassified to profit or loss | | | - |
| | **Less:** Income tax relating to items that will be reclassified to Profit or Loss | | | - |
| | **Total Other Comprehensive Income(XIV)** | | **(178.40)** | **(152.23)** |
| (XV) | **Total Comprehensive Income for the Period** (XIII+XIV) | | **1212.63** | 495.25 |
| | **Attributable to:** | | | |
| | Equity shareholders of Parent | | 1212.43 | 494.55 |
| | Non-controlling Interest | | 0.20 | 0.70 |
| (XVI) | **Earnings per Equity Share** | | | |
| | (1) Basic | | 8.03 | 3.73 |
| | (2) Diluted | | 8.03 | 3.73 |

The accompanying Notes form an integral part of Financial Statements
As per our report of even date
M/s. Ramamoorthy (N) & Co
Charted Accountants
Firm Regn. No. 02899S

for and on behalf of the Board

| Sd/- (Surendranath Bharathi) Partner Membership No. 23837 | Sd/- (G.Srinivas ) Chief(C.A) & Company Secretary | Sd/- (M.Narasimha Reddy) General Manager (F&A) | Sd/- (S. Shankar) Director(Finance)& C.F.O | Sd/- (N.Sridhar) Chairman & Managing Director |
|---|---|---|---|---|

Date: 11.07.2018
Place: Hyderabad

# STATEMENT OF CONSOLIDATED CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

## A. EQUITY SHARE CAPITAL

(Rs. in Crore)

| Particulars | Balance as at 01.04.2016 | Changes in Equity Share Capital during the year | Balance as at 01.04.2017 | Changes in Equity Share Capital during the year | Balance as at 31.03.2018 |
|---|---|---|---|---|---|
| Equity Shares | 1733.20 | | 1733.20 | - | 1733.20 |

## B. OTHER EQUITY

(Rs. in Crore)

| Particulars | General Reserve | Retained Earnings | Total | Non controlling Interests |
|---|---|---|---|---|
| **Balance at the Beginning of the Reporting Period as at 01.04.2016** | 1260.40 | 1950.27 | 3210.67 | 8.88 |
| Changes in Accounting policy or Prior period errors | | (126.41) | (126.41) | - |
| **Restated Balance as at 01.04.2016** | **1260.40** | **1823.86** | 3084.26 | 8.88 |
| Profit for the year | | 646.62 | 646.61 | 0.86 |
| Other Comprehensive Income (Net Of Tax) | | (152.07) | (152.07) | (0.16) |
| Dividends for FY 2015-16 (including Dividend Distribution tax) | | (156.45) | (156.45) | |
| Transfer (from)/to retained earnings | 100.00 | (100.00) | -- | - |
| Any Other Change | | | | |
| **Balance as on 31.03.2017** | **1360.40** | **2061.96** | **3422.35** | **9.58** |
| Profit for the year | | 1390.69 | 1390.69 | 0.34 |
| Other Comprehensive Income (Net Of Tax) | | (178.26) | (178.26) | (0.14) |
| Dividends for FY 2016-17 (including Dividend Distribution tax) | | (156.45) | (156.45) | - |
| Transfer (from)/to retained earnings | 100.00 | (100.00) | | |
| Any Other Change | | | | |
| **Balance as on 31.03.2018** | **1460.40** | **3017.94** | **4478.34** | **9.78** |
| | | | | |

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2017-18

(Rs in Crore)

| S.No | Particulars | For the year ended 31.03.2018 | | 31.03.2017 | |
|---|---|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| | Profit/(loss) before exceptional items and Tax | | **1390.06** | | **1127.61** |
| | **Adjustments for:** | | | | |
| | Depreciation / Amortization / impairment | 1599.73 | | 1190.88 | |
| | Assets Written off | 11.69 | | 7.16 | |
| | Provisions Written Back | (12.43) | | (176.27) | |
| | Interest Income on Investments | (177.26) | | (177.45) | |
| | Interest Income on Term Deposits | (151.05) | | (55.89) | |
| | Interest Expense | 1222.70 | | 899.30 | |
| | Non - Current Provisions | 480.10 | | 23.74 | |
| | Unrealised foreign Exchange Loss | 13.83 | | (3.37) | |
| | Actuarial gains/(losses) routed through other comprehensive income | (272.79) | | (232.76) | |
| | Deferred Government Grant | (12.47) | | (9.58) | |
| | Exceptional Items (Net) | 453.03 | **3155.08** | 4.59 | **1470.37** |
| | **Operating Profit Before Working Capital Changes** | | **4545.14** | | **2,597.98** |
| | **Adjustments towards changes in** | | | | |
| | Inventories | 262.08 | | (166.58) | |
| | Trade Receivables | 655.39 | | 398.03 | |
| | Current/Non - current/Loans, Other financial assets and other assets | (3304.38) | | (1006.11) | |
| | Trade Payables | 23.08 | | 55.79 | |
| | Current/Non - Current Borrowings, Financial liabilities and provisions | (217.01) | | 870.81 | |
| | Tax paid Including TDS | (332.35) | **(2913.19)** | (19.40) | **132.55** |
| | **Net Cash flow from Operating Activities (A)** | | **1631.95** | | **2730.53** |
| B | **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| | Increase in Property, plant & equipment (including Capital Work-in-progress) | (1597.66) | | (2406.68) | |
| | Proceeds of Dissolution of J.V Firm. | 0.00 | | 0.05 | |
| | Redemption of Investments | 2.00 | | 2.00 | |
| | Interest Income on Investments | 177.26 | | 177.45 | |
| | Interest Income on Term Deposits | 151.05 | | 55.89 | |
| | **Cash Flow from Investing Activities(B)** | | **(1267.34)** | | **(2171.30)** |

## CONSOLIDATED CASH FLOW STATEM ENT FOR THE YEAR 2017-18 (contd.)

(Rs in Crore)

| S.No. | Particulars | For the year ended 31.03.2018 | | 31.03.2017 | |
|---|---|---|---|---|---|
| C. | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | Non- current borrowings | (162.86) | | 630.26 | |
| | Repayment of Government of India Loan | 0.00 | | (66.33) | |
| | Demand Loans from Banks | 0.00 | | (610.00) | |
| | Changes in Cash Credit | 4.45 | | (42.14) | |
| | Interest Expense | (398.73) | | (231.98) | |
| | Dividend paid | (129.99) | | (129.99) | |
| | Dividend Tax paid | (26.46) | | (26.46) | |
| | **Cash flow from Financing activities (C)** | | **(713.59)** | | **(476.64)** |
| D | **Net increase in Cash and Cash Equivalents(A+B+C)** | | **(348.98)** | | **82.59** |
| E | **Cash & Cash Equivalents at the beginning of the year** | | **731.36** | | **648.79** |
| F | **Cash & Cash Equivalents at the end of the year (D+E)** | | **382.38** | | **731.36** |

### Cash and Cash Equivalents for the purpose of the Cash-Flow Statement

(Rs in Crores)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Cash & Bank Balances at the beginning of the year** | **736.76** | **680.87** |
| Special OD account | - | - |
| Overdraft in current account | (5.40) | (32.08) |
| **Cash & Bank Balances at the beginning of the year** | **731.36** | **648.79** |
| Cash & Bank Balances at the end of the year | 388.53 | 736.76 |
| Special OD account | - | - |
| Overdraft in current account | (6.16) | (5.40) |
| **Cash & Bank Balances at the end of the year** | **382.38** | **731.36** |

The accompanying Notes form an integral part of Financial Statements
As per our report of even date
M/s. Ramamoorthy (N) & Co
Charted Accountants
Firm Regn. No. 02899S

for and on behalf of the Board

| Sd/- (Surendranath Bharathi) Partner Membership No. 23837 | Sd/- (G.Srinivas ) Chief(C.A) & Company Secretary | Sd/- (M.Narasimha Reddy) General Manager (F&A) | Sd/- (S. Shankar) Director(Finance)& C.F.O | Sd/- (N.Sridhar) Chairman & Managing Director |
|---|---|---|---|---|

Date: 11.07.2018
Place: Hyderabad

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**

## Note 1. Corporate Overview

The Singareni Collieries Company Limited ('SCCL' or 'the Company') is a Government coal mining company jointly owned by the Government of Telangana and Government of India on a 51:49 equity basis.

The Company is mainly engaged in mining of coal. As a part of diversification, the company has entered in to power generation and presently operating 2*600 MW Singareni Thermal Power Plant (STPP). The major coal consumers of the company are power and cement sectors. Power purchase Agreement is entered with TS DISCOMs to sell the power generated from the Power Plant.

The Singareni coal reserves stretch across 350 Km of the Pranahita - Godavari Valley of Telangana with a proven geological reserves aggregating to approx. 8800 million tonnes. SCCL is currently operating 21 opencast and 30 underground mines in 6 districts of Telangana. SCCL is at present has not listed its stocks anywhere.

The subsidiary company is engaged the business of Designing, Manufacturing/ fabricating Heavy Machinery /Equipment used in Mining Industry viz, Man riding car, Man riding Chair Lift System, Road Headers , Belt Conveyer Drive Heads etc. And also undertakes services like Erecting and Commissioning, Repair and Overhauling, Machining and supply of Spare Parts. The head office of the subsidiary is located at Kondapally, Andhra Pradesh.

## Note 2. Significant Accounting Policies:

### 2.1 Basis of preparation of financial statements

#### A) Statement of Compliance

The financial statements of the Company have been prepared on going concern basis using accrual basis of accounting in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies(Indian Accounting Standards) Amendment Rules, 2016, the relevant provisions of The companies Act 2013 and Electricity Act 2003.

#### B) Basis of Measurement:

The financial statements have been prepared on historical cost basis of measurement, except for

- financial assets and liabilities measured at fair value (Accounting policy on financial instruments in para No.2.2.16);
- Defined benefit plans- plan assets measured at fair value;
- Inventories at Cost or NRV whichever is lower (Accounting policy in para No. 2.2.5).
- Other claims and revenues ( Accounting policy No.2.2.1.D)
- Certain Provisions are measured at fair value ( Accounting policy No.2.2.7)

#### C) Functional or presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest crore up to two decimal points.

#### D) Use of Estimates and Judgement

The preparation of financial statements in conformity with Ind AS requires management to make

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

## E) Formulation of Accounting Policies

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

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

a) relevant to the economic decision-making needs of users; and

b) reliable in that financial statements:

(i) represent faithfully the financial position, financial performance and cash flows of the entity;

(ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;

(iii) are neutral, i.e. free from bias;

(iv) are prudent; and

(v) are complete in all material respects on a consistent basis

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

c) the requirements in Ind ASs dealing with similar and related issues; and

d) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

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

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

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

## F) Materiality

Management uses judgement of materiality for determining the compliance requirement of the Ind AS. Management also uses judgment in deciding whether individual items or groups of item are material in the financial statements. Materiality is judged by reference to the size and nature of the item. The deciding factor is whether omission or misstatement could individually or collectively influence the economic decisions that users make on the basis of the financial statements. A Transaction is considered material only if it exceeds Rs.50.00 lakh in each case for the purpose of adjustments for Pre-paid and Prior period items.

## 2.2. Summary of Accounting Policies:

### 2.2.1 Revenue recognition

#### A. Revenue from sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the customer with a reasonable certainty of collection.

Revenue is measured at the fair value of the consideration received or receivable (net of accepted deductions made by customers on account of quality of coal) taking into account contractually defined terms of payment and excluding taxes, levies or duties collected on behalf of the government/ other statutory bodies.

Advances received from the customers are reported as customer's deposits unless the above conditions for revenue recognition are met.

The company has assumed that revenue includes excise duty because recovery of excise duty flows to the company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. However, other taxes, levies or duties are not considered to be received by the company on its own account and are excluded from net revenue.

#### B. Revenue Recognition- Power Plant

Revenue from generation of electricity is accounted for as per the Tariff approved by Hon. TS Electricity Regulatory Commission (TSERC).

#### C. Interest

Interest income is recognised using the Effective Interest Method.

#### D. System of accounting of certain specific claims/revenues:

a. Penalty for short lifting of coal, on termination of contracts, interest on belated payment of coal dues on realisation.

b. The interest/ Late Payment Surcharge on late payment/ overdue sundry debtors for sale of power is recognised when no significant uncertainty as to measurability or collectability exists.

c. Escalation in prices and duties for explosives, equipment and spares supplied on payment.

d. Credit towards Powder factor is accounted as and when recovered from the suppliers of Explosives.

e. Additional claims from contractors on Capital Works when claims are settled, other than subsidiary.

f. Scrap sales are accounted for as and when lifted; and

g. Insurance Claims on receipt.

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

## 2.2.2. Grants from Government

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

Government Grants related to assets are presented in the balance sheet by setting up the grant as deferred income and are recognised in Statement of Profit and Loss on systematic basis over the useful life of asset.

Grants related to income (i.e. grant related to other than assets) are presented as part of statement of profit or loss.

## 2.2.3. Property, Plant and Equipment:

**A.Recognition and measurement**:

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Company has elected to apply the optional exemption to use this previous GAAP value as deemed cost as at 1 April 2015, the date of transition.

The recognition of the Property, plant and equipment is subject to the following principles:

### 1. Land:

a. Lands are capitalized from the date of taking possession / Award whichever is earlier. Payments made for Renewal of Leasehold lands are capitalized from the date of payment.

b. Freehold Lands (Patta lands, lands acquired under Land Acquisition Act, 1894, Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act, 2013 and Govt. Assigned lands) include cost of acquisition, Compensation, rehabilitation expenses, resettlement cost and interest up to the date of taking possession.

c. Leasehold Lands (Forest lands) include cost of compensatory land, NPV, afforestation and deforestation expenditure with regard to acquisition of forest land.

### 2. Railway sidings:

Complete track renewals and sleeper renewals on Railway Sidings are capitalised

on completion of the work.

### 3. Plant & Equipment:

a. Following items are classified as Capital;

i) PVC Armoured Cables of all sizes; and

ii) G.I. Pipes of 2" Dia and above.

b. Expenditure on Rehabilitation of HEMM and other Major Plant and Machinery is treated as Capital expenditure if such expenditure increases the future benefit from the Asset beyond its previously assessed standard of performance.

c. Equipment received for Projects under construction/ Mines under development but not installed and commissioned by the end of the year is shown as Capital Works-in-Progress.

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

## B. Depreciation:

i) Depreciation on other Fixed Assets is provided on written down value method on the assets capitalised before 01.04.1985.

ii) Depreciation on property, plant and equipment, except freehold land, is provided as per cost model on straight line basis over the estimated useful lives of the asset as follows as per the Schedule II of the Companies Act,2013. However, in case of power plant depreciation rates as stipulated by CERC are adopted. The estimated useful life of the assets is reviewed at the end of each financial year.

iii) The estimated useful life of the assets is reviewed at the end of each financial year. In some cases based on technical evaluation, the management believes that the useful lives given below best represents the period over which the management expects to use the asset. Hence the useful lives of the below mentioned assets are lower than the useful lives prescribed under Part C of schedule II of companies act, 2013:

| | |
|---|---|
| ➢ LHDs | 7 Years |
| ➢ Jumbo Drills at CDF Panel | 7.5 Years |
| ➢ SDLs | 4 Years |
| ➢ Self Contained Self Rescuers | 10 Years |
| ➢ 35T Dumpers | 6 Years |
| ➢ Hydraulic Shovels upto 5 CU.M | 7 Years |
| ➢ Blast Hole Drills <160mm | 7 Years |
| ➢ Coal Tubs | 1 Year |
| ➢ Winding Ropes | 1 Year |
| ➢ Safety Lamps | 1 Year |
| ➢ Stowing Pipes | 1 Year |
| ➢ Assets whose actual cost does not exceed Rs.5000/- | 1 Year |

iv) Value of leasehold lands is amortised over a period of 10 years or over the lease period whichever is lower:

- from the date possession in case of fresh leases
- from the date of payment in case of renewal of leases.

v) Freehold Lands used for UG/OC mining Operations are amortized over the Life of the respective Mine/Project.

**C)** When parts of an item of property, plant and equipment, with a cost that is significant in relation to the total cost of the item, have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

## 2.2.4. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Cost of ERP software recognized as intangible asset is amortised over a period of 5 years.

## 2.2.5. Inventory:

### A: Stock of Coal:

i) Wherever variation between volumetrically measured coal stocks (including washery products) and the book stocks is more than 5%, the volumetrically measured stock balances are adopted with a reduction of 5% towards anticipated storage losses.

ii) Closing stock of coal including stock at washeries, coal-in-wagons, washed coal, is valued at lower of cost and net realisable value.

Closing stock of washery by products viz., rejects, slurry and fines are valued at net realisable value (shale and stone at nil value)

Coal stock at STPP is valued at weighted Average Acquisition Cost.

iii) The cost of production of respective Under Ground (UG) and Open Cast (OC) mines is considered as cost of coal for the stocks of respective UG and OC mines. The cost of stock at CHP and other stocking points is arrived by considering the ratio of admittance of coal from UG and OC mines during the year. Such cost of production is arrived at excluding borrowing costs, selling and distribution costs and administrative overheads etc., to the extent not related to production of coal.

iv) Cost of washed coal is calculated at average cost of production of coal as at (iii) above plus washery charges adjusted to standard yield, and by deducting NRV of by products from the cost thus arrived.

v) The net realisable value of grade-wise coal (including washed coal, rejects, slurry and fines) is arrived at on the basis of selling price to power utilities and mark up/ cost plus price wherever applicable less re-handling charges.

### B. Stores & Spares

i) Stores & Spares (including loose tools) are valued at Weighted Average cost.

ii) Suitable Provision for slow, non-moving and obsolescence is provided on review of stores and spares on annual basis.

### C. Other Inventories

Stock of medicines, provisions, stationery and sand are not valued and are charged directly to consumption on receipt.

## 2.2.6. Borrowing costs

Borrowings costs directly attributable to acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which it occurs.

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

## 2.2.7. Mine Closure, Site Restoration and Decommissioning Obligations:

**A. Mine closure Plan:**

i) The company's obligation for land reclamation and decommissioning of structures consists of spending at both surface and underground mines in accordance with the guidelines from Ministry of Coal, Government of India.

ii) The company estimates its obligation for Mine Closure, Site Restoration and Decommissioning based upon detailed calculation and technical assessment of the amount and timing of the future cash spending to perform the required work. Mine Closure expenditure is provided as per approved Mine Closure Plan.

iii) The estimates of expenses are escalated for inflation, and then discounted at a discount rate that reflects the current market assessment of the time value of money and the risks, such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The company records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding assets are recognised in the period in which the liability is incurred. The asset representing the total site restoration cost as per mine closure plan is recognised as a separate item in PPE and amortised over the balance project/mine life.

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

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

**B. Backfilling of Overburden:**

i) In order to comply with the Ministry of Environment & Forest's stipulation regarding reducing the depth of the final void of certain opencast mines to 30/35/45 meters from surface, re-handling/dumping over burden (OB) is to be carried out to reduce the final void as per the MOEF stipulation. The reduction of the final void can be done either (i) by re-handling the Overburden of the external/ internal dumps or (ii) by dumping the OB produced from the adjacent/relay projects.

ii) Re-handling of Overburden of the external/internal dumps incurs additional cost which is provided for. The cost of dumping from the adjacent / relay project is considered as the cost of Overburden removal of the adjacent/relay project.

iii) The estimation of quantity of Overburden (OB) required to backfill the final void is made by in-house technical estimation by professionals in Mining, Project Planning Environment fields. Total cost of Backfilling required is estimated, based on the total quantity to be backfilled in cubic metres at the end of mine life, at the SCCL weighted average rate of OB Removal of outsourced operations.

iv) The Estimation of Liability and corresponding recognition of Asset, discounting of liability and depreciation of asset and unwinding of liability etc, shall be as per the procedure mentioned at accounting policy no 2.2.7.A.(iii) and (iv).

## 2.2.8 Exploration and Evaluation assets

Exploration expenditure relates to the initial search for deposits with economic potential. Expenditure on exploration activity is treated as revenue expenditure.

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

Evaluation expenditure relates to a detailed assessment of deposits or other projects that have been identified as having economic potential. Capitalisation of evaluation expenditure commences when there is a high degree of confidence that the Company will determine that a project is commercially viable, that is the project will provide a satisfactory return relative to its perceived risks, and therefore it is considered probable that future economic benefits will flow to the Company.

## 2.2.9. Development Expenditure

A) When proved reserves are determined and development of mines/project is sanctioned, cost is recognised as assets under construction and disclosed as a component of capital work in progress under the head "Development". All subsequent development expenditure is also capitalised. Drilling done for projects under construction which is capitalised with the project cost under development at average normal cost per metre.

B) The Projects/Mines under development are brought to Revenue, earlier of

i) Either from the month following;

a) The achievement of 25% of the rated production, or

b) Completion of two years after touching the coal

OR

ii) from the beginning of the year, wherein the value of production at the average monthly selling price of the Area is more than the total related expenses of such developed project/ mine.

C) Expenditure incurred on Projects under Construction/Mines under Development is capitalised till such Projects/Mines are brought to revenue. In case of Long wall / Blasting Gallery (BG) technology Projects, the expenditure is capitalised up to the date of commissioning of the equipment.

D) Overheads specifically incurred for the projects under construction were capitalised.

E) Sale value of coal produced by Projects/Mines under construction is credited to Development Account at the Average Monthly Selling Price for the Area.

F) Residual Development Expenditure on Mines taken-up for reconstruction is treated as Development Expenditure of New Reconstruction Projects.

G) On being brought to revenue, the assets under capital work in progress are reclassified as a component of property, plant and equipment under the nomenclature "Other Mining Infrastructure". Other Mining Infrastructure are amortised over the Projects Life as estimated in the FR/latest life, not exceeding 10 years.

## 2.2.10. Over Burden Removal (OBR) - Stripping Cost

i. Expenditure on Overburden Removal (Stripping Cost) is charged at Stripping Ratio of the Open Cast projects irrespective of the Ratio of Actual Removal during the year. Expenditure on OB Removal is booked in the natural heads. The variance between actual OB Removal expenditure and OB Removal charge as per Stripping Ratio is shown as OB Removal adjustment account. Interest, Depreciation and Overheads on OB Removal are treated as period cost and not considered for arriving at OB Removal charge.

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

ii. The company reviews the Stripping Ratios of the Open Cast Projects once in five years except the new mines till they complete five years of revenue workings . In case significant deviation occurs in mining & geological structure, reorganisation and closure of mines, such review is taken up on occurrence.

iii. Provision for future Overburden Removal is restated at current year cost and difference is taken to profit and loss account. Advance Action for Overburden removal is valued at weighted average cost.

## 2.2.11. Investment in Subsidiaries and Joint Ventures:

Investments in subsidiaries and joint ventures are measured at cost.

## 2.2.12. Foreign Currency Transactions:

a) Monetary items related to Foreign currency transactions remaining unsettled at the end of the year are reported at the exchange rate at the Balance Sheet date.

b) Profit or Loss on account of exchange differences either on settlement or on restatement is recognised in the Profit and Loss Account.

c) Foreign currency gains and losses are reported on a net basis.

## 2.2.13. Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

### A. Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

### B. Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

## 2.2.14. Employee Benefits

### A. Short-term Benefits

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

### B. Post-employment benefits and other long term employee benefits

**I. Defined contribution plans:**

Employer's contribution under Coal Mines Provident Fund Act and Executives Superannuation, Pension Benefits are defined Contribution Plans and the expenditure/ provision on the above is charged to statement of Profit & Loss.

**II. Defined benefits plans**:

a) **Gratuity:** Gratuity is a defined benefit scheme. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations as reduced by the fair value of scheme assets.

b) Leave encashment, Monthly Monetary Compensation to dependants of deceased in mine accidents/ medical unfit/ Low Productive Employees, Post Superannuation Medical Benefit to executives and non-executives are provided based on actuarial valuation carried out at each balance sheet date.

c) Re-measurement of the net defined benefit liability, which comprise actuarial gain and losses considering the return on plan assets (excluding interest) and the effects of the assets ceiling (if any, excluding interest) are recognised immediately in the other comprehensive income in case of post-employment defined benefit plans. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

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

e) Other employee benefits :

Certain employee benefits namely and Settling Allowance, LTC / LLTC are also recognised on the same basis as described above for defined benefit plans.

f) Voluntary retirement compensation is expensed in the year of incurrence.

## 2.2.15. Provisions, Contingent Liabilities:

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

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risk specific to the liability.

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

## 2.2.16. Financial Instruments:

### A) Classification:

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

### B) Initial Measurement:

All financial instruments are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset/liability (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets/liabilities. While, loans and borrowings and payable are recognized net of directly attributable transactions costs.

### C) Subsequent Measurement:

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortized cost; non derivative financial liabilities at amortized cost.

### a) Non-derivative financial assets:

#### Financial assets at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

Financial Assets at amortized cost are represented by security deposits, cash and cash equivalents, Trade receivables & similar nature and eligible current and non-current assets.

Non Current assets comprises investments in debentures or bonds quoted, fully paid up, which are carried at amortized cost.

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

## b) Non-derivative financial liabilities at amortized cost

Financial liabilities at amortized cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

## 2.2.17. Impairment

### Impairment of Assets (Non-financial assets)

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

### Impairment of financial assets (other than fair value)

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

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

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the- net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

## 2.2.18. Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### • Company as a Lessee

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

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

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available.

### • Company as Lessor

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

## 2.2.19. Earnings per share:

Basic and diluted earnings per share are computed by dividing the net profit after tax before considering other comprehensive income by the weighted average number of equity shares outstanding during the period.

## 2.2.20. Material Prior Period Errors, Effect of change in the Accounting Policies:

Material prior period errors are corrected retrospectively by restating the comparative amounts of the prior period(s) presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

The changes to the accounting policies are done retrospectively and the application of such change is limited to the earliest period practicable by adjusting the opening balance of each affected component of equity and other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

## 2.2.21. Provision for Warranties:

The subsidiary company provides warranty cost at 1% of the revenue progressively as and when it recognizes the revenue and maintain the same through the warranty period.

## Notes to the Cosolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE 3: PROPERTY, PLANT AND EQUIPMENT:

(Rs. in Crore)

| Particulars | Free hold Land | Lease hold Land | Buildings Factory | Buildings Others | Roads | Railway Sidings | Plant & Equip ment | Furniture & Fixtures | Vehicles | Office Equip ment | Land Reclamation / site Restoration Costs | Other Mining Infras. (OMI) | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount:** | | | | | | | | | | | | | |
| As at 1 April 2016 | 922.41 | 452.00 | 160.75 | 758.03 | 195.49 | 45.35 | 5412.09 | 14.73 | 48.86 | 2.03 | 4519.98 | 1428.77 | 13960.49 |
| Adjustments | | | | | | | | | | | | | |
| As at 1 April 2016 (Restated) | **922.41** | **452.00** | **160.75** | **758.03** | **195.49** | **45.35** | **5412.09** | **14.73** | **48.86** | **2.03** | **4519.98** | **1428.77** | **13960.49** |
| Additions | 158.73 | 179.61 | 502.02 | 131.33 | 28.05 | 0.10 | 7058.25 | 2.01 | 2.61 | 0.21 | 1043.28 | 91.64 | 9197.84 |
| Deductions/Disposals | | | | -0.06 | | | -308.57 | -1.04 | -0.42 | -0.07 | | | -310.16 |
| **As at 31 March 2017** | **1081.14** | **631.61** | **662.77** | **889.30** | **223.54** | **45.45** | **12161.77** | **15.70** | **51.05** | **2.17** | **5563.26** | **1520.41** | **22848.17** |
| Additions | 195.56 | 159.73 | 35.32 | 113.46 | 45.59 | 6.92 | 1033.68 | 1.69 | 0.77 | 0.01 | 457.24 | 45.00 | 2094.97 |
| Deductions/Disposals | 0.00 | 0.00 | -1.08 | -0.36 | -2.02 | 0.00 | -307.82 | -0.03 | -2.90 | -0.03 | -248.58 | -20.19 | -583.00 |
| **As at 31 March 2018** | **1276.70** | **791.34** | **697.01** | **1002.40** | **267.11** | **52.37** | **12887.64** | **17.36** | **48.92** | **2.15** | **5771.92** | **1545.22** | **24360.14** |
| **Accumulated Depreciation:** | | | | | | | | | | | | | |
| As at 1 April 2016 | 3.27 | 325.37 | 53.18 | 187.84 | 144.93 | 30.52 | 3314.74 | 10.82 | 29.76 | 1.60 | 1886.50 | 827.88 | 6816.41 |
| Adjustments | 196.93 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 196.93 |
| As at 1 April 2016 (Restated) | **200.20** | **325.37** | **53.18** | **187.84** | **144.93** | **30.52** | **3314.74** | **10.82** | **29.76** | **1.60** | **1886.50** | **827.88** | **7013.34** |
| Charge for the year | 52.04 | 46.92 | 14.08 | 28.04 | 11.31 | 1.82 | 688.00 | 0.97 | 4.64 | 0.16 | 243.58 | 113.74 | 1205.30 |
| Deductions/Disposals | | | | -0.06 | | | -301.50 | -1.04 | -0.37 | -0.07 | | | -303.04 |
| **As at 31 March 2017** | **252.24** | **372.29** | **67.26** | **215.82** | **156.24** | **32.34** | **3701.24** | **10.75** | **34.03** | **1.69** | **2130.08** | **941.62** | **7915.60** |
| Charge for the year | 55.79 | 56.06 | 22.63 | 31.44 | 18.12 | 1.79 | 905.97 | 1.06 | 4.37 | 0.11 | 333.98 | 110.10 | 1541.41 |
| Deductions/Disposals | 0.00 | 0.00 | -0.46 | -0.07 | -1.80 | 0.00 | -306.74 | -0.03 | -2.90 | -0.01 | -3.67 | -19.55 | -335.23 |
| **As at 31 March 2018** | **308.03** | **428.35** | **89.43** | **247.19** | **172.56** | **34.13** | **4300.47** | **11.78** | **35.50** | **1.79** | **2460.39** | **1032.17** | **9121.78** |
| **Provision for Diminution in Value of Assets** | | | | | | | | | | | | | |
| 1 April 2016 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.34 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.34 |
| 31 March 2017 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.34 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.34 |
| 31 March 2018 | 0.00 | 0.00 | 0.17 | 0.00 | 0.00 | 0.00 | 2.85 | 0.00 | 0.00 | 0.00 | 34.11 | 29.78 | 66.91 |
| **Net Carrying Amount** | | | | | | | | | | | | | |
| **As at 31 March 2018** | **968.67** | **362.99** | **607.41** | **755.21** | **94.55** | **18.24** | **8584.32** | **5.58** | **13.42** | **0.36** | **3277.42** | **483.27** | **15171.45** |
| As at 31 March 2017 | 828.90 | 259.32 | 595.51 | 673.48 | 67.30 | 13.11 | 8460.19 | 4.95 | 17.02 | 0.48 | 3433.18 | 578.79 | 14932.24 |

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

## NOTE 3 : PROPERTY, PLANT AND EQUIPMENT (Contd.)

3.1. Land measuring Acres: 717, Guntas: 12 ½ (Previous year Acres:717, Guntas:12 ½) shown under Fixed Assets has not been registered in the name of the Company.

3.2. Land measuring Acres 5.00 shown under Fixed Assets, for the land handed over to Ramagundam Municipality since the matter pending with the District Collector for fixing the market value.

3.3. Freehold lands include assigned lands.

3.4. Depreciation for the year Rs. 1542.01 Crore includes - Capitalized Depreciation of Rs. 9.20 Crore (Previous Year Rs. 19.07 Crore) and Prior depreciation (-) Rs. 1532.81 Crore (PY: 1190.88 Crore).

3.5. STPP assets include interest Capitalised on borrowings of Rs. 1217.44 Crore (PY Rs.1100.39 Crore).

## NOTE 4: CAPITAL WORK IN PROGRESS

(Rs in Crore)

| Particulars | Lands | Building | Plant and Equipments | Development | Total |
|---|---|---|---|---|---|
| **Gross Carrying Amount :** | | | | | |
| As at 1 April 2016 | **44.61** | **195.03** | **6832.83** | **124.89** | **7197.36** |
| Additions | 162.30 | 105.29 | 20.60 | 111.72 | 399.91 |
| Capitalised / Deletions | -63.71 | -147.43 | -5893.24 | -25.34 | -6129.72 |
| As at 31 March 2017 | **143.20** | **152.89** | **960.19** | **211.27** | **1467.55** |
| Additions | 305.49 | 125.56 | 632.19 | 162.07 | 1225.31 |
| Capitalised / Deletions | -354.41 | -193.59 | -678.14 | -42.87 | -1269.01 |
| **As at 31 March 2018** | **94.28** | **84.86** | **914.25** | **330.47** | **1423.85** |

4.1. CWIP include interest on borrowings from Power Finance Corporation for construction of STPP of Rs. 85.59 Crore (Previous Year Rs. 181.09 Cr.)

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE - 5: OTHER INTANGIBLE ASSETS

(Rs. in Crore)

| Particulars | ERP – Software | TOTAL |
|---|---|---|
| **Gross Carrying Amount:** | | |
| **As on 01.04.2016** | **19.36** | **19.36** |
| Additions during the year | 0.98 | 0.98 |
| Deductions/Disposals | - | - |
| **31st March 2017** | **20.34** | **20.34** |
| Additions during the year | - | - |
| Deductions/Disposals | - | - |
| **Gross Block As on 01.04.2016** | **20.34** | **20.34** |
| **Depreciation/ Amortisation** | | |
| Up to 01.04.2016 | 17.49 | 17.49 |
| For the Year 2016-17 | 0.41 | 0.41 |
| Deductions/Disposals | | |
| **Up to 31st March 2017** | **17.90** | **17.90** |
| For the Year 2017-18 | 0.61 | 0.61 |
| Deductions/Disposals | | |
| **Up to 31st March 2018** | **18.50** | **18.50** |
| **Net Block** | | |
| **As at 31st March 2018** | **1.83** | **1.83** |
| **As at 31st March 2017** | **2.44** | **2.44** |

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE - 6: INVESTMENTS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| **Non - Current** | | | | |
| **A) Investment in Equity instruments** | | | | |
| **Unquoted, fully paid-up Shares** | | | | |
| -14,750 Laxmi Porcelains Ltd of Rs.10/- each | 0.01 | | 0.01 | |
| **Less:** Provision for Diminution in the value of Investments | 0.01 | - | 0.01 | - |
| **Investments in Co-operative Societies** 1,86,214 Singareni Collieries Co-operative Central Stores Ltd of Rs.10/- each | | 0.19 | | 0.19 |
| **B) Investments in debentures or bonds** | | | | |
| **Quoted, fully paid-up** | | | | |
| (i) 10,000 - 9.75% APPFC Power Bonds (Series 2/2012) of Rs.10 Lakh each. | | 1000.00 | | 1000.00 |
| (ii) 40 - 8.50% APSFC-Non SLR Bonds (Series II/2008) of Rs.10 lakh each. | | - | | 2.00 |
| (iii) 8,000 - 9.95% APCPDCL Power Bonds (Series-1/2014) of Rs.10 Lakh each. | | 800.00 | | 800.00 |
| **TOTAL** | | **1800.19** | | **1802.19** |

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Aggregate of Quoted investments | 1800.00 | 1802.00 |
| Aggregate of Unquoted investments | 0.19 | 0.19 |
| Aggregate of Diminution provided | 0.02 | 0.01 |

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE - 7: LOANS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| **Non Current** | | |
| **-Unsecured, considered good** | | |
| -Deposit with LIC | 2025.31 | 350.00 |
| -Security Deposits | 104.73 | 171.58 |
| **TOTAL** | **2,130.04** | **521.58** |
| **Current** | | |
| -Security Deposits | 73.92 | 127.73 |
| -Advances to Staff | 54.36 | 53.26 |
| **TOTAL** | **128.28** | **180.99** |

### NOTE - 8: OTHER FINANCIAL ASSETS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| **Non – Current** | | |
| Deposit under Mine Closure Plan Scheme (Maturity > 12 Months) | 581.18 | 208.60 |
| **TOTAL** | **581.18** | **208.60** |
| **Current** | | |
| Interest Accrued On Investments - Securities | 143.77 | 60.21 |
| Interest Accrued on Deposits with Banks | 0.66 | 4.08 |
| Interest Accrued on Loans & Advances | 5.98 | 5.01 |
| Other Receivables Considered good - Stowing subsidy, Rent, Water, Electricity etc. | 328.16 | 275.17 |
| Other receivables considered doubtful | 13.81 | 11.10 |
| Less: Provision for bad and doubtful | 13.81 | 11.10 |
| **TOTAL** | **478.57** | **344.47** |

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

## NOTE 9: DEFERRED TAX ASSET (NET)

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| **(A) Deferred Tax Asset:** | | |
| -Backfilling & Mine Closure plan | 1521.19 | 2228.76 |
| -Gratuity | 908.25 | 796.53 |
| -Other Employee Benefits | 599.62 | 468.01 |
| - Overburden Removal | 902.00 | 917.03 |
| -Carry Forward Tax Loss | 312.13 | - |
| - MAT Credit | 287.81 | - |
| - Others | 494.16 | 386.30 |
| Total (A) | 5025.16 | 4796.67 |
| **(B) Deferred Tax Liability:** | | |
| -Fixed Assets- Excess of Net Book value over Written down value as per provisions of Income Tax Act | 1000.86 | 861.45 |
| Total (B) | 1000.86 | 861.45 |
| **Net Deferred Tax Asset (A-B)** | **4024.30** | 3935.22 |

9.1 The amount of Net Deferred Tax Asset of Rs.4024.30 Crore (Previous year Rs. 3,935.22 Crore) includes amount of Rs.1,521.19 Crore (Previous year Rs.2228.76 Crore) on account of provision for backfilling and mine closure plan. As per the current estimates, the amount of deferred tax asset (non-current) for backfilling and mine closure plan is realisable at the earliest after 6 to 7 years and so on, on commencement of Backfilling and Mine Closure activities at JK-5 OC, MOCP, GKOC etc. Similarly Provision for Backfilling & Mine Closure net of PPE is Rs.7,644.77 Crore (Previous year Rs 6453.78 Crore) will also crystallize simultaneously in the same time frame.

## NOTE - 10: OTHER NON CURRENT ASSETS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| **Unsecured, considered good** | | |
| -Capital Advances | 343.23 | 319.21 |
| -Deposits under Protest (VAT, CST, Service Tax, WCT, APGST, Entry Tax) | 159.00 | 99.69 |
| **TOTAL** | **502.23** | **418.90** |

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

## NOTE - 11: INVENTORIES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| (i) stores and Spares | 465.04 | | 435.42 | |
| (ii) Loose Tools | 2.56 | | 1.87 | |
| **Less:** Provision for obsolete, Non-moving Stores & Shortages and Damages | (58.98) | | 26.81 | |
| | | 408.62 | | 410.48 |
| (iii) Finished Goods | | 685.13 | | 953.35 |
| (iv) Work-in-Progress | | 6.66 | | 2.42 |
| (v) Stores in Transit | | 36.77 | | 33.01 |
| **TOTAL** | | **1137.18** | | **1399.25** |

## NOTE - 12: TRADE RECEIVABLES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| **Unsecured, considered good** | | | | |
| i) Exceeding six months | | | | |
| (a) Coal | 161.03 | | 1610.25 | |
| (b) Power | - | | - | |
| | | 161.03 | | 1610.25 |
| ii) Not exceeding six months | | | | |
| (a) Coal | 1084.44 | | 1174.95 | |
| (b) Services | 18.23 | | 22.17 | |
| (c) Power | 1910.76 | 3013.43 | 1021.14 | 2218.26 |
| **Unsecured, considered doubtful** | 340.86 | | 340.86 | |
| **Less:** Provision for doubtful debts | 340.86 | - | 340.86 | - |
| **TOTAL** | | **3174.46** | | **3828.51** |

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE - 13: CASH AND CASH EQUIVALENTS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| Cash on hand | | 0.20 | | 0.17 |
| **Balances with banks** | | | | |
| In Deposit Account (Maturity < 3 Months) | 178.75 | | 454.43 | |
| In Current Account | 209.58 | | 282.16 | |
| | | 388.33 | | 736.59 |
| **TOTAL** | | **388.53** | | **736.76** |

### NOTE - 14: OTHER BANK BALANCES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| -Unpaid dividend accounts | 0.01 | 0.01 |
| -In Deposit Account (Maturity > 3 Months) | 2595.23 | 1515.74 |
| -Margin Money | 1.43 | 1.37 |
| **TOTAL** | **2596.67** | **1517.12** |

**14.1 Balance with Banks includes unclaimed dividend of Rs.1,20,152.26 (PY Rs.1,14,650.50)**

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| 14.2 Securities by way of deposits in the form of fixed deposit receipts etc., received from the Contractors / Suppliers etc., are kept in the Company's custody and not accounted for. | **35.99** | **32.80** |

### NOTE - 15: CURRENT TAX ASSET (Net)

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Income Tax | 0.60 | 49.77 |
| **TOTAL** | **0.60** | **49.77** |

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE - 16: OTHER CURRENT ASSETS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| **Loans & Advances:** | | | | |
| **Unsecured, Considered good** | | | | |
| -Advances Against Purchases, Services & others | | 181.53 | | 250.86 |
| -Considered Doubtful Adv. against purchases & services | 10.57 | | 0.47 | |
| **Less:** Provision for Bad & Doubtful Advances | 10.57 | - | 0.47 | - |
| -Prepaid Expenses | | 8.81 | | 10.38 |
| -Cenvat ,VAT Credit available | | 84.19 | | 155.93 |
| -Advance Fringe Benefit Tax | | 221.27 | | - |
| **TOTAL** | | **495.80** | | **417.17** |

### NOTE - 17: EQUITY SHARE CAPITAL

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| **AUTHORIZED** | | |
| 180,00,00,000 Equity Shares of Rs.10/ each | 1800.00 | 1800.00 |
| **ISSUED,SUBSCRIBED AND PAID-UP** | | |
| 173,31,98,119 Equity Shares of Rs.10/- each fully paid (includes 6,32,145 Equity Shares of Rs.10/- each allotted as bonus shares by capitalisation of general and capital reserves) | 1733.20 | 1733.20 |
| **TOTAL** | **1733.20** | **1733.20** |

The company has only one class of shares referred to as equity shares having par value Rs.10/-.

### The Details of Shareholders holding More than 5%:

| Name of the Shareholder | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| | No. of Shares | % Held | No. of Shares | % Held |
| Government of Telangana | 88,55,99,147 | 51.10 | 88,55,99,147 | 51.10 |
| Government of India | 84,75,60,000 | 48.90 | 84,75,60,000 | 48.90 |

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### RECONCILIATION OF EQUITY SHARES

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| | No. of Shares | Amount (Rs. in Crore) | No. of Shares | Amount (Rs. in Crore) |
| Shares outstanding at the beginning of the year | 1,73,31,98,119 | 1,733.20 | 1,73,31,98,119 | 1,733.20 |
| Shares issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | **1,73,31,98,119** | **1,733.20** | **1,73,31,98,119** | **1,733.20** |

### NOTE - 18: OTHER EQUITY

(Rs. in Crore)

| Particulars | Share Application money Pending Allotment | General Reserve | Retained Earnings | Total | Non controlling Interests |
|---|---|---|---|---|---|
| **Balance at the Beginning of the Reporting Period as at 01.04.2016** | **0.0005** | 1260.40 | 1950.27 | 3210.67 | 8.88 |
| Changes in Accounting policy or Prior period errors | | | (126.41) | (126.41) | |
| **Restated Balance as at 01.04.2016** | **0.0005** | **1260.40** | **1823.86** | 3084.26 | 8.88 |
| Profit for the year | | | 646.61 | 646.61 | 0.86 |
| Other Comprehensive Income (Net Of Tax) | | | (152.07) | (152.07) | (0.16) |
| Dividends for FY 2015-16 (including Dividend Distribution tax) | | | (156.45) | (156.45) | |
| Transfer (from)/to retained earnings | | 100.00 | (100.00) | -- | |
| Any Other Change | | | | | |
| **Balance as on 31.03.2017** | **0.0005** | **1360.40** | **2061.95** | **3422.34** | **9.58** |
| Profit for the year | | | 1390.69 | 1390.69 | 0.34 |
| Other Comprehensive Income (Net Of Tax) | | | (178.26) | (178.26) | (0.14) |
| Dividends for FY 2016-17 (including Dividend Distribution tax) | | | (156.45) | (156.45) | |
| Transfer (from)/to retained earnings | | 100.00 | (100.00) | -- | |
| Any Other Change | | | | | |
| Less: Provision for diminution of investment | 0.0005 | | | | |
| **Balance as on 31.03.2018** | **-** | **1460.40** | **3017.94** | **4478.34** | **9.78** |

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

## NOTE - 19: BORROWINGS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| **Non – Current** | | |
| **Term Loans** | | |
| Secured | | |
| - From Power Finance Corporation (PFC) | 3233.75 | 3565.41 |
| (Rs.3980 Cr. Less current maturities of Rs.331.67 Cr and principle paid Rs.414.58 Cr) | | |
| -From Power Finance Corporation (PFC) & Rural Electrification Corporation Ltd. (REC) | 855.02 | 708.31 |
| (Rs.1023.99 Cr. Less current maturities of Rs.87.57 Cr and principle paid Rs. 81.40 Cr ) | | |
| **TOTAL** | **4088.77** | **4273.72** |
| **Current** | | |
| Secured: | | |
| -Loans payable on demand - from Banks | - | - |
| -Cash Credit | 18.12 | 13.66 |
| -Special Overdraft Account | - | - |
| **TOTAL** | **18.12** | **13.66** |

19.1 (i) Loan of Rs.3980 Crore from Power Finance Corporation (PFC) (Phase-I) for funding 2x600 MW STPP is secured by an exclusive first charge on the project (2x600 MW STPP) assets, movable (by way of hypothecation) and immovable (by way of mortgage).

(ii) This Loan of Rs 3565.42 Crore is repayable in forty-three equal quarterly installments of Rs.82.92 Crore each. Interest payable on this loan is as below:

| | |
|---|---|
| Rate of Interest p.a | 9.50% |
| Loan amount (Rs. Cr) | 3565.42 |

19.2 (i) Further, second Loan of Rs.1320 Crore has been sanctioned by PFC & REC for funding cost overrun of 2x600 MW STPP which is secured by an exclusive first charge on all the Project assets including movable and immovable on a pari-passu basis with M/s.PFC Ltd. (the Phase-I lender).Out of this loan, an amount of Rs.1023.99 Crore has been utilized.

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

(ii) Against this loan, Rs.942.59 Crore outstanding as on 31.03.2018 is repayable in forty-three equal quarterly installments of Rs. 21.92 Crore each. Rate of Interest payable on this loan is as below.

| Rate of Interest p.a | Loan Amount (Rs. Cr) | Rate of Interest p.a | Loan Amount (Rs. Cr) |
|---|---|---|---|
| 8.25 | 26.38 | 8.93 | 21.74 |
| 8.28 | 5.48 | 8.95 | 9.54 |
| 8.39 | 67.78 | 9.02 | 69.55 |
| 8.50 | 18.59 | 9.08 | 8.93 |
| 8.55 | 43.68 | 9.23 | 1.80 |
| 8.64 | 1.70 | 9.26 | 123.73 |
| 8.71 | 134.90 | 9.36 | 115.17 |
| 8.72 | 11.70 | 9.40 | 2.68 |
| 8.73 | 10.51 | 9.42 | 19.03 |
| 8.87 | 7.03 | 9.44 | 24.10 |
| 8.88 | 5.73 | 9.50 | 147.88 |
| 8.90 | 8.74 | 9.63 | 56.22 |

19.3 Cash Credit and Special Overdraft Account - Secured by first charge in favour of participating banks ranking pari-passu on the stocks & receivables and other Current Assets.

## NOTE - 20: TRADE PAYABLES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| a) Dues to Micro, Small & Medium Enterprises | 19.35 | 5.29 |
| b) Dues to Others (including Stores-in-Transit net of Advances) | 679.31 | 668.29 |
| c) Others | - | 0.38 |
| **TOTAL** | **698.66** | **673.96** |

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE - 21: OTHER FINANCIAL LIABILITIES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| (1) Current maturities of long-term debt | | 419.24 | | 397.15 |
| (2) Interest accrued but not due on borrowings | | 85.43 | | 88.59 |
| (3) Unclaimed dividends | | 0.01 | | 0.01 |
| (4) Deposits from Others | | 2.01 | | 1.03 |
| (5) Deposits from Suppliers & Contractors | | 51.83 | | 43.11 |
| (6) Other Payables | | | | |
| i) Salaries & Wages | | 1158.05 | | 606.40 |
| ii) Others: | | | | |
| a) Deposits from Vendors | 151.57 | | 116.25 | |
| b) Deposits from Coal Customers | 193.21 | | 190.67 | |
| c) Overdraft in Current Account | 6.16 | | 5.40 | |
| d) Creditors for Capital Expenditure | 571.26 | | 667.07 | |
| e) Other Liabilities | 347.90 | 1270.10 | 1455.35 | 2434.73 |
| **TOTAL** | | **2986.67** | | **3,571.01** |

21.1. Current maturities of Long term Debt represent the instalments payable in the year 2018-19 in respect of term loans from PFC & PFC-REC as mentioned in Note No .19.

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE - 22: PROVISIONS

(Rs. in Crore)

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | |
|---|---|---|---|---|
| **Non -Current** | | | | |
| **(a) Provision for Employee Benefits** | | | | |
| Gratuity (to the extent unfunded) | 2602.67 | | 2304.38 | |
| Leave Encashment (unfunded) | 585.52 | | 560.04 | |
| Monthly Monetary Compensation & Low Productive Employee Compensation (unfunded) | 146.41 | | 115.75 | |
| Settling-in- Allowance | 53.85 | | 49.56 | |
| LTC/ LLTC | 42.33 | | 46.33 | |
| | | 3430.80 | | 3076.06 |
| **(b) Others** | | | | |
| Overburden Removal Adjustment Net of Advance Action Rs. 586.55 Crore (P.Y. Rs. 436.85 Crore) | 2579.14 | | 2647.14 | |
| Back Filling | 9859.88 | | 8930.10 | |
| Mine Closure | 1062.29 | 13501.31 | 956.86 | 12 534.10 |
| **Total** | | **16932.11** | | **15610.16** |
| **Current** | | | | |
| **(a) Provision for employee benefits** | | | | |
| Gratuity (unfunded) | 1.31 | | 1.31 | |
| Leave Encashment (unfunded) | 98.12 | | 93.56 | |
| Monthly Monetary Compensation (unfunded) | 39.50 | | 32.00 | |
| Superannuation Benefit (unfunded) | 293.07 | | 190.04 | |
| Post Superannuation Medical Benefit (unfunded) | 181.15 | | 127.80 | |
| Settling-in- Allowance | 10.72 | | 3.81 | |
| LTC | 36.97 | | 19.47 | |
| Performance Related Pay (Net of PLR & Special Incentive) | 154.90 | | 124.29 | |
| Performance Linked Reward | 286.06 | | 294.82 | |
| Corporate Special Incentive | 304.55 | 1406.35 | 90.00 | 977.10 |
| **(b) Others** | | | | |
| Excise Duty on Closing Stock of coal | 0.00 | | 45.51 | |
| Shale & Stone/grade variance | 26.67 | | 0.40 | |
| CSR Expenditure | - | | 0.10 | |
| Provision for warranty on sales | 0.92 | 27.59 | 1.20 | 47.21 |
| **Total** | | **1433.94** | | **1024.31** |

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**(Contd.,)

22.1(i) In respect of all open cast (OC) mines, overburden removal (OBR) adjustment is made as per accounting policy 2.2.10.

(ii) During the year, review of Stripping Ratio RK OCP was carried out consequent to reassessment of quantities of Coal and Over Burden of the Project . As there was upward revision of stripping ratio, the excess value of advance action of Rs.137.66 Crs as on 31.03.2017 was charged off during the year.

(iii) KTK OC I was due for closure in 2017-18 and consequent to the availability of additional coal with the extension of limit line, the operations are continued in 2017-18 and this mine will be closed in 2018-19. There was reduction in the stripping ratio consequent to increase in coal reserves and not reducing the OB removed in development period from OB chargeable in revenue period which has resulted in accumulation of Provision over the life of the project. As the revision of stripping ratio could not be carried in 2016-17 owing to non assessment of additional coal reserves before the closure of accounts, the revision of stripping ratio was viewed as prior period error and the excess provision available in books as on 31.03.2017 of Rs.267.79 Crore was withdrawn by restating the comparative amounts of the Financial Year 2016-17 and Retained earnings and OBR reserve as on 01.04.2016 as per the provisions of Ind AS 8.

22.2 (i) As per the stipulations in Environment Clearances (EC) the depth of final void in 11 opencast (OC) mines should be reduced to 30/35/40 metres from the surface as the case may be. Other OC projects are either on relay concept or no such stipulation in the EC.

(ii) The estimation of quantity of over burden (OB) required to backfill the final void, in order to comply with aforesaid stipulation requires technical estimation by professionals in mining and project planning fields. Services of in-house professionals having considerable experience in the field of mining, project planning, environment etc. were used to arrive at backfilling quantity and formation of final void.

(iii) Backfilling provision is considered as Site restoration and decommissioning obligation as per Ind AS 16 (Property, Plant and Equipment) read with Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets). The future value of the cost of backfilling is estimated as on transition date by considering the CAGR inflation @ 2.5% on outsourced OB Removal cost and then discounted to the present value by applying discounting rate of 8%. The present value is recognized as back filling obligation under long term provisions.

(iv) The corresponding value of obligation is recognized as an asset under Property, Plant & Equipment as Site restoration Cost. The annual amortized cost of the asset and the cost of Unwinding of the obligation would constitute the elements of backfilling cost charged to P&L Account.

(v) Quantity of Overburden (OB) required to backfill the final void and useful life of the mine as mentioned in the approved Mining Plan and Environmental Clearance are considered for the estimation of Backfilling provision. However, for the mines for which RCE is approved but approval of the mining plan as per the RCE and Environmental clearance(EC) is pending , the same parameters as per the original Mining Plan/EC approved are adopted.

22.3 (i) Provision for Mine Closure Plan (MCP) made on the basis of guidelines of Ministry of Coal (MoC) dated 7th January 2013 is considered as site restoration and decommissioning obligation as per Ind AS 16 (Property, Plant and Equipment) read with Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets). The future value of MCP is estimated as on transition date by considering the amount of Rs. 6 lakh/Rs.1 lakh per hectare for OC and UG mine respectively as per MOC guidelines with 5% escalation and then discounted to the Present Value by applying discount rate of 8%. The present value is recognized as provision for Mine Closure under long term provisions.

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

(ii) The corresponding value of obligation is recognized as an asset under Property, Plant & Equipment as Site restoration Cost. The annual amortized cost of the asset and the cost of Unwinding of the obligation would constitute the elements of Mine Closure cost charged to P&L Account.

(iii) Provision for Mine closure plan was made for 21 OC and 29 UG mines against 22 OC and 30 UG Mines. Approvals from MoC are received in respect of 20 OC and 21 UG mines . The provision was made on the basis of guidelines is subject to approval of mine closure plan in respect of balance mines. During the year Rs.371.93 Crs (including Rs.30.31 Crs of interest accrued) was deposited in designated account in respect of 38 mines. For the balance mines escrow accounts are opened during the year with minimum amount of Rs. 5 lakhs for each mine. (Cumulative Deposit as on 31.03.2018 amounted to Rs.581.18 Crs. including accrued interest of Rs.49.83 Cr).

22.4 Performance Related Pay payable to Executives of the Company as part of Revised Pay Package was adopted and provided by Company on par with other Central Public Sector Units for the period 2007-08 to 2017-18 pending receipt of approval from designated authority. During the Year, PRP for the year 2014-15 and 2015-16 was paid with the approval from designated authority.

22.5 Royalty on Closing Stock of Coal amounting to Rs.82.11 Crs was not transacted in the Books (Previous year Rs.106.16 Crore).

22.6 CPRMS (NE): As per the terms of NCWA X wage agreement concluded in the year 2017-18, the company has to contribute an amount of RS.18,000/- per employee on roll as on 01.07.2016 to the Contributory Post retirement Superannuation Medical Scheme (Non-Executives).The actuarial liability against this amounting to Rs. 54.13 crs as on 31.03.2018 has been provided for in the books of account for the current year.

22.7 Owing to non-formulation of the Modalities of the scheme, the Superannuation Benefit contributions (Executives) have remained payable in the Books of SCCL. Recently Coal India has formulated a Superannuation Benefit Scheme under the nomenclature – "CIL Executives Defined Contribution Pension Scheme 2007", and a similar scheme would be adopted by SCCL. As per the scheme implemented at CIL, the contributions are to be deposited to trust/fund along with interest. As such, accretion on the Superannuation Benefit Contributions for an amount of Rs. 68.36 Crore was provided for in the current year.

22.8 Govt. of India & Govt. of Telangana have issued Notification for retrospective collection of DMF from 12.01.2015. This demand was contested by the coal customers. Accordingly, SCCL made a provision of Rs.467.87cr for the period 12.01.2015 to 19.01.2016 during 2015-16. Hon'ble Supreme Court vide its judgment in October 2017 struck down the retrospective demand and fixed the date of collection of DMF from 20.10.2015. SCCL has recovered Rs.14.84 Cr from customers in 2016-17 and Rs.118.99 Cr from the customers for the period 20.10.2015 to 19.01.2016 in 2017-18 and remitted the same. Consequently, SCCL has withdrawn the entire provision of Rs.453.03 Cr and exhibited the same as an exceptional item in accordance with Schedule III of the Companies Act, 2013.

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE - 23: OTHER NON - CURRENT LIABILITIES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Deferred Government Grant | 205.72 | 27.40 |
| **TOTAL** | **205.72** | **27.40** |

### NOTE - 24: OTHER CURRENT LIABILITIES

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| -Statutory Dues | 603.80 | 700.69 |
| -Advances from Coal & Other Customers | 787.13 | 707.31 |
| -Deferred Government Grant | 9.09 | 10.34 |
| **TOTAL** | **1400.02** | **1418.34** |

### NOTE - 25: CURRENT TAX LIABILITY

(Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Income Tax | 64.78 | - |
| **TOTAL** | **64.78** | **-** |

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE - 26: REVENUE FROM OPERATIONS

(Rs. in Crore)

| Particulars | 2017 - 18 | | 2016 - 17 | |
|---|---|---|---|---|
| (a) Sale of Coal | | | | |
| Turnover (Gross) | | 17920.13 | | 16711.47 |
| Less : Statutory Levies | | | | |
| Stowing Excise Duty | 14.33 | | 58.17 | |
| Royalty | 1605.17 | | 1440.55 | |
| Clean energy cess | 570.47 | | 2330.22 | |
| GST Compensation Cess | 1774.34 | | 0.00 | |
| | | 3964.31 | | 3828.94 |
| | | 13955.82 | | 12882.53 |
| Less: Transfer to Development | | 14.12 | | 12.29 |
| Turnover (Net) | | 13941.70 | | 12870.24 |
| (b) Sale of Power | | 3435.97 | | 1188.02 |
| (c) Income from Services | | | | |
| Consultancy Services | | 2.91 | | 2.50 |
| (d) Other operating revenue | | | | |
| Penalty for Short lifting of Coal | 8.51 | | 3.20 | |
| Subsidy received from CCDAC for Stowing, Protective works, etc. | 117.51 | | 106.86 | |
| Deferred Grant Amortisation | 12.47 | | 9.58 | |
| Bonus for Supply of Coal | 47.84 | | 49.47 | |
| | | 186.33 | | 169.11 |
| **TOTAL** | | **17566.91** | | **14229.87** |

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE - 27: OTHER INCOME

(Rs. in Crore)

| Particulars | 2017 - 18 | | 2016 – 17 | |
|---|---|---|---|---|
| **(a) Interest Income** | | | | |
| Interest on Investment (Non-trade) Gross | 177.26 | | 177.45 | |
| Interest on Term Deposits | 151.05 | | 55.88 | |
| Interest on Sundry Debtors for Coal, Loans, Advances to others | 117.76 | | 51.85 | |
| Interest on deposits with LIC | 124.31 | | - | |
| Interest /LPS on Sundry Debtors for Power | 167.21 | 737.59 | - | 285.18 |
| **(b) Other non-operating income** | | | | |
| -Rents | 6.95 | | 6.10 | |
| -Electricity & Fuel | 29.18 | | 24.96 | |
| -Water charges | 0.80 | | 0.82 | |
| -Provisions and Liabilities no longer required | 13.93 | | 176.44 | |
| -Miscellaneous Receipts | 49.57 | 100.43 | 59.99 | 268.30 |
| **TOTAL** | | **838.02** | | 553.48 |

### NOTE – 28: COST OF MATERIALS CONSUMED

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 – 17 |
|---|---|---|
| Stores & Spares | 614.51 | 637.28 |
| Explosives | 445.54 | 351.14 |
| Petrol, Oil and Lubricants (POL) | 2304.58 | 1747.15 |
| Internal Consumption of Coal | 0.01 | 3.61 |
| Others | (32.49) | 11.35 |
| **TOTAL** | **3332.15** | **2750.53** |

### NOTE – 29: CHANGES IN INVENTORIES

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 – 17 |
|---|---|---|
| Opening Stock | 955.79 | 813.28 |
| **Less:** Internal Consumption of Coal | 0.01 | 3.61 |
| **Less:** Consumption of raw coal at STPP | - | 140.87 |
| **Less:** Closing Stock | 692.04 | 955.79 |
| **TOTAL** | **263.74** | **(286.99)** |

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE – 30: EMPLOYEE BENEFITS EXPENSE

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Salaries, Wages and Allowances | 5073.08 | 4262.69 |
| CMPF, CMPS and Administrative charges | 533.41 | 420.93 |
| Attendance Bonus | 217.32 | 177.02 |
| Performance Linked Reward | 299.84 | 293.07 |
| Gratuity | 322.87 | 968.13 |
| Superannuation Benefit | 156.47 | 33.62 |
| Workmen's Compensation, Group Insurance & Group Personal Accident Insurance | 4.76 | 5.53 |
| Directors' Remuneration (Refer Note 34.5) | 1.93 | 1.98 |
| Life cover premia under Gratuity Scheme with LIC | 6.67 | 7.99 |
| **Social Amenities:** | | |
| Employee Welfare Expenses | 100.95 | 107.37 |
| Lumpsum/ Monthly Monetary Compensation for dependants | 78.75 | 38.24 |
| Grants to Singareni Collieries Educational Society | 38.15 | 36.50 |
| **TOTAL** | **6834.20** | **6353.07** |

### NOTE – 31: FINANCE COSTS

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| **Interest expense** | | |
| - Interest on Cash Credit | 0.02 | 0.11 |
| - Interest on Loans | 390.86 | 196.15 |
| - Interest on Others | 7.84 | 35.72 |
| Unwinding cost -Back filling | 745.59 | 611.16 |
| Unwinding cost -Mine closure | 78.39 | 56.16 |
| **TOTAL** | **1222.70** | **899.30** |

### NOTE – 32: POWER & FUEL

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Electricity | 465.34 | 470.34 |
| Others | 0.22 | 0.12 |
| **TOTAL** | **465.56** | **470.46** |

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE – 33: REPAIRS & MAINTENANCE

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Railway sidings | 4.30 | 3.98 |
| Buildings | 43.34 | 70.73 |
| Plant & Machinery | 110.21 | 118.26 |
| **TOTAL** | **157.85** | **192.96** |

### NOTE – 34 : CONTRACTUAL EXPENSES

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| -Coal Offloading | 103.82 | 91.81 |
| -OBR Offloading | 1329.50 | 1109.20 |
| -Transportation Charges | 353.20 | 361.20 |
| -Hiring of Heavy Earth Moving Machinery (HEMM), Weighbridge and others | 138.91 | 109.47 |
| -STPP O&M | 83.88 | 32.52 |
| -Others | 200.19 | 147.69 |
| **TOTAL** | **2209.50** | **1851.89** |

### NOTE – 35: PROVISIONS

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Obsolete Stores | 33.52 | 2.48 |
| Shortage of Coal | - | 0.15 |
| Doubtful Debts / Advances | 13.01 | 0.43 |
| Impairment of Site Restoration Cost Assets( MCP UG) | 34.11 | - |
| Impairment of OMI ( development UG) | 29.78 | - |
| Impairment of P&M, Buildings etc | 3.02 | - |
| Shale & Stone/Grade Variance | 26.28 | 0.22 |
| **TOTAL** | **139.72** | **3.28** |

### NOTE – 36: WRITE-OFFS

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Bad & Doubtful Debts | 0.10 | - |
| Advances | - | 0.21 |
| Assets | 11.68 | 7.16 |
| **TOTAL** | **11.78** | **7.37** |

## Notes to the Consolidated financial statements for the year ended 31st March, 2018(Contd.,)

### NOTE – 37: OTHER EXPENSES

(Rs. in Crore)

| Particulars | 2017 - 18 | | 2016 - 17 | |
|---|---|---|---|---|
| (a) Selling & Distribution | | 132.85 | | 113.63 |
| (b) Gain/Loss on Exchange Rate Variance | | 13.83 | | -3.37 |
| (c) Corporate Social Responsibility (CSR) | | 19.69 | | 13.57 |
| (d) Others: | | | | |
| Rents | 2.48 | | 2.27 | |
| Insurance | 9.47 | | 4.23 | |
| Rates & Taxes | 10.65 | | 7.59 | |
| Travelling Expenses | 8.87 | | 9.89 | |
| Postage, Telegrams and Telephone | 3.35 | | 3.15 | |
| Legal Expenses | 3.16 | | 2.94 | |
| Bank Charges and Commission | 2.22 | | 3.04 | |
| CISF Salaries and Wages | 38.31 | | 35.78 | |
| Directors' Travelling Expenses | 0.42 | | 0.82 | |
| Auditors' Remuneration | | | | |
| Statutory Audit Fee | 0.22 | | 0.13 | |
| Out of Pocket Expense | 0.05 | | 0.02 | |
| Other Expenses- Certification | 0.03 | | 0.01 | |
| Tax Audit | 0.03 | | 0.03 | |
| Cost Audit fee | 0.03 | | 0.03 | |
| Advertisements | 2.36 | | 4.40 | |
| Research and Development Expense | 2.41 | | 3.51 | |
| Journals and Periodical | 0.16 | | 0.17 | |
| Printing and Stationary | 0.83 | | 0.65 | |
| Plantation Expenditure | 11.59 | | 10.41 | |
| Other Expenses | 29.64 | | 27.00 | |
| Royalty, Excise duty, Clean energy & Forest Permit Fee, ITC Reversal ( STPP) | 401.97 | 528.25 | 244.84 | 360.93 |
| **TOTAL** | | **694.62** | | **484.76** |

### NOTE – 38: EXCEPTIONAL ITEMS

(Rs. in Crore)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Withdrawal of DMFT provsion | (453.03) | - |
| **TOTAL** | (453.03) | - |

## NOTE - 39

## ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018. (Consolidated)

### 1. Fair Value measurement:

### A. Financial Instruments by Category:

(Rs. in Crore)

| Financial assets and liabilities | As on 31st March 2018 | | | As on 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVT OCI | Amortized cost | FVTPL | FVT OCI | Amortized cost |
| Financial Assets | | | | | | |
| Loans | - | - | 2,258.31 | - | - | 702.57 |
| Others | - | - | 1059.74 | - | - | 553.07 |
| Trade receivables | - | - | 3174.46 | - | - | 3828.51 |
| Cash & cash equivalents | - | - | 388.53 | - | - | 736.76 |
| Other Bank Balances | - | - | 2596.67 | - | - | 1517.12 |
| Investments* | - | - | 1800.19 | - | - | 1802.19 |
| **Financial Liabilities** | | | | | | |
| Borrowings | - | - | 4106.89 | - | - | 4287.38 |
| Trade payables | - | - | 698.66 | - | - | 673.96 |
| Other Liabilities | - | - | 2986.66 | - | - | 3572.15 |

*Investments in Equity shares in Joint Ventures are measured at cost which stands at Rs. NIL as on 31.03.2018 (Rs.Nil as on 31.03.2017) and are not included above.

# FVTPL - Fair Value through Profit & Loss A/c

# FVTOCI- Fair Value through Other Comprehensive Income

### B. Fair value hierarchy

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

**(a) Recognized and measured at fair value - NIL**

## Additional Notes to the financial statements (Consolidated) (Contd.,)

### (b) Measured at amortized cost and for which fair values are disclosed in the financial statements :

(Rs. in Crore)

| Financial assets and liabilities measured at amortized cost for which fair values are disclosed at 31st March, 2018 | As on 31st March 2018 | | | As on 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | Level-I | Level-II | Level-III | Level-I | Level II | Level III |
| **Financial Assets at FVTPL** | | | | - | - | |
| Loans | - | - | 2,258.31 | - | - | 702.57 |
| Others | - | - | 1059.74 | - | - | 553.07 |
| Trade receivables | - | - | 3174.46 | - | - | 3828.51 |
| Cash & cash equivalents | - | - | 388.53 | - | - | 736.76 |
| Other Bank Balances | - | - | 2596.67 | - | - | 1517.12 |
| Investments | - | 1800.19 | - | - | 1802.19 | - |
| **Financial Liabilities** | | | | | | |
| Borrowings | - | - | 4106.89 | - | - | 4287.38 |
| Trade payables | - | - | 698.66 | - | - | 673.96 |
| Other Liabilities | - | - | 2986.66 | - | - | 3572.15 |

Level-I: Level-I hierarchy includes financial instruments measured using quoted prices

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

Level-III: If one or more of the significant inputs is not based on observable market data, the instrument is included in level-III. This is the case for unlisted equity securities, bonds, borrowings, security deposits and other liabilities taken included in level-III.

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

i) Valuation techniques used to value financial instruments include:

- The use of quoted market prices of instruments
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

ii) Fair value measurements using significant unobservable inputs

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

### (d) Fair values of financial assets and liabilities measured at amortized cost

- The carrying amounts of trade receivables, short term deposits, cash and cash equivalents, trade payables are considered to be the same as their fair values, due to their short-term nature.
- Other Financial assets accounted at amortized cost are not carried at fair value only if same is not material.

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

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

## Significant estimates:

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Uses its judgment to select a method and makes suitable assumptions at the end of each reporting period.

## 2. RISK ANALYSIS AND MANAGEMENT:

### Financial Risk Management Objectives and Policies

The Company's principal Financial Liabilities comprise Loans and Borrowings, Trade and Other Payables directly related to its operations. The main purpose of these Financial Liabilities is to finance the Company's operations. The Company's principal Financial Assets include Loans, Trade and Other Receivables, and Cash and Cash Equivalents that are derived directly from its operations.

The Company is exposed to Market Risk, Credit Risk and Liquidity Risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees Policies for managing each of these risks, which are summarized below.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in Financial Statements.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Cash and Cash equivalents, trade receivables financial asset measured at amortized cost | Ageing analysis | Regular monitoring and review by senior management and audit committee |
| Liquidity Risk | Borrowings and other liabilities | Periodic cash flows | Availability of committed credit lines and borrowing facilities |
| Market Risk-foreign exchange | Future commercial transactions, recognized financial assets and liabilities not denominated in INR | Cash flow forecast sensitivity analysis | Regular monitoring and review by senior management and audit committee. |
| Market Risk-interest rate | Cash and Cash equivalents, Bank deposits. | Cash flow forecast sensitivity analysis | Regular monitoring and review by senior management and audit committee |

## A. Credit Risk:

Credit risk arises from Cash and Cash Equivalents, Investments carried at amortized cost and Deposits with Banks and Financial Institutions, as well as including outstanding receivables.

## Credit risk management:

Macro - economic information (such as regulatory changes) is incorporated as part of the Fuel Supply Agreements (FSAs), Power Purchase Agreements (PPAs) and e-auction terms.

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

## Fuel Supply Agreements:

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

- FSAs with customers in the power utilities sector, including State power utilities, Private Power Utilities ("PPUs") and Independent Power Producers ("IPPs");
- FSAs with customers in Non-Power Industries (including captive power plants ("CPPs")); and
- FSAs with State Nominated Agencies

## Power Purchase Agreement

SCCL is operating 2X600 MW Singareni Thermal Power Project (STPP). To secure guarantee of purchase of power and certainty of revenue stream, legally enforceable power purchase agreement has been entered with Southern Power Distribution Company of Telangana Ltd (TSSPDCL) and Northern Power Distribution Company of Telangana Ltd(TSNPDCL) on 18.01.2016 for 25 years from the date of COD of the project ie., 02.12.2016.

## E-Auction Scheme:

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

**Provision for Expected Credit Loss:** The Company provides for expected credit risk loss for doubtful/ credit impaired assets, by lifetime expected credit losses (Simplified approach).

Expected Credit losses for trade receivables under simplified approach:

(Rs. in Crore) (As on 31.03.2018)

| Ageing | Due for below 6 months | Due for above 6 months | Due for more than 3 years | Total |
|---|---|---|---|---|
| Gross carrying amount | 3013.43 | 161.03 | 340.86 | **3515.32** |
| Expected loss rate | | | 100% | **9.70%** |
| Expected credit losses (Loss allowance provision) | | | 340.86 | **340.86** |

(Rs. in Crore) (As on 31.03.2017)

| Ageing | Due for below 6 months | Due for above 6 months | Due for more than 3 years | Total |
|---|---|---|---|---|
| Gross carrying amount | 2218.26 | 1610.25 | 340.86 | **4169.37** |
| Expected loss rate | - | - | 100.00% | **8.17%** |
| Expected credit losses (Loss allowance provision) | - | - | 340.86 | **340.86** |

## Additional Notes to the financial statements (Consolidated) (Contd.,)

### Reconciliation of loss allowance provision - Trade receivables

| Particulars | (Rs. in Crore) |
|---|---|
| Loss allowance on 31.03.2017 | 340.86 |
| Changes in loss allowance | - |
| Loss allowance on 31.03.2018 | 340.86 |

### Significant estimates and judgments:

#### Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### B. Liquidity Risk

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

Management monitors forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

### Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period.

(Rs. in Crores)

| **Exposure to risk** | **As on 31 March 2018** | As on 31 March 2017 |
|---|---|---|
| Interest bearing borrowings | | |
| On demand | - | - |
| Less than 365 days | - | - |
| More than 365 days | (PFC-REC Loan2) 296.01 | (PFC-REC Loan2) 532.95 |
| **Total** | **296.01** | **532.95** |

Note: Cash Credits & Special Over drafts not considered.

### C. Market risk :

i) Foreign currency risk :

ii) Cash flow and fair value interest rate risk: Ind AS 107(33)(a) :

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

### Capital management

The company being a government entity manages its capital as per the guidelines of Department of Investment and Public Asset Management under Ministry of Finance.

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

Capital Structure of the company is as follows: (Rs. in Crore)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Equity Share capital | 1733.20 | 1733.20 |
| Long term debt | 4088.77 | 4273.72 |

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

i) The Company operates some Defined Contribution Plans which include the following

(Rs. in Crore)

| Sl.No. | Particulars | For the FY 2017-18 | For the FY 2016-17 |
|---|---|---|---|
| 1 | Coal Mines Provident Fund Scheme is a Defined Contribution Plan and charged off to Statement of Profit & Loss. | 533.39 | 421.00 |
| 2 | Superannuation & Pension Benefit to the Executive Cadre employees was provided and charged off to Statement of Profit & Loss. | 102.35 | 20.06 |

ii) The Company operates some Defined Benefit Plans as follows which are valued on Actuarial basis:

- Gratuity (Funded)
- Leave Encashment
- Settling Allowance
- Leave Travel Concession
- Monthly Monetary Compensation(MMC)
- CPRMS(E) & CPRMS(NE)

a) Total liability as on 31.03.2018 based on valuation made by the Actuary, details of which are mentioned below is Rs.3781.16 Crore (PY Rs.3340.16 Crore)

(Rs. in Crore)

| Particulars | Opening Actuarial Liability as on 01.04.2017 | Incremental Liability during the Year | Closing Actuarial Liability as on 31.03.2018 |
|---|---|---|---|
| Gratuity | 2304.38 | 299.25 | 2603.63 |
| Leave Encashment | 641.05 | 25.55 | 666.60 |
| CPRMS(E)&(NE) | 127.81 | 53.34 | 181.15 |
| Monthly Monetary Compensation | 147.76 | 38.15 | 185.91 |
| Settling Allowance | 53.37 | 11.20 | 64.57 |
| Leave Travel concession | 65.79 | 13.51 | 79.30 |
| Total | 3340.16 | 441.00 | 3781.16 |

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

b) Contributory Post Retirement Medicare Scheme:

The actuarial liability (as certified by the Actuary) for Contributory Post Retirement Medicare Scheme for executives & their spouses and company contribution to the Contributory Post Retirement Medicare Scheme for Non-Executives amount to Rs. 181.15 Crore as at 31.3.2018, as against provision of Rs.127.81 Crore up to 31.3.2017. An amount of Rs.57.88 Crore is charged to Revenue and Rs.4.54 Crore was paid under the Scheme.

c) Monthly Monetary Compensation to dependants of deceased in mines accidents/ medical unfit, etc., & Low Productive Employees are valued on actuarial basis and actuarial liability as at 31.3.2018 is Rs.185.91 Crore (Previous Year Rs.147.76 Crore).

d) Settling Allowance is valued on actuarial basis and actuarial liability as at 31.03.2018 is Rs.64.57 Crore as against Previous Year of Rs.53.37 Crore.

e) Leave Travel concession is valued on actuarial basis and actuarial liability as at 31.03.2018 is Rs.79.30 Crore (Previous Year Rs.65.79 Crore). An amount of Rs.40.44 Crore charged to Revenue and Rs.26.93 Crore was paid under this Scheme

iii) Disclosure as per Actuary's Certificate :

The disclosures as per Actuary's Certificate for employee benefits for Gratuity (funded) and Leave Encashment (funded) are given below: -

**ACTUARIAL VALUATION OF GRATUITY LIABILITY AS AT 31.03.2018 CERTIFICATES AS PER IND AS-19**

(Rs. in Crore)

| Changes in Present Value of defined benefit obligations | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Present Value of obligation at beginning of the period | 4386.70 | 3316.83 |
| Current Service Cost | 141.16 | 52.03 |
| Past Service Cost | - | 826.62 |
| Interest Cost | 350.72 | 265.23 |
| Actuarial (Gain) / Loss on obligations due to change in financial assumption | 270.67 | 236.19 |
| Actuarial (Gain) / Loss on obligations due to unexpected experience | 1.93 | - |
| Benefits Paid | (320.97) | (310.20) |
| Present Value of obligation at end of the period | 4830.21 | 4386.70 |

(Rs. in Crore)

| Changes in Fair Value of Plan Assets | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Fair Value of Plan Asset at beginning of the period | 2083.51 | 2115.95 |
| Interest Income | 165.40 | 169.33 |
| Employer Contributions | 300.00 | 105.00 |
| Benefits Paid | (320.97) | (310.20) |
| Return on Plan Assets excluding Interest income | (0.18) | 3.43 |
| Fair Value of Plan Asset as at end of the period | 2227.76 | 2083.51 |

## Additional Notes to the financial statements (Consolidated) (Contd.,)

(Rs. in Crore)

| Statement showing reconciliation to Balance Sheet | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Fund Liability | 4830.21 | 4386.70 |
| Fund Asset | 2227.76 | 2083.51 |
| Un Funded Status | 2602.45 | 2303.20 |

*unsettled gratuity claims of Rs.1.18 Crore (P.Y Rs. 1.18 Crore) not included above.

(Rs. in Crore)

| Expense Recognized in Statement of Profit / Loss | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Current Service Cost | 141.16 | 52.03 |
| Past Service Cost | - | 826.62 |
| Net Interest Cost | 185.32 | 95.91 |
| Benefit Cost (Expense recognized in Statement of Profit/Loss) | 326.48 | 974.56 |

(Rs. in Crore)

| Other Comprehensive Income | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Actuarial (Gain) / Loss on obligations due to change in financial assumption | 270.67 | 236.20 |
| Actuarial (Gain) / Loss on obligations due to unexpected experience | 1.93 | |
| Total Actuarial (Gain) / Loss | 272.60 | 236.20 |
| Return on Plan Asset, excluding Interest Income | 0.02 | (3.43) |
| Balance at the end of the period | | |
| Net (Income) / Expense for the period recognized in Other Comprehensive Income | 272.79 | 232.76 |

### Assumptions of Holding Company

| Statement showing Plan Assumptions: | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Discount Rate | 7.50% | 8% |
| Expected Return on Plan Asset | 7.95% | 8% |
| Rate of Compensation Increase (Salary Inflation) | 6.50% | 6.50% |
| Average Expected Future Service (Remaining Working Life) | 11.34Years | 11.11 Years |
| Average Duration of Liabilities | 23.31 Years | 23.66Years |
| Mortality Table | LIC (2006 - 08) Ultimate | |
| Superannuation at Age | 60 Years | 60 Years |
| Early Retirement and Disablement | | |
| Gratuity limit | 20 Lakhs | Rs.20 lakh |

## Additional Notes to the financial statements (Consolidated) (Contd.,)

| Mortality Table | | |
|---|---|---|
| Age | Mortality (Per Annum | Mortality (Per Annum) |
| Uniform for all ages | 4.14 | 4.30 |

| Statement Showing Benefit Information Estimated Future payments (Past Service) | | |
|---|---|---|
| Year | (Rs. in Crore) | (Rs. in Crore) |
| 1 | 531.77 | 267.61 |
| 2 | 549.81 | 451.33 |
| 3 | 733.35 | 457.75 |
| 4 | 704.46 | 599.52 |
| 5 | 565.82 | 679.83 |
| 6 to 10 | 1637.76 | 2017.73 |
| More than 10 years | 2510.70 | 2449.79 |
| Total Undiscounted Payments Past and Future Service | 7233.67 | 6270.63 |
| Total Undiscounted Payments related to Past Service | 4880.32 | 4611.22 |
| Less Discount For Interest | 62.15 | 409.89 |
| Projected Benefit Obligation | 4818.17 | 4201.33 |

| Statement Showing Cash Flow Information | Rs. in Crore) | (Rs. in Crore) |
|---|---|---|
| Current service Cost (Employer portion Only) Next period | 175.00 | 250.00 |
| Interest Cost next period | 7.50 | 8.00 |
| Expected Return on Plan Asset | 176.00 | 165.00 |
| Benefit Cost | 550.00 | 438.81 |

(Rs. in Crore)

| Statement Showing expected return on Plan Asset at end Measurement | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Current liability | | |
| Non-Current Liability | | |
| Net Liability | 4830.21 | 4386.70 |

## ACTUARIAL VALUATION OF LEAVE ENCASHMENT BENEFIT (EL/HPL) AS AT 31.03.2018 CERTIFICATES AS PER IND AS-19

(Rs. in Crore)

| Changes in Present Value of defined benefit obligations | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Present Value of obligation at beginning of the period | 641.05 | 560.96 |
| Current Service Cost | 111.38 | 90.58 |
| Interest Cost | 48.04 | 44.87 |
| Actuarial (Gain)/ Loss on obligations due to change in financial assumption | (134.12) | (55.11) |
| Actuarial (Gain)/ Loss on obligations due to unexpected experience | 1.24 | 0.85 |
| Benefits Paid | (1.01) | (1.12) |
| Present Value of obligation at end of the period | 666.60 | 641.05 |

## Additional Notes to the financial statements (Consolidated) (Contd.,)

(Rs. in Crore)

| Changes in Fair Value of Plan Assets | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Fair Value of Plan Asset at beginning of the period | Unfunded | Unfunded |
| Interest Income | Unfunded | Unfunded |
| Employer Contributions | Unfunded | Unfunded |
| Benefits Paid | Unfunded | Unfunded |
| Return on Plan Assets excluding Interest income | Unfunded | Unfunded |
| Fair Value of Plan Asset as at end of the period | Unfunded | Unfunded |

(Rs. in Crore)

| Statement showing reconciliation to Balance Sheet | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Fund Liability | 666.60 | 641.05 |
| Fund Asset | - | - |
| Funded Status | Unfunded | Unfunded |

### Assumptions of Holding Company

(Rs. in Crore)

| Statement showing Plan Assumptions: | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Discount Rate | 7.50% | 8% |
| Expected Return on Plan Asset | | - |
| Rate of Compensation Increase (Salary Inflation) | 6.50% | 6.5% |
| Average Expected Future Service (Remaining Working Life) | 11.34 Years | 11.11 Years |
| Average Duration of Liabilities | 23.31 Years | 23.66Years |
| Mortality Table | LIC (2006-08)Ultimate | |
| Superannuation at Age | 60 years | 60 Years |
| Early Retirement and Disablement | | |
| Voluntary Retirement | | |

(Rs. in Crore)

| Expense Recognized in Statement of Profit / Loss | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Current Service Cost | 111.38 | 90.58 |
| Net Interest Cost | 48.04 | 44.88 |
| Net Actuarial Gain / Loss | (132.87) | (54.26) |
| Benefit Cost (Expense recognized in Statement of Profit/Loss) | 26.54 | 81.20 |

| Mortality Table | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Age | Mortality (Per Annum | Mortality (Per Annum) |
| Uniform for all ages | 4.14 | 4.30 |

## Additional Notes to the financial statements (Consolidated) (Contd.,)

| Statement Showing Benefit Information Estimated Future payments | | |
|---|---|---|
| Year | Rs. in Crore | Rs. in Crore |
| 1 | 59.10 | 57.14 |
| 2 | 60.02 | 52.56 |
| 3 | 71.31 | 56.37 |
| 4 | 67.36 | 66.94 |
| 5 | 60.04 | 62.34 |
| 6 to 10 | 201.98 | 224.58 |
| More than 10 years | 198.39 | 371.91 |
| Total Undiscounted Payments Past and Future Service | 793.53 | 1016.69 |
| Total Undiscounted Payments related to Past Service | 718.25 | 891.84 |
| Less Discount For Interest | 51.50 | 253.30 |
| Projected Benefit Obligation | 663.75 | 638.54 |

| Statement Showing expected return on Plan Asset at end Measurement | **As at 31.03.2018** | As at 31.03.2017 |
|---|---|---|
| Current liability | 81.06 | 81.02 |
| Non-Current Liability | 585.54 | 560.04 |
| Net Liability | 666.60 | 641.06 |

## Additional Notes to the financial statements (Consolidated) (Contd.,)

### 4. Unrecognized items:

### a) Contingent Liabilities

(Rs. in Crore)

| Sl.No. | Particulars | As on 31.3.2018 | As on 31.3.2017 |
|---|---|---|---|
| | Claims against the Company not acknowledged as debts: | | |
| (i) | Demand from Divisional Forest Officer towards NPV for renewal of different mining leases – contested by the company | 7.91 | 7.91 |
| (ii) | Workmen Compensation (cases contested – court) | 1.09 | 1.05 |
| (iii) | Motor Accident claims (cases contested – court) | 0.80 | 0.81 |
| (iv) | Police Guard (excess man power billed disputed) | 2.98 | 3.60 |
| (v) | S C Railways (damages, demurrages etc. disputed) | 1.62 | 1.62 |
| (vi) | Water Royalty (billed at Industrial rate disputed) | 1.10 | -- |
| (vii) | Vacant Land Tax (Levy contested) | 16.06 | 16.06 |
| (viii) | Contractors & Suppliers | 298.55 | 310.28 |
| (ix) | Other disputed claims & Legal cases etc. | 21.37 | 10.92 |
| (x) | Service Tax demands were raised on OBR contractors by Service Tax Department treating value of free issue explosives and HSD oil as additional consideration to them. The demands of Service Tax Department have been contested by the Service Providers. Pending adjudication of disputed demands, SCCL issued letter of comfort to the contractors with commitment to reimburse Service Tax, interest and penalty thereon in case the verdict goes against them.<br>However, Larger Bench of CESTAT, New Delhi in the case of M/s. Bhayana Builders (P) Ltd., and others held that value of the goods and materials supplied free of cost of being neither monetary nor non-monetary consideration and would be outside the taxable value or the gross amount charged to Service Tax.<br>In the appeal filed by M/s. SV Engg. Constructions, to whom comfort letter was given by SCCL, the Hyderabad Circuit Bench of CESTAT has given judgment in favour of M/s. SV Engg. Constructions.<br>Further, in appeals filed by M/s. PLR Projects Pvt. Ltd., M/s Gulf Oil Corporation Ltd., M/s GRN Construction Pvt. Ltd., M/s. BGR Mining & Infra Pvt. Ltd. and SV Engg. Constructions, CESTAT, Bangalore has passed a judgement in favour of the Contractors. However, Department has filed a Civil Appeal in the Hon'ble Supreme Court against the order passed by the CESTAT in the case of M/s. Gulf Oil Corporation Ltd. However, pending adjudication the service tax on the value of HSD & Explosives is considered as contingent liability. | 337.64 | 337.64 |

## Additional Notes to the financial statements (Consolidated) (Contd.,)

(Rs. in Crore)

| Sl. No. | Particulars | As on 31.3.2018 | As on 31.3.2017 |
|---|---|---|---|
| (xi) | (a) Customs, Central Excise & Service Tax Department, issued Notice No. O.C.No.650/2010, dated 22.09.2010, demanding Interest payment of Rs.13,82,17,534/- on alleged availment of Input Service Tax Credit on ineligible services of Rs.52,62,75,583/- (from 2006-07 to 2008-09), though the same was not utilized by SCCL. Appeal is filed before CESTAT Bangalore and the same is pending adjudication. | 13.82 | 13.82 |
| | (b) Excise Duty demands on quantity disputes. | 6.82 | 6.82 |
| | (c) Education Cess and Secondary Higher Education Cess demands raised by Excise Department from March, 2011 to March, 2015 contested by SCCL | 0.78 | 0.78 |
| | (d) Demand for Clean Energy Cess | 0.24 | 0.24 |
| (xii) | Tax Demands from Commercial Taxes Department (including entry tax) which are disputed by SCCL and pending before various appellate authorities for adjudication. | 22.87 | 22.87 |
| (xiii) | Tax Demands from Income Tax Department which are disputed by SCCL and pending before various appellate authorities for adjudication. | 62.98 | 66.73 |
| (xiv) | (a) Service Tax demand on TDS Component on Import Services for the period 2008-09 to Sept, 2015 raised by the Service Tax Department is disputed and pending before CESTAT for adjudication. | 0.77 | 0.50 |
| | (b) Service Tax demand on Liquidated damages, Penalties etc collected by SCCL for the period from July, 2012 to March, 2017 raised by The Service Tax dept is disputed and pending before CESTAT,Hyd for adjudication. However, an amount of Rs.10.95 Crs demanded by the Department has been deposited to eh Governments Account under protest. | 10.95 | - |
| (xv) | Profession Tax: Dy. C.T.O., KGM has been issued a Demand Notice basing on G.O. No. 14897/CT-IV/2004, Dt. 23.02.2013 for arrears of professional tax recovery from employees and remittance to the Dept. for the years 1990-91 to 2012-13. Previously it has been kept in abeyance for NCWA employees of SCCL by the Govt.. As per above mentioned G.O. Govt. has rescinded that. Representative Union has requested CM of Telangana for abolish of Professional Tax for Coal miners and the same is kept abeyance. | 176.44 | 176.44 |
| (xvi) | Claims in respect of suits filed by the Pattadars for additional compensation for Acres: 5075, Guntas: 27¼ (Previous year: Acres 3071, Guntas: 04¼) contested by the Company and pending in Courts. | Not quantifiable | Not quantifiable |
| (xvii) | An amount of Rs.10.66 Crore has been charged to M/s. B.G.R. Mining &Infra Pvt. Ltd., towards lead variation charges and recognised as income during the year 2012-13. As against recovered amount of Rs.10.66 Crore, an amount of Rs.5.81 Crore was released during the year 2013-14 keeping the Bank Guarantees for an amount of Rs.7.65 Crore as collateral security. A case has been filed by the contractor before the Hon'ble Principal Dist. Judge, Khammam challenging the above recovery. | | |
| (xviii) | Coal pilferage was reported in Financial year 2013-14 involving 12099 Tonnes, valued at Rs.4.04 Crore. The party made a conditional deposit of Rs.4.37 Crore and the amount is kept under deposits. Pending enquiry issue is not dealt in the books. | | |
| | *The contingent liability indicated above is excluding interest wherever applicable.* | | |

## Additional Notes to the financial statements (Consolidated) (Contd.,)

### b) Capital Commitments:

(Rs. in Crore)

| Sl.No. | Particulars | As on 31.3.2018 | As on 31.3.2017 |
|---|---|---|---|
| 1. | a) Estimated value of capital commitment for 2x600 MW Singareni Thermal Power Project, Jaipur, Telangana State. | 412.33 | 690.67 |
| | b) Estimated value of capital commitments of other contracts to be executed | 530.76 | 875.76 |
| 2. | The balance value of Surrounding Habitats Assistance Programme (SHAPE) works to be executed. | 8.29 | 9.40 |
| 3. | Outstanding Letters of Credit | 29.60 | 187.26 |
| 4. | Guarantees given by the Bank on behalf of the company for which counter guarantees of even amount are given by the company to the bank. | 294.43 | 294.41 |

## 5. Other Information

### 5.1 Government Grants

Subsidy for Sand Stowing, Protective Works, Roads, Railway Sidings and other Infrastructure facilities etc of Rs.129.98 Crore for the year 2017-18 (PY Rs.116.44 Crore) includes Rs.117.51 Crore (PY Rs.106.86 Crore) received/receivable (revenue nature) from Ministry of Coal, Government of India in terms of Coal Mines (Conservation & Development) Act, 1974 towards reimbursement of expenditure incurred for the Sand Stowing & Protective Works etc and Rs.12.47 Crore of Capital Grants amortised as Deferred Income for the current year (PY Rs.9.58 Crore).

### 5.2 Provisions

The position and movement of various provisions as on 31.03.2018 are given below:

(Rs. In Crore)

| Provisions | Opening Balance as on 01.04.2017 | Addition during the year | Write back/Adj. during the year | Unwinding of discounts | Closing Balance as on 31.03.2018 |
|---|---|---|---|---|---|
| **Long term provisions:** | | | | | |
| Gratuity | 2304.38 | 298.29 | | - | 2602.67 |
| Leave encashment | 560.04 | 25.48 | | - | 585.52 |
| Monthly Monetary Compensation & Low productive employee compensation (MMC & LPE) | 115.76 | 30.65 | | - | 146.41 |
| Settling Allowance | 49.56 | 4.29 | | - | 53.85 |
| Leave Travel Concession | 46.32 | | (3.99) | - | 42.33 |
| OBR | 2647.14 | | (67.99) | - | 2579.15 |
| Backfilling | 8930.10 | 389.79 | (205.61) | 745.59 | 9859.88 |
| Mine Closure Plan | 956.86 | 67.45 | (40.64) | 78.62 | 1062.29 |
| **Short term provisions :** | | | | | |
| Gratuity | 01.31 | - | - | - | 01.31 |
| Leave Encashment | 93.56 | 4.56 | - | - | 98.12 |
| MMC &LPE | 32.00 | 7.50 | - | - | 39.50 |
| Superannuation Benefit | 190.04 | 103.03 | - | - | 293.07 |

## Additional Notes to the financial statements (Consolidated) (Contd.,)

(Rs. in Crore)

| Provisions ... contd | Opening Balance as on 1.04.2017 | Addition during the year | Write back/Adj. during the year | Unwinding of discounts | Closing Balance as on 31.03.2018 |
|---|---|---|---|---|---|
| Post Superannuation Medical Benefit-Executives & Non Executives | 127.80 | 53.35 | | | 181.15 |
| Performance related pay - Executives | 124.29 | 30.61 | - | - | 154.90 |
| Performance Linked Reward Scheme(PLR) (Exgratia) | 294.82 | | (8.76) | - | 286.06 |
| Settling Allowance | 3.81 | 6.91 | - | - | 10.72 |
| LTC / LLTC | 19.47 | 17.50 | - | - | 36.97 |
| Corporate Special Incentive | 90.00 | 214.55 | | - | 304.55 |
| Shale & Stone/grade variance | 0.40 | 26.27 | - | - | 26.67 |
| Excise Duty on Closing Stock of coal | 45.51 | | (45.51) | - | 0.00 |

### 5.3 Earnings per share :

**For Profit after Tax (excluding Other Comprehensive Income):**

| Sl. No. | Particulars | **For the year ended 31.03.2018** | For the year ended 31.03.2017 |
|---|---|---|---|
| i) | Net profit after tax attributable to Equity Share Holders (Rs. in Crore) | 1390.69 | 646.62 |
| ii) | No. of Equity Shares Outstanding(In Number) | 1733198119 | 1733198119 |
| iii) | Basic Earnings per Share in Rupees (Face value Rs.10/- per share) | 8.03 | 3.73 |

### 5.4 Related Party Disclosures:

(I) Key Managerial Personnel

| Sl.No | Name | Position | Period |
|---|---|---|---|
| 1 | Sri N. Sridhar | Chairman &Managing Director | Full period |
| 2 | Sri B. Ramesh Kumar | Director (Operations) | Up to 30.4.2017 |
| 3. | Sri J. Pavitran Kumar | Director (PA&W) & Director (Finance) | Full period |
| 4. | Sri S. Shankar | Director (Electrical & Mechanical) | Full period |
| 5. | Sri S. Chandrasekhar | Director (Operations) | (from 2.5.2017 AN) |
| 6. | Sri B. Bhaskara Rao | Director (Planning & Projects) | (from 2.5.2017 AN) |
| 7. | Sri G. Srinivas | Company Secretary | Full period |

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

(II) Subsidiary Company: Andhra Pradesh Heavy Machinery & Engineering Limited, Vijayawada: On the Recommendation of Audit Committee Board is ratifying/ approving certain transactions.

Key Managerial Personnel of subsidiary company.

| | | | |
|---|---|---|---|
| 1. | Sri S.Rama Krishna Rao | Managing Director | From 01.04.17 to 31.05.2017 |
| 2. | Sri. P.Arjun | Managing Director | From 01.06.2017 |
| 3. | Sri. M.Anand Kumar | Chief Financial Officer | Full period |
| 4. | Sri. V.Venkateswara Rao | Company Secretary | Full period |

(III) APMDC-SCCL Suliyari Coal Company Ltd., a Joint Venture by SCCL and APMDC:

During the year there are no operations. The Joint Venture was formed for exploration of coal in Suliyari Coal Block. Hon'ble Supreme Court vide its judgement dated 25.08.2014 has cancelled this Coal Blocks allocation. In the SCCL's Board meeting held on 04.03.2017, it was accorded approval for voluntary winding up of the JV company and seeking repayment of Rs.9.80 Crs from JV company which was contributed by the company.

The winding up proceedings of the JV company are yet to commence. During the year provision was made towards diminution in the value of investments for Rs.49,000/- (Share application money ) and doubtful advances for Rs.9.80 Crs ( Share application money kept in Advances account)

## Details of Interest of the Company in Joint Venture as per IND AS-111:

| | |
|---|---|
| (i) | Name of the Joint Venture entity : APMDC – SCCL Suliyari Coal Company Ltd. |
| (ii) | Country of Incorporation : India |
| (iii) | Principal Activities : Coal & Lignite mining; generating power through Wind, Tidal and Solar sources and Setting up integrated power plants |
| (iv) | Ownership interest: 49% |
| (v) | Original cost of Investment: Rs.49,000 & Rs.9,79,51,000/- paid towards Share application. |
| (vi) | Aggregate amounts related to interest in Joint Venture entity:<br>The Company's interest in the aforementioned entity's assets, liabilities, income and expenditure are not disclosed as the entities financials are not finalised yet. |

## 5.5 Related Party Transactions:

### a. Remuneration of Key Managerial Personnel

(Rs. in Crore)

| Sl. No. | Payment to CMD, Whole Time Directors and Company Secretary | **For the year ended 31.03.2018** | For the year ended 31.03.2017 |
|---|---|---|---|
| i) | Short Term Employee Benefits<br>Gross Salary | **2.96** | 2.04 |
| | Perquisites & Medical Benefits | **0.11** | 0.18 |
| ii) | Post-Employment Benefits<br>Contribution to P.F. & other fund | **0.19** | 0.17 |
| iii) | Termination Benefits (Paid at the time of separation) Leave Encashment | **0.00** | 0.83 |
| | Gratuity paid | **0.10** | 0.20 |
| | Gratuity outstanding | **0.10** | 0.30 |
| | TOTAL | **3.46** | 3.72 |

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

## b) Sitting Fees:

(Rs. in Crore)

| Sl. No. | Payment to Independent Directors | **For the year ended 31.03.2018** | For the year ended 31.03.2017 |
|---|---|---|---|
| 1 | Sitting Fees | 0.004 | 0.004 |

## c) Balances Outstanding as on 31.03.2018

(Rs. in Crore)

| Sl. No. | Particulars | **As on 31.03.2018** | As on 31.03.2017 |
|---|---|---|---|
| i) | Amount Payable | 0.30 | 0.30 |
| ii) | Amount Receivable | NIL | NIL |

## d) Subsidiary & Joint Ventures :

i) Subsidiary Company: Andhra Pradesh Heavy Machinery & Engineering Limited, Vijayawada: On the recommendation of Audit Committee Board is ratifying/ approving certain transactions.

ii) APMDC-SCCL Suliyari Coal Company Ltd., a Joint Venture by SCCL and APMDC: During the year there are no operations. It is proposed to wind-up this Company.

## 5.6 Segment Reporting:

In terms of Paragraph 4 of Ind AS 108 'Operating Segments', disclosures related to segments are presented in this consolidated financial statements.

## SEGMENT INFORMATION

a) The operating Segments are established on the basis of those components of the company that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments').The Company has two principal Operating and Reporting segments; Viz. Coal and Power. In addition, the subsidiary which is engaged in the manufacture & supply of Industrial Machinery& Spares is also disclosed as a segment.

b) The accounting policies adopted for segment are in line with the accounting policy of the company with following additional policies for segment reporting. Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment Revenue. Expenses which relate to enterprise as a whole and are not allocable to segment have been disclosed as “un allocable”

## Additional Notes to the financial statements (Consolidated) (Contd.,)

c) Segment Assets and Segments Liabilities represent Assets and Liabilities in respective segments.

### (I) PRIMARY INFORMATION

(Rs. Crore)

| Sl. No | Particulars | Coal | | Power | | APHMEL | | Eliminations | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| | **REVENUE** | | | | | | | | | | | | |
| **1** | **Segment Revenue** | | | | | | | | | | | | |
| a | External Turnover | 14,098.27 | 12965.09 | 3,435.97 | 1,188.02 | 32.66 | 76.76 | - | - | - | - | **17,566.91** | **14,229.87** |
| b | Inter Segment Turnover -STPP | 1845.71 | 819.37 | | | | | (1845.71) | (819.37) | | | | |
| | -APHMEL | 1.35 | 1.29 | - | - | 19.95 | 20.81 | (21.30) | (22.10) | - | - | **-** | **-** |
| | **Gross Turnover* (a+b)** | **15,945.33** | **13,785.75** | **3,435.97** | **1,188.02** | **52.61** | **97.57** | **(1867.01)** | **(841.47)** | **-** | **-** | **17566.91** | **14,229.87** |
| c | Less: Excise Duty/ Service Tax | 218.31 | 854.49 | - | - | 0.40 | 10.04 | - | - | - | - | **218.71** | **864.53** |
| | **Net Turnover** | **15,727.02** | **12,931.26** | **3435.97** | **1188.02** | **52.21** | **87.53** | **-** | **-** | **-** | **-** | **17,348.19** | **13,365.34** |
| **2** | Segment Result before interest and Taxes | 554.22 | 734.62 | 950.85 | 332.63 | (1.92) | 5.46 | 1.06 | 1.70 | - | - | **1504.21** | **1074.41** |
| | Interest Revenue | 720.38 | 284.26 | 15.58 | 0 | 1.64 | 0.92 | - | - | - | - | **737.60** | **285.18** |
| | Interest Expense | (7.54) | (50.79) | (391.13) | (181.15) | (0.05) | (0.04) | - | - | - | - | **(398.72)** | **(231.98)** |
| | Profit Before Tax | 1,267.06 | 968.09 | 575.30 | 151.48 | (0.32) | 6.34 | 1.06 | 1.70 | - | - | **1843.09** | **1127.61** |

## Additional Notes to the financial statements (Consolidated) (Contd.,)

**PRIMARY INFORMATION** (contd…)

(Rs. in Crore)

| Sl. No | Result | Coal | | Power | | APHMEL | | Eliminations | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| | Profit Before Tax (C/F) | 1,267.06 | 968.09 | 575.30 | 151.48 | (0.32) | 6.34 | 1.06 | 1.70 | - | - | **1843.09** | **1127.61** |
| 3 | Taxes & other adjustments | - | - | - | - | - | - | - | - | - | - | - | - |
| a | Income Tax | - | - | - | - | 0.00 | 1.21 | - | - | 446.75 | 0.00 | **446.75** | **1.21** |
| b | Deferred Taxes | - | - | - | - | 0.09 | 1.19 | - | - | 5.22 | 485.57 | **5.31** | **486.75** |
| c | Earlier year taxes | - | - | - | - | 0.00 | 0.11 | - | - | 0.00 | (7.93) | **0.00** | **(7.82)** |
| 4 | Profit after Tax (before OCI) | - | - | - | - | - | - | - | - | - | - | **1391.03** | **647.48** |
| | Other Comprehen-sive Income net of Taxes | - | - | - | - | - | - | - | - | - | - | **(178.40)** | **(152.23)** |
| 5 | Profit after Tax (before adj. of interest in Associates | | | | | | | | | - | - | **1212.63** | **495.25** |
| | Profit Related to Non Controlling Interest | | | | | | | | | - | - | **0.20** | **0.70** |
| | Profit after Tax ( after adj Non Controlling Interest) | | | | | | | | | - | - | **1212.43** | **494.55** |

**(II) OTHER INFORMATION**

(Rs. in Crore)

| Particulars | Coal | | Power | | APHMEL | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2017-18** | 2016-17 | **2017-18** | 2016-17 | **2017-18** | 2016-17 | **2017-18** | 2016-17 |
| Segment Assets | 23,655.32 | 22,413.24 | 10,323.71 | 9,297.16 | 71.08 | 67.30 | **34,050.11** | **31,777.70** |
| Segment Liabilities | 28,584.96 | 26,209.57 | 5,445.32 | 5,551.63 | 19.83 | 16.50 | **34,050.11** | **31,777.70** |
| Capital Expenditure | 1,621.71 | 2,224.29 | 516.26 | 1,241.71 | 0.03 | 1.79 | 2,138.00 | 3,467.79 |
| Depreciation/ Amortization Expenses | 1156.07 | 1021.46 | 376.48 | 169.14 | 0.26 | 0.28 | 1532.81 | 1190.88 |

Note: 1. Since the company is not having any business operations outside India, Secondary disclosure does not arise.

2. The Intersegment transfers are priced on Arms length basis.

## Additional Notes to the financial statements (Consolidated) (Contd.,)

### 5.7 Taxation:

i) Accounting for Taxes on Income under Ind AS-12-Calculation of Deferred Tax:

(Rs. in Crore)

| | DEFERRED TAX ASSETS/LIABILITY | As on 31.03.2018 | As on 31.03.2017 |
|---|---|---|---|
| A | **Deferred Tax Liabilities** | | |
| | Depreciation | 1000.86 | 861.45 |
| | TOTAL | 1000.86 | 861.45 |
| B | **Deferred Tax Assets** | | |
| | Back filling & Mine Closure Provision | 1521.19 | 2228.76 |
| | Gratuity | 908.25 | 796.54 |
| | Other Employment Benefits | 599.62 | 468.01 |
| | Carry Forward Tax Loss | 312.13 | - |
| | MAT Credit | 287.81 | - |
| | Overburden Removal | 902.00 | 917.04 |
| | Others | 494.16 | 386.31 |
| | TOTAL | 5025.16 | 4796.66 |
| | **Deferred Tax Assets (net) (B-A)** | **4024.30** | **3935.21** |

### ii) Relationship between Tax Expense and Accounting Profit :

Numerical Reconciliation of difference ( Rs. In Crore)

| Sl.No. | Nature of Adjustments | Year ended 31.03.2018 |
|---|---|---|
| 1 | Net profit as per Statement of Profit and Loss (before tax) | **1,843.09** |
| 2 | Add/Less: Differences as per Income Tax Act. (MAT) | **250.24** |
| 3 | Book profit for the purpose of MAT | **2,093.33** |
| 4 | Applicable tax rate (MAT -21.3416%) | **21.3416%** |
| 5 | MAT on Book profit as per income Tax Act, 1961 (3*4) | **446.75** |
| 6 | Taxes as per P&L A/c | |
| | a) Current year tax | **446.75** |
| | b) Deferred Tax in P&L | **5.31** |
| | c) Deferred Tax in OCI | **(94.39)** |
| | d) Tax related to earlier years | |
| 7 | Net tax liability as per P&L A/c | **357.67** |
| 8 | Other Comprehensive Income (Excluding Deferred Tax on OCI) | **(272.79)** |
| 9 | Profit after Tax (Total comprehensive income for the period) (1-7+8) | **1212.63** |

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

**iii) Explanation of changes in applicable tax rates compared to previous accounting period:**

There is no change in the applicable tax rate for the current period when compared with previous accounting period. However, from AY 2019-20 (FY 2018-19) onwards Education cess @ 2% and secondary higher education cess @1 % has been withdrawn and new cess named Health and Education cess has been introduced at a rate of 4% as per the Finance Act 2018. Normal Tax rate will increase from 34.608% to 34.944% and MAT rate will increase from 21.3416% to 21.5488%. The above changes in tax rate are considered for recognition of Deferred Tax.

**iv) Dividend Distribution Tax:**

For the Financial year 2016-17 Company has declared and paid Dividend @7.50% on the paid-up equity share capital for amounting to Rs.129.99 Crs. Dividend distribution Tax at the effective rate of 20.358 % amounting to Rs.26.46 Crs was paid on the same

**5.8 Insurance and escalation claims :**

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

**5.9 Provisions made in the Accounts:**

Provisions is made in the accounts against slow moving/non-moving/obsolete stores, claims receivable, advances, doubtful debts, impairment of Site Restoration Costs and Impairment of Other Mining Infrastructure( Development Expenditure ) of UG Mines incurring losses etc. are considered adequate to cover possible losses.

**5.10 Current Assets, Loans and Advances etc.**

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

**5.11 Current Liabilities**

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

**5.12 Others:**

**A)** As required by Section 22 of the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) the following information is disclosed on the basis of information available with the company.

(Rs. In Crore)

| Particulars | As on 31.3.2018 | As on 31.3.2017 |
|---|---|---|
| The principal amount remaining unpaid (But not due) | 19.34 | 5.28 |
| Interest due thereon (interest due and / or payable) | Nil | Nil |

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

**B)** Consequent to handing over of 9 schools, 2 colleges and 1 Polytechnic to Singareni Collieries Educational Society, all running expenses of these institutions, after deduction of receivables from these institutions viz., Grant-in-Aid, Fee collections from students, recoveries from the employees towards amenities provided etc., are being met by the Company by way of Educational Grant. Further, infrastructure used by the Society is continued to be under the ownership of the Company for which no recovery is made from the Society.

**C)** The company engage contractors for removal of Overburden. In some of the contracts the contractors are eligible for Bonus in respect of the quantity of explosives and HSD oil saved by them during the course of the contract, which is to be set off against future excess consumption as per contractual terms. Further, these contractors can claim and en-cash such accrued Bonus at the end of every financial year at their option. Considering the uncertainty, the value of explosives and HSD oil saved and not en-cashed by such contractors for set off against future excess consumption amounting to Rs.56.53 Crore (Previous year Rs. 36.71 Crore) as on 31.3.2018, has not been provided.

## D) Balance Confirmations

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

ii. Joint reconciliation with major sundry debtors is done periodically.

## E) Value of imports on CIF basis :

(Rs. In Crore)

| Particulars | **For the Year ended 31.3.2018** | For the Year ended 31.3.2017 |
|---|---|---|
| Components, Stores & Spare Parts | **30.94** | 46.67 |
| Capital Goods | **179.81** | 138.93 |

## F) Expenditure incurred in Foreign Currency :

(Rs. In Crore)

| Particulars | **For the Year ended 31.3.2018** | For the Year ended 31.3.2017 |
|---|---|---|
| Travelling Expenses | **0.12** | 0.40 |
| Consultancy Payments | **1.14** | 1.57 |
| Others | **3.81** | 4.48 |

## G) Consumption of Stores & Spares :

(Rs. In Crore)

| Particulars | **31.3.2018** | | 31.3.2017 | |
|---|---|---|---|---|
| | Amount | % of total consumption | Amount | % of total consumption |
| Imported | **44.94** | **1.35** | 38.30 | 1.39 |
| Indigenous | **3287.21** | **98.65** | 2712.23 | 98.61 |
| **Total** | **3332.15** | **100.00** | **2750.53** | **100.00** |

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

## H) Physical verification of Fixed Assets

Physical verification of all Fixed Assets with original value of Rs.3 lakh and above will be covered in block of 3 years. The block of 2015-18 commenced from 2015-16.

i) Fixed Assets with original value > Rs.50 Lakh annually.

ii) Fixed Assets with original value > Rs.10 Lakh and < Rs.50 Lakh once in three years (2nd year of Block).

iii) Fixed Assets with original value > Rs.3 Lakh and < Rs.10 Lakh once in three years (3rd year of Block).

The Assets mentioned at (i) & (iii) above were physically verified during 2017-18 and deviations are accounted and in respect of other assets the same are confirmed as available based on certification by the unit head.

## I) Statement of Opening Stock, Production, Turnover and Closing Stock of Coal:

| Particulars | **For the year ended 31.3.2018** | | For the year ended 31.3.2017 | |
|---|---|---|---|---|
| | Quantity In '000 T | Value (Rs. In Crore) | Quantity In '000 T | Value (Rs. In Crore) |
| Opening Balance | 7,949.93 | 953.35 | 7271.34 | 807.36 |
| Production | 62,010.05 | - | 61,305.80 | - |
| Despatches | 58,692.04 | 13,909.05 | 58,168.17 | 12,793.48 |
| Internal Consumption (incl. STPP) | 5,906.50 | 1,821.64 | 2,459.04 | 730.93 |
| Adjustments for adopted Stock | (1.56) | - | - | - |
| Shale/Stone Write off | 79.35 | - | - | - |
| Closing Balance*** | **5,283.66** | **685.13** | **7,949.93** | **953.35** |

***The above closing stock includes 38,471.91 Tonnes of shale values at NIL rate (Previous Year 1,24,917.99 Tonnes)

## J) Significant Accounting Policies:

Significant accounting policies (Note-2) have been suitably modified / re-drafted over previous period, as found necessary to elucidate the accounting policies adopted by the Company in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs (MCA)under the Companies (Indian Accounting Standards) Rules, 2015.The following are the major changes and modifications to the accounting policies of the company:

a) For the purpose of valuation of closing stock of coal, the method of calculation of cost of coal was modified to cost of productions for UG & OC Mines separately. Due to the above, there is reduction in the value of closing stock by Rs.52.06 Crore as on 31.3.2018 corresponding value of closing stock as on 31.03.2017 was increased by Rs.59.12 Crs. Consequently, the profit for the year 2017-18 was lower by Rs.7.06 Crs.

b) Amortization of free hold lands is made from 2017-18 in line with peer Industry practice as the freehold lands used at OC Mines for quarry, dump yard etc., may not be useful for normal purposes and saleable. Similarly, the lands used for UG Mining operations may not be capable of being sold owing to subsidence issues and safety reasons. Further, conversion of UG Mines as OC Mines subsequently also would be lead to impairment of land of UG mines in the due course.

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

Due to the above depreciation charge for the year 2017-18 has increased by Rs.55.58 Crs with a consequential reduction in the profit for the year 2017-18 by RS.55.58 crs. Further, depreciation up to the year 2016-17 was also provided for an amount of Rs.248.97 Crs. As per the requirements of the Ind As 8 and as per the Company's Accounting Policy No.2.2.20. with regard to the changes in the Accounting policies, the above changes in the accounting policies have been applied retrospectively by restating the comparative amounts disclosed for the year 2016-17 and restating the opening balance of Retained Earnings and carrying amounts of assets of the comparative period 2016-17 in respect of affect pertaining to the earliest period.

**K) Future Changes in the Accounting Policies:**

As per requirement mentioned at para no 30 of Ind AS 8 (Accounting Policies, Changes in Accounting estimates and Errors) , the amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs ('MCA') has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards:

**1) Ind AS 115 - Revenue from contracts with customers :**

Ind AS 115 is effective for annual periods beginning on or after 1 April 2018. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the requirements of Ind AS 115.However,its impact would be insignificant for the company.

**2) Amendments to Ind 112 - Disclosure of interests in other entities: Clarification of the scope of disclosure requirements in Ind AS 112**

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. As the Company has not included in disposal group/classified as held for sale any of its subsidiary, joint ventures or associate. Accordingly, the amendments in Ind AS 112 will not have any impact on the Company.

**3) Amendments to Ind AS 12 - Recognition of deferred tax assets for unrealised losses :**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Company as the Company has already considered restrictions on the sources of taxable profits and as per the internal estimates for the future it is expected to earn future taxable profits against which the deductible temporary differences could be reversed.

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

### 4) Transfers of investment property - Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

These amendments are effective for annual periods beginning on or after April 1, 2018. The Company will apply amendments when they become effective. As the Company has not recognized any investment property on the grounds of materiality, the amendments in Ind AS 112 will not have any impact on the Company.

### 5) Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

i) The beginning of the reporting period in which the entity first applies the Appendix; or

ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. Since the Company has already recognizing related assets , liabilities based on the exchange rate prevailing on the date on which the non-monetary asset arising from the advance consideration is initially recognized, this amendment does not have any additional effect of the financial statements of the Company.

### L) Material Prior Period Errors :

a) Revision of Stripping Ratio of KTK OC I :

As per the RCE 2012 , the operations of KTK OC I were due for closure in 2017-18. Consequent to the availability of additional coal with the extension of limit line, the operations were continued in 2017-18 and this mine will be closed in 2018-19. There was reduction in the stripping ratio of the project consequent to increase in coal reserves and not reducing the quantity of OB removed in development period from chargeable in revenue period which has resulted in accumulation of Provision over the life of the project. As the revision of stripping ratio could not be carried in 2016-17 where the extracted coal has marginally exceeded the Reserves contemplated

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

in the RCE 2012 owing to non assessment of additional coal reserves before the closure of accounts, the revision of stripping ratio was viewed as a prior period error and the excess provision available in books as on 31.03.2017 of Rs.267.79 Crs was withdrawn by restating the comparative amounts of the Financial Year 2016-17 and Equity and Assets as on 01.04.2016 as per the provisions of Ind AS 8 with regard to treatment of material prior period errors and as per the Accounting Policy 2.2.20.

b) Few expenses and revenues pertaining to prior periods have been recognised in the current year. These items amounting to Rs.6.06 Crs have been corrected retrospectively by restating the comparative amounts for the prior period 2016-17 and similar items classified as exceptional items in Profit and Loss Account for the year 2016-17 have been adjusted against the opening balance of retained earnings (Rs.8.82 crs) as per the provisions of Ind AS 8 with regard to treatment of material prior period errors and as per the Company's Accounting Policy 2.2.20.

## M) Exceptional Items:

Further reference to Note No.22.8, the provision towards DMFT of Rs.453.03 Crore withdrawn in the current year consequent to the Hon'ble Supreme Court's judgment Dt.13.10.2017 is classified and disclosed as Exceptional Item as per para No.9.6 of Guidance Note issued by ICAI on Division II - Ind AS Schedule-III to the Companies Act, 2013.

## 6. Basis of Preparation of Consolidation of Financial Statements:

a) As far as possible, the consolidated Financial Statements are prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate Financial Statements.

b) Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide for better understanding the consolidated position of the companies. Recognizing this purpose the Company has disclosed only such Policies and Notes from Individual financial statements, which fairly present the needed disclosure.

c) The consolidated financial statements relate to The Singareni Collieries Company Limited and its Subsidiary company namely, Andhra Pradesh Heavy Machinery & Engineering Limited (APHMEL).

d) The financial statements of the company and its subsidiary company are combined on a line-by-line basis adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with IND AS-110 - "Consolidated Financial Statements" as notified by the Companies Act, 2013.

e) Shares in the Subsidiary i.e., APHMEL held by the Holding Company as at 31.03.2018 is 1,40,82,700 Equity Shares out of 1,72,71,293 Shares of Rs.10/- each and extent of holding is 81.54%. The excess of the purchase consideration paid over the parents portion of equity has been attributed as goodwill, details are given below:

**Additional Notes to the financial statements (Consolidated)** (Contd.,)

| Sl.No. | Date of investment | No. of Shares | Book value of investment (Rs. in Crore) | Cost of Investment (Rs. in Crore) | Capital profit (Rs. in Crore) | Goodwill (Rs. in Crore) (d-e+f) |
|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| 1. | Up to 1997-98 | 601300 | 0.60 | 0.60 | -- | |
| 2. | 20.06.1998 | 4902700 | 4.90 | - | (14.16) | 9.26 |
| 3. | 22.12.2000 | 8578700 | 8.58 | 8.58 | (5.69) | 5.69 |
| | **Total** | **14082700** | **14.08** | **9.18** | **(19.85)** | **14.95** |

f) Interest in Joint Ventures have been accounted by using the proportionate consolidation method as per IND AS-31- "Financial Reporting of Interest in Joint Venture". Whereby the company's share of each asset, liability of a jointly controlled entity has been considered. Such accounting has been carried out considering the latest available audited / un-audited financial statements as on 31.3.2018

g) Joint Venture with, APMDC-SCCL Suliyari Coal Company Limited was not consolidated as the Financial Statements are not made available.

## 7. Miscellaneous:

A) Previous period's figures have been restated as per Ind AS & regrouped, rearranged and renumbered wherever considered necessary.

B) i) Note-1 gives corporate information;

ii) Note-2 represents Significant Accounting Policies

iii) Note-3 to Note-25 form part of the Balance Sheet as at 31st March, 2018

iv) Note-26 to Note-38 form part of Statement of Profit & Loss for the year ended on that date; and

v) Note -39 represents Additional Notes to the Financial Statements.

*****

The accompanying Notes form an integral part of Financial Statements
As per our report of even date
M/s. Ramamoorthy (N) & Co
Charted Accountants
Firm Regn. No. 02899S

for and on behalf of the Board

| Sd/- (Surendranath Bharathi) Partner Membership No. 23837 | Sd/- (G.Srinivas ) Chief(C.A) & Company Secretary | Sd/- (M.Narasimha Reddy) General Manager (F&A) | Sd/- (S. Shankar) Director(Finance)& C.F.O | Sd/- (N.Sridhar) Chairman & Managing Director |
|---|---|---|---|---|

Date: 11.07.2018
Place: Hyderabad.


*Sri N.Sridhar, C&MD receiving "Asia Pacific Entrepreneurship - 2018" award*


*Sri N.Sridhar, C&MD receiving "Global Leadership Award" from Royal Family, Dubai at a summit organised by Institute of Economic Studies*

**THE SINGARENI COLLIERIES COMPANY LIMITED**

**(A GOVERNMENT COMPANY)**

Registered Office: Kothagudem Collieries (PO) - 507 101
Bhadradri Kothagudem District, Telangana, India.

www.scclmines.com CIN : U10102TG1920SGC000571