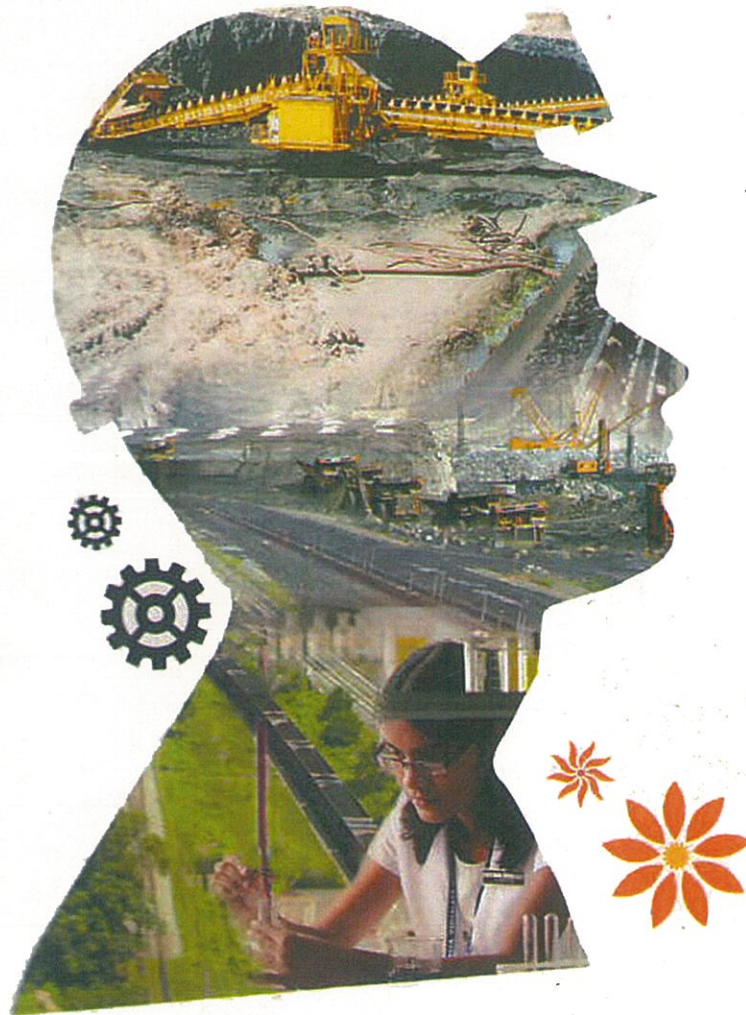


MJSJ COAL LIMITED

A Subsidiary of Mahanadi Coalfields Limited



2013-14
ANNUAL REPORT & ACCOUNTS

Co-creating value
for the Nation

ANNUAL REPORT & ACCOUNTS

2013-2014



MJSJ COAL LIMITED

(A Subsidiary of Mahanadi Coalfields Limited)

Regd. Office : House No.42, 1st Floor, Anand Nagar,
Hakimpara, Angul(ODISHA)

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MANAGEMENT DURING 2013-2014

1. Sri A.K.Tiwari, Chairman & D (T)/Operation, MCL.
2. Sri K.Biswal, D (F), MCL.
3. Sri P.C.Panigrahi, D (P), MCL.
4. Sri S.Kannan, MCL.
5. Sri S.Ashraf, Dy.Secretary , MOC, New Delhi.
6. Sri Y.P.Dhingra, Dy.Secretary, MOC, New Delhi.
7. Sri D.Bhattacharjee, R.D, RI-VII, CMPDI.
8. Sri Sandeep Gokhale, JSW Steel Ltd.
9. Sri M.S. Cheema, JSW Energy Ltd.
10. Sri Rajdeep Mohanty, Jindal Stainless Ltd.
11. Sri Sakti Brata Dasgupta, Shyam Metallic & Energy Limited.
12. Sri M.B. Sridharan. (Independent Director)

PRESENT MANAGEMENT **(As on Dt: 17-06-2014)**

1. Sri A.K.Tiwari, Chairman & D (T)/Operation, MCL.
2. Sri S.Kannan, MCL.
3. Sri S.Ashraf, Dy.Secretary , MOC, New Delhi.
4. Sri D.Bhattacharjee, R.D, RI-VII, CMPDI.
5. Sri Rajdeep Mohanty, Jindal Stainless Ltd.
6. Sri Sandeep Gokhale, JSW Steel Ltd.
7. Sri Sakti Brata Dasgupta, Shyam Metallic & Energy Limited

CHIEF EXECUTIVE OFFICER / G.M.

Sri P.M. Prasad

COMPANY SECRETARY/ ASST. MANAGER (FINANCE)

Sri Satyaban Rout

Bankers

1. State Bank of India
Talcher.
2. Axis Bank
Talcher.

Statutory Auditors

**M/s PATY SAR & Associates
Chartered Accountants
C/o- Dr. Benu Dhar Paty
Similipara, Angul-759122**

Registered Office

House No.42, 1st Floor,
Anand Nagar
Hakimpada, Angul-759153

Ref. No. MJSJ/SBP/CS/AGM-6/2014/ 1206/02

Date: 12.06.2014

NOTICE
6th ANNUAL GENERAL MEETING

Notice is hereby given that the 6th Annual General Meeting of members of MJSJ Coal Limited will be held at 05.30 P.M. on Tuesday the 17th June, 2014 at the Registered Office of the Company, House No.42, 1st Floor, Anand Nagar, Hakimpara, Angul-759143 is hereby postponed on **18th June, 2014 Wednesday at 12.30 P.M.** The venue will be same as earlier notified, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited accounts for the financial year 2013-2014, Report of the Auditors thereon and Directors' Report.
2. To sanction remuneration, as decided by the Board, payable to M/s PATY SAR & Associates, Chartered Accountants, Angul, the Statutory Auditors who were appointed by the C&AG of India for the Financial Year, 2013-2014 and to that effect pass the following resolution.

"RESOLVED that pursuant to the provisions of Section 142(1) of companies Act 2013 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 M/s PATY SAR & Associates, Chartered Accountants, Angul, the Statutory Auditors in connection with the audit of accounts of the Company for the financial year 2013-2014."

By order of the Board of Directors
For MJSJ Coal Limited

Sd/-
(S. Rout)
Company Secretary

REGISTERED OFFICE:

House No.42, 1st Floor, Anand Nagar,
Hakimpara, Angul-759153

NOTE:

01. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

Corporate members intending to send their Authorised Representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.

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

Members

- 1) Mahanadi Coalfields Limited, Jagruti Vihar, Burla, Sambalpur-768020.
(Atten : Company Secretary, MCL, Sambalpur)
- 2) JSW Steel Limited, Jindal Mansion, 5-A, Dr. G. Desmukh Marg, Mumbai-400026.
(Atten : Company Secretary, JSW Steel Ltd., Mumbai)
- 3) JSW Energy Ltd., Jindal Mansion, 5-A, Dr. G. Desmukh Marg, Mumbai-400026.
(Atten : Company Secretary, JSW Energy Ltd., Mumbai)
- 4) JSL Limited, Jindal Centre, 12, Bhikaji Cama Place, New Delhi-110066.
(Atten : Company Secretary, JSL Ltd., New Delhi)
- 5) Shyam Metallics and Energy Limited, "Trinity Towers", 7th Floor, 83, Topsia Road, Kolkata -700046. **(Atten : Company Secretary, Shyam Metallics and Energy Limited., Kolkata)**

Auditors

1. M/s PATY SAR & Associates, Chartered Accountants, Angul,
C/o- Dr. Benu Dhar Paty, Similipara, Angul-759122
2. Principal Director, Office of the Principal Director of Commercial Audit and Ex-Officio Member, Audit Board - II , Old Nizam Place, 234/ 4 Acharya Jagadish Ch. Bose Road, Kolkata - 700 020.

All Directors, MJSJ Coal Limited

Ref. No. MJSJ/SBP/CS/AGM-6/2014/ 1206/01

Date: 12.06.2014

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By order of the Board of Directors
For MJSJ Coal Limited

Sd/-
(S. Rout)
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1. M/s PATY SAR & Associates, Chartered Accountants, Angul,
C/o- Dr. Benu Dhar Paty, Similipara, Angul-759122
2. Principal Director, Office of the Principal Director of Commercial Audit and Ex-Officio Member, Audit Board - II , Old Nizam Place, 234/ 4 Acharya Jagadish Ch. Bose Road, Kolkata - 700 020.

All Directors, MJSJ Coal Limited

Directors Report

To,
The Shareholders
MJSJ Coal Ltd.

Gentlemen,

I have great pleasure in welcoming to the 6th Annual General Meeting of MJSJ Coal Limited. On behalf of the board of Directors, I am presenting you the Annual Report of your company together with the Audited Accounts for the year ending of March'2014 along with the report of statutory auditors and the comments of the Comptroller and Auditor General of India.

Your company has a successful year of progress in all fronts and it has carried out all the activities as per schedule.

I:- Status of project implementation:-

- ❖ **PROJECT REPORT:** Capacity 15 Mty- approved by MCL Board in February' 2008 in both Coal and OB outsourcing variant. Sanctioned capital is Rs. 395.87 Crs.
- ❖ **APPROVED MINING PLAN:** Approval in the name of MJSJ Coal Limited has been received on 23/04/09.
- ❖ **FOREST LAND DIVERSION PROPOSAL (FLDP):** The job is outsourced to M/s. Geo Consultant Pvt. Limited.
 - a) Forest Area demarcation and tree enumeration is completed.
 - b) Compensatory Afforestation: Site identification & demarcation is completed.

Site Inspection by DFO, Angul is completed.

- c) Further as per Forest Right Act, Gram Sabha in all ten villages has been completed. SDLC was held on 27th April & NOC is issued in the month of June'2013 by the Collector.
- d) As per new guideline of MOEF, New Delhi, the digitization of the forest land is mandatory. The digitized map is to be authenticated by the ORSAC, BBSR. The job is under process.

II:- Environmental Management Plan:-

- a) **Finalization of Terms of Reference (TOR) by MOEF, Delhi on DEC' 2008:** Draft EMP-EIA submitted to SPCB, Orissa on 17-08-2009. Application along with fee of Rs. 3Lacs was deposited to SPCB on 17.08.2009 for consent to establish mine. Final EMP submitted to MOEF. Presentation before EAC of MOEF was made on 29.03.2011 for EC based on TOR. Further presentation before EAC of MOEF was made on 09.01.2013 for EC based on TOR. But again EAC has sought some additional clarifications which are being prepared by CMPDI. CMPDI gave required clarification again present made on 25th Nov, 2013 EC recommended by EAC.
- b) **Wildlife Conservation:** The report has been approved by the DFO now the report has been forwarded to the RCCF, Angul.

Environment: - RCCF forwarded to it CCF and then presentation was made before PCCF on 06.07.2013. EMP approved by PCCF (WILDLIFE) Bhubaneswar on 06.07.2013.

- c) **Socio-Economic Study:** The final report of socio-economic study has been submitted to the Collectorate, Angul. The same has been approved by RPDAC of MCL and will be ratified in the RPDAC of MJSJ.

III:- LAND ACQUISITION :

- A) **West Gopal Prasad West:** The land had been acquired under CBA (A&D) Act'1957 in the name of MCL.

4(1)	-	30.06.2003
7(1)	-	15.10.2004
9(1)	-	20.01.2007
11(1)	-	25.09.2007

- B) **Utkal "A":** The land acquisition is at its final phase as:

4(1)	-	26.03.2011
7(1)	-	11.04.2012
9(1)	-	01.02.2013
11(1)	-	29.10.2013

- C) **Land Acquisition for other infrastructure:-** Land measuring an area of 50.351 Ha to be acquired under LA Act for other infrastructure was approved in 17th Board Meeting of MJSJ. After approval of MOC, the same has been forwarded to Collector, Angul by MOC for further action on 12.03.2012. As desired by the Special LAO, MCL, Angul, all the requisites have been submitted.

- D) **TENANCY LAND:-** The part which was notified under CBA Act has been acquired and structure measurement completed in village Bhalugadia & Bhaghuaboli. The villagers Kankarai & Pirakhaman were not allowing for structure measurement till

decision of employment is finalized. Several meetings had taken place between MCL, Dist. Administration and the PAPs. Earlier, the PAPs had been demanding job from MCL only, but after these meetings they had demanded that in case of early closure of the mine, the residual land outsees who would still be in the employment, be given employment in the MCL mines.

The matter was put up in the 24th meeting of Board of Directors of MJSJ Coal limited, and the Board deliberated on the subject highlighted, and thereafter considered and passed the following resolutions:

- a) **"RESOLVED THAT** the entire liability towards continuance of services of land oustees till their superannuation will be fully borne/ reimbursed by MJSJ Coal Ltd. and to that effect it has been agreed to give a corporate guarantee to MCL.
- b) **"RESOLVED FURTHER** that, back-to-back counter guarantee would be obtained from the respective promoter shareholders towards the liability to land oustees till their superannuation.
- c) **"RESOLVED FURTHER** that MCL would be requested to assure the Land Oustees that all wages and perks till their superannuation shall be as per norms of MCL. The total expenditure towards wages and perks shall be borne by individual shareholders as per the Corporate Guarantees given by them.
- d) **"RESOLVED FURTHER** that annuity scheme implemented for MCL shall be given by MJSJ Coal Limited in case of winding up of company from that date.

The Board directed The CEO MJSJ Coal Limited to forward this decision of Board to MCL

for further consideration. Now, the matter was ready put up before MCL for their decision for approval of Corporate Guarantee & this matter related to Corporate Guarantee is going to finalized very shortly.

E) Govt. LAND PREMIUM:- Govt. land premium amounting to Rs. 32, 83, 75, 998/- (Rupees Thirty-two Crores, Eighty-three lakhs, seventy-five thousand, nine hundred ninety- eight) only has been deposited to the State Govt. and the Physical possession of an area of 423.445 acres had been taken.

F) R&R Site: R&R site measuring 89.48 Acres Govt. land in village Kankarai & Balichandrapur has been approved by RDC, Sambalpur and also by RPDAC held on 09.11.12 & the same has been forwarded to Tahasildar, Chhendipada for further necessary action. Tahasildar, Chhendipada sent a letter to concerned RI for field verification report on 15.07.2011. RI has submitted the report to Tahasildar on 01.11.2011. Tahasildar has sent a letter to DFO, Angul for tree enumeration & valuation on 16.11.2011. A general notice also has been sent to village Kankarai & Balichandrapur on 16.11.2011 as a part of normal procedure. Tree enumeration is completed & report submitted to Ranger, Chhendipada.

G) RAILWAY SIDING: In the 19th Board Meeting, it was decided to take the feasibility study for Rail Infrastructure by RITES through MCL. The decision has been communicated to GM (Civil), MCL for further necessary action. The awarding process is being taken up by MCL.

H) WELFARE ACTIVITIES: The position of welfare and social amenities like housing, water supply, medical facilities, education, cultural, Club, Training and recreation facilities etc. is being provided by MCL to the staff and executive of MJSJ Coal Limited.

I) PERIPHERAL DEVELOPMENT ACTIVITIES: All the peripheral development activities and corporate social responsibility under the guidance of the State Govt. has been carried out by MCL presently on behalf of MJSJ Coal Limited.

J) NALLAH DIVERSION:- Technical committee constituted by Water Resource Department visited the site & submitted report to the concerned department. Finally the file is lying with the Principal Secretary for the Water Resources Deptt.

IV:- FINANCIAL ACTIVITIES:

MJSJ Coal Limited is now in development stage. Hence, all the revenue expenditures during the financial year 2013-2014 have been transferred to "Development" and shown as "Intangible Assets Under Development" (Note-10 C) in the Balance Sheet as at 31.03.2014. The total of such expenditure is Rs.3147.20 lakh (towards drilling, exploration and other costs) out of which Rs.1531.92 lakh is towards drilling cost of 22529.65 Mtrs.

The company has opened its Current Account No.30533665105 in State Bank of India, Talcher on 21.10.2008. & also Current of Axis Bank .The company has bank balance of Rs.2311.76 lakh as on 31.03.2014 in CLTD/ Current Account.

V:- BANK GUARANTEE:

The company has submitted a Bank Guarantee bearing No.47/03 issued by State Bank of India,

Talcher, for an amount of Rs 111.24 Crores in favour of The President of India, acting through Ministry of Coal, Shastri Bhavan, New Delhi which has been renewed on 19.11.2013 vide no- 47/03 E2, and under protest, since MJSJ Coal Ltd. is a Government Company.

VI:- AUDITORS

Under Section 619(2) of the Companies Act, 1956, the following Audit Firm has been appointed as Auditors for the year 2013-2014.

Statutory Auditors

M/s PATY SAR & Associates
Chartered Accountants
C/o- Dr. Benu Dhar Paty
Similipara, Angul-759122

VII:- FIXED DEPOSITS:

Your Company has not accepted any deposit from the Public during the year as defined under Section 58A of the Companies Act, 1956 and rules made thereunder.

PARTICULARS OF EMPLOYEES:

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees), Rules, 1975, as amended are not given as your Company has not paid any remuneration attracting these provisions.

VIII:-BOARD MEETINGS:

Four Board Meetings were held during the year.

IX:-BOARD OF DIRECTORS:

01. The following persons, continued to be the Directors during the year under report.
 - i. Shri A.K.Tiwari, Chairman.
 - ii. Shri S.Ashraf
 - iii. Shri S.Kannan

- iv. Shri D.Bhattacharjee
 - v. Shri Rajdeep Mohanty
 - vi. Shri Sandeep Gokhale
 - vii. Shri M.S.Cheema
 - viii. Shri Sakti Brata Dasgupta
02. The following person, appointed as Director during the year under report.
 - i. Shri P.C.Panigrahi
 03. The following person ceased to be Director during the year under report.
 - i. Shri K.Biswal
 - ii. Shri P.C.Panigrahi
 - iii. Shri M.B.Sridharan

X:- DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed.

- i) That in the preparation of the annual accounts for the financial year ended 31st March,2014, the applicable accounting standards had been followed along with proper explanation relating to material departures:
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review:
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:

- iv) That the directors had prepared the accounts for the financial year ended 31st March, 2014 on a 'going concern' basis.

ACKNOWLEDGEMENTS:

Your Directors express their sincere thanks to CMD, MCL for his agreeing to be permanent invitee to the board of MJSJ Coal Ltd. Your directors are grateful to CMD, MCL for his valuable guidance, assistance and cooperation for its progress.

Your Directors also thank MCL for their cooperation and help rendered in all aspects to MJSJ Coal Ltd.

Your directors thank the District administration and the villagers for their cooperation in land acquisition.

Your Directors thank the trade unions for their cooperation to the management of MJSJ Coal Ltd.

Your directors also record their appreciation of the services rendered by the auditors, the officers and staff of Comptroller and Auditor General of India and Registrar of Companies Odisha.

Sd/-
Chairman,
MJSJ Coal Ltd

Place : Angul
Date: 18-06-2014

**CONFIDENTIAL**

कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा तथा पदन
सदस्य लेखापरीक्षा बोर्ड - II कोलकाता
पुराना निजाम महल, आचार्य जगदीश चन्द्र बोस रोड,
कोलकाता - 700 020

Office of the Principal Director of
Commercial Audit & Ex-Officio Member
Audit Board - II, Kolkata
Old Nizam Palace, 234/4, Acharya Jagadish Chandra Bose Road,
Kolkata - 700 020

To
The Chairman,
MJSJ Coal Limited,
House No. 42, 1st Floor,
Anand Nagar, Hakimpara
P.O. Angul - 759153
Orissa

No. 45/CA/LA-I/Accounts/MJSJ/2013
Date : 23 | 05 | 2014

Sub: Comments of the Comptroller & Auditor General of India under Section
619(4) of the Companies Act, 1956 on the Accounts of MJSJ Coal Limited
for the year ended 31 March 2014.

Sir,

I forward herewith the comments of the Comptroller & Auditor General of India under Section
619(4) of the Companies Act, 1956 on the Accounts of MJSJ Coal Limited for the year ended 31
March 2014.

The receipt of this letter may please be acknowledged.

Yours faithfully,

Encl: As started.

Kolkata
Dated: 23.05.2014

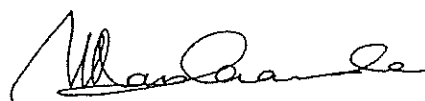
(Yashodhara Ray Chaudhuri)
Principal Director of Commercial Audit
and Ex-Officio Member, Audit Board - II
Kolkata

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF MJSJ COAL LIMITED FOR THE YEAR ENDED
31 MARCH 2014**

The preparation of financial statements of MJSJ Coal Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the standard on auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 21.04.2014.

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of MJSJ Coal Limited for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors report under section 619(4) of the Companies Act, 1956.

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



**(Yashodhara Ray Chaudhuri)
Principal Director of Commercial Audit
and Ex-Officio Member, Audit Board - II
Kolkata**

Kolkata
Dated: 23.05.2014

DIRECTIONS UNDER SECTION 619(3)(a) OF THE COMPANIES ACT, 1956 AND ANSWERS TO THE QUESTIONS THEREON

Company : MJSJ Coal Limited (A subsidiary of Mahanadi Coalfields Limited)
House No. 42, 1st Floor, Anand Nagar
Hakimpada- Angul, 759153

Financial Year : 2013-14

Annexure-1

(I) Corporate Governance and Audit Committee.

(1) Whether the Company has been listed on the stock exchange? If yes, the names of the stock exchanges may please be indicated? If so, whether the provisions of listing agreement of SEBI are being followed by the Company?

No

(2) Whether the Company has 50% independent directors on their Board as required under SEBI guidelines?

N.A.

(3) Whether the Company has formed an Audit Committee in compliance with Section 292A of the Companies Act, 1956. If not, indicate the extent of non – compliance?

NO, kindly refer to our comment in Paragraph - 4 of annexure II to the audit report.

(4) Whether Audit Committee has discussed the qualifications made in the Auditor's report as well as important comments, audit Paras of Government Audit and has given recommendations for taking appropriate corrective action in the next year's accounts?

N.A.

(5) Whether the Audit Committee has examined the replies to paragraphs, min reviews, sectoral reviews, comprehensive appraisals, etc included in various Audit Reports of the C & AG before their submission to Government Audit/Committee on Public Undertakings?

N.A.

(6) Whether the Audit Committee has reviewed and discussed with the management, and the internal and external auditors, the adequacy and effectiveness of the accounting and financial controls, including the Company's financial and risk management policies?

N.A.

(7) Whether the Board of Directors (BOD) has reported in the Director's Report to the shareholders compliance to their responsibility statement under section 217(2AA) of the Companies Act, 1956.

YES

(8) Whether CEO /CFO certificate has been obtained in terms of listing agreement?

N.A

(II) Business Risk.Comment on.

(1) Any new Statutory or Regulatory requirement or change in Government policy that could impair the financial stability or profitability of the entity. **N.A.**

- (2) Unusually rapid growth if any, especially compared with that of other companies in the same Industry.

N.A.

- (3) The process used for identification of business risks and steps taken to mitigate it by the management.

N.A.

- (4) Unrealistically aggressive sales or profitability incentive programs, if any.

N.A.

(since there is no commercial production).

- (5) The system making a business plan, short term/ long term & reviews of the same vis-à-vis the actual?

Since no commercial production has been made, it is not applicable.

- (6) The capital expenditure/capital invested has not been put to use.

Pending commencement of commercial production the idle fund is being parked in CLTD Account with Bank.

- (7) The cost benefits analysis of major capital expenditure/expansion including IRR and payback period?

No comment since the management has not submitted the feasibility report

- (8) The existence of Marco, Sector and Operation threats that could drive fundamental changes in business model. Indicate in brief.

No

(III) Disinvestment (if applicable)

- (1) What is the mode of disinvestment (i.e. Trade sale, Management & Employees Buy Out, Mass Privatization, Public auction, Flotation, Liquidation, Private Placement).

N.A.

- (2) What is the present stage of disinvestment process?

N.A.

- (3) If the Company has been selected for disinvestment, please report.

- (a) Has the company accounted for all its assets (including intangible assets), liabilities, income and expenditure as per the requirement of relevant Accounting Standards and nothing is left out of books.

- (b) Whether the assets of the Company, especially land, valued at nominal cost has been revalued keeping in view the market rate for consideration of the net worth of the Company for the purpose of sale?

- (c) Whether the committed reserves and general reserves created over the years are disclosed distinctly? If utilization of general reserve is substantial, specify the conditions of the

utilization and whether these conditions are covered under the byelaws/articles of the company and provisions of the Companies Act, 1956?

- (d) Whether any investment was made by the Company during the process of Disinvestment? If so, whether such investments were in the interests of the company or did they have the effect of extending undue advantage to the Bidders?" **a to d" Not Applicable**

(IV) System of Accounts & Financial Control.

- 1) Whether the allocation of duties and responsibilities including the delegation of powers at various levels of Management is fair/ proper/justifiable and the same have been adequately defined?

The Board in its 2nd meeting held on 24.10.2008 has delegated power to the Chief Executive Officer of MJSJ Coal Limited in connection with all the field works including P & D works.

- 2) Examine the systems of accounts & Financial Control being followed by the Company and give your views as regards their deficiencies along with suggestions for remedial measures:

The Company is adopting the system of account and financial controls followed by Mahanadi Coal Field Limited

- 3) Please report which of the accounting policies adopted by the Company are not in conformity with the accounting policies applicable to the industry/companies in the same sector, particularly the Government Companies. What is the impact of such policies on the accounts?

The accounting policies adopted by the Company are in conformity with the accounting policies applicable to the Coal Companies like MCL.

- 4) Notes to Accounts, qualifications in Auditors report and comments of the C & AG may be reviewed for the last 3 years and state whether the Management has taken rectificatory action?

Newly formed Company (2008-09). However, necessary rectification to the observations in auditor's report 2008-09, 2009-10, 2010-11, 2011-12 & 2012-13 has been made.

- 5) Whether the Company has a clear credit policy, policy for providing for doubtful debts/ write offs & liquidated damages? Analyse the reasons such as non-completion of performance tests, litigation, retention sale, etc for significant sundry debtors and report hereon.

N.A. Since no commercial production has been made.

- 6) Please report whether the system of giving discount to promote sales is fair? Whether the instructions for allowing discount are issued in writing and communicated properly to sales outlets?

N.A. Since no commercial production has been made.

- 7) Examine and indicate whether the Company has a system of monitoring the timely recovery of outstanding dues? Highlight the significant instances of failure of the system, if any.

N.A. Since no commercial production has been made.

- 8) What is the system of obtaining confirmation of balances from debtors/creditors and others parties? Indicate separately the amount of balances remained unconfirmed from Government Departments/ PSUs and Private parties and their percentage to total under each head.

N.A. Since no commercial production has been made.

- 9) Please report whether there are any cases of waiver of debts/loans/interest etc. if yes, the reasons therefore and the amount involved.

N.A. Since no commercial production has been made.

- 10) Is there an adequate system of timely lodging of claims with outside parties? Whether the claims are properly monitored?

N.A.

- 11) Whether the credit obtained (including overdrafts) is monitored regularly and the terms of loans are not such that they have a negative impact on the earnings of the company. Examine the system of effective utilization of loans and the system of obtaining statutory benefits.

NO

- 12) Indicate whether any involving improper use or wastage of funds was noticed.

NO

- 13) Examine and comment upon the reasonableness of assumptions made by the Actuary in providing for retirement benefits as per Accounting Standard 15.

Yes, provision has been made

- 14) Whether work flow and documents flow is in place to ensure proper controls and systems commensurate with the delegation of work? **Yes**

(V) Fraud / Risk

- 1) Whether the Company has an effective and delineated fraud policy consistent with regulatory requirements as well as entity's business needs?

NO

- 2) Whether the Company has an formulated ' code of conduct' for senior management?

Yes- As per the policy of Coal India Limited.

- 3) How the Company has dealt with reported frauds and what are the remedial measures taken for preventing recurrence.

No Fraud detected.

- 4) Are there any cases of violation of delegated Financial Power during the period under report, which warrants " in-depth audit"? If yes please give a list of such cases.

NO

- 5) Does the Company have separate Vigilance Department/ Wing? To what extent is it effective in its duty and whether its reports are submitted to the Board?

NO

- 6) Whether the Management has designed and put in place an adequate prevention and Detection Controls to prevent, reduce and discover the fraud and other irregularities. **Yes**

MCL Policy followed.

- 7) Whether the Company has whistled blowing policy?

NO

- 8) Whether the fraud policy has been periodically reviewed and evaluated to determine whether it was designed and implemented to achieve optimal effectiveness?

N.A.

(VI) Assets (including Inventory)

- 1) What is the position regarding maintenance of records such as fixed assets register, etc.?

Yes maintained in respect of fixed assets.

- 2) Whether the Company has prescribed the following in regard to the management of stores.

(a) Maximum and minimum limits of stores and spares etc.

N.A.

(b) Economic order quantity for procurement of stores.

N.A.

- 3) Whether ABC analysis has been adopted to control the inventory? If not, impact on inventory may be analyzed.

N.A.

- 4) Whether regulations made for the purposes of control over stores, including stock taking and valuation of stock, stores, & work-in progress at the end of the financial year adequate and duly enforced?

N.A.

- 5) Whether the work in progress contains any item, which has remained under work in progress, for an unduly long time? Attach a list of such items indicating amount, period of pendency and reasons.

NO

- 6) Examine and comment on the system of physical verification, valuation, treatment of non-moving & slow moving items, their disposal and abnormal excess and shortage in respect of closing stock items.

N.A.

- 7) Examine and comment on the system of valuation of fixed assets, survey-off procedure & provision of assets and specific capital spares surveyed-off.

N.A.

- 8) List out the surplus/obsolete/non-moving items of stores, raw material, finished goods lying unused at the end of last 3 years.

N.A.

- 9) Whether proper records are maintained for inventories lying with third parties and assets received as gift from Government or other authorities?

N.A.

- 10) Are there any lapses in the internal control system right from ordering till the consumption of stores? If yes, the same may be highlighted.

N.A.

- 11) List out the assets and Plant & Machinery items, which have not been in use over a considerable period of time (say 5 years) and the reasons thereof.

N.A.

- 12) Whether there are instances of huge losses incurred due to sale of goods at prices lower than the prevailing market prices, citing poor quality as a reason, immediately subsequent to the balance sheet date?

N.A.

- 13) Whether the norms of storages losses have been fixed? What is the basis on which storage losses are regularized? Indicate the abnormal storage losses suffered during the year under audit and amount realized there against.

N.A.

- 14) Demurrage/Wharf age incurred during the year and reasons therefore.

N.A.

- 15) Whether the company has conducted physical verification of Fixed Assets during the year and a formal report is being prepared for the same.

Yes conducted physical verification during the year under report.

- 16) Whether there is a policy to review and implement impairment of assets?

The Company is adopting policies of MCL.

(VII) Investment

- (1) Whether the Company has laid down an investment policy duly approved by the competent Authority ? If yes, please indicate the following:

NO investment policy

- (a) Is it in accordance with the Provisions of Section 292 of the Companies Act, 1956 and other laws, rules and regulations, Government directives applicable to the Company?

N.A.

- (b) Whether the investments made were judicious and in accordance with the investment policy?

N.A.

- (c) Is the shortfall in market value of the current investment and permanent diminution in the value of long-term investments reflected in the books? If not, describe the failure.

N.A.

- (2) Whether the deposits with banks/financial institutions and other have been in accordance with laws, rules, regulations, Government directive, etc as applicable.

YES

- (3) Whether there has been grant of large loans to or placement of deposits with other PSUs or enterprises not related with the business of the Company.

NO

- (4) Whether the Company has significant investment in an industry or product line noted for rapid change?

NO

- (5) Whether the investments made in the subsidiaries have been valued properly keeping in view the financial position of the subsidiary? If not, extent of diminution in the value of investments.

N.A.

- (6) Whether any surplus funds are invested? is there any effect on-availability of funds for working capital because of investment leading to borrowings at higher rates?

NO

- (7) How often market value is reviewed and whether profits are made on sale of investments?

N.A.

(viii) Liabilities and Loans

- (1) Give the total amount of loans (including interest, penal interest & commitment chargers separately) whether defaults were made in repayment as at the end of the accounting period.

Rs.373.77 lakhs working capital loan from MCL on which interest amounting Rs.22.55 lakh has been served during the year. No penal interest charged.

- 2) Whether guarantee fee payable to the Government of India as per terms of loan agreement had been accounted for properly?

N.A.

- 3) Whether any part or whole of the Loans from Government and/or interest accrued thereon have been either converted into equity or waived by the Government; if so, its impact on the financial position of the Company?

N.A.

- 4) Are the terms of the loan agreements such that they make the entity especially vulnerable in changes in the interest rates?

N.A.

- 5) Check the loan profile of the Company to find out whether the high cost debts were swapped with low cost market borrowings.

N.A.

- 6) Whether there have been receipts of large loans from other PSUs or enterprises not related with the business of the Company.

N.A.

- 7) Whether any study was conducted to avail any other instruments or derivatives instead of high cost loans?

N.A.

(IX) Award & Execution of Contracts

- 1) Whether Company has devised a proper system of tendering for awarding of various contracts?

Yes as per MCL e- tendering policy.

- 2) Whether the Company has an efficient system for monitoring and adjusting advances to contractors/ suppliers.

N.A.

- 3) Whether the Company has settled all the issues viz. Performance Guarantee (PG) Tests, recovery of Liquidity Damages (LDs) & final payments etc. Soon after the commissioning of the Project? Are there any cases of inordinate delay without sufficient justification?

N.A.

- 4) Whether there are any disputes/claims unsettled for a long time?

N.A.

- 5) What is the procedure followed by the Company for purchasing proprietary items? What is the procedure for ascertaining the authenticity of the propriety items certificate given by

an official based on which tendering is not resorted to and goods are purchased from a particular supplier.

N.A.

(X) Costing Systems

- 1) Whether the Company has any cost policy?
- 2) Are the cost accounts being reconciled with financial accounts?
- 3) Whether the company is computing the cost of major operations, jobs, products processes and services regularly? If not, describe the failures.
- 4) Whether the Company has an effective system for identification of idle labour-hours and idle machine-hours?
- 5) Was cost audit ordered in the case of the Company? If so, highlight the major deficiencies pointed out in the latest cost audit report.
- 6) Examine the accounting treatment of rejects and scraps for determination of cost of production. State the impact of bye products and joint products in determining costs.
- 7) Whether there is any system to evaluate the abnormal losses and taking remedial measures to control such losses?
- 8) What is the method being followed by the company to charge overheads? How is the overhead rate being arrived at? In case of cost plus contracts, are the overheads being recovered completely or not?

From sl.no. 1 to 8 above Since newly formed company no costing policy is there.

(XI) Internal Audit System

- 1) Whether the Company is having Internal Audit section manned by staff of their own or whether the Company has hired the services of CAs as Internal Auditors? Give your comments on the Internal Audit System stating whether its reporting status, scope of work, level of competence, etc. are adequate? If not, describe the shortcomings thereof. Is there an adequate compliance mechanism on internal audit observations?

There is no internal audit system either manned by their owned staff or hiring of the services of CAs.

- 2) Whether internal audit standards/manual/guidelines have been prescribed and they are in practice?

NO

- 3) Whether the Internal Audit Reports were discussed by Audit Committee?

Audit committee has not yet formed.

- 4) Whether Internal Audit is independent and Reports directly to the Chairman/ Head of the Company?

N.A.

- 5) If Internal Audit is outsourced then whether the selection process is fair and transparent?

N.A.

(XIII) EDP Audit

- 1) Whether the organization has an approval IT strategy or Plan?

N.A.

- 2) If the auditee has computerized its operations or part of it, assess and report, how much of the data in the Company is in electronic format, which of the major areas such as Financial Accounting, Sales Accounting, Personnel Information Payroll, Materials/Inventory Management, etc. have been computerized.

Not Computerized .The datas are being generated in the computer maintained / operated at Jagannath area of MCL.

- 3) Indicate how this impacts on your work of auditing the Accounts and whether your audit through or around the computer.

N.A.

- 4) Has the Company evolved proper security policy for Data/ Software/Hardware?

N.A.

- 5) Identify the areas in which the auditor is of the view that the built-in-checks and validations in the computer environment are not adequate or were not being exercised with proper authority?

N.A.

- 6) Comment on any problem faced in extracting information from computer files due to lack of backup of past records or due to record corruption. Is there a document retention policy?

N.A.

- 7) Whether any software is utilized or underlized due to lack of trained staff or any proper operating manual/ documentation etc?

N.A.

- 8) Comment whether changes made in software have the approval of Management and the same has been documented properly and the lead time given to the staff to get accustomed to it before making I fully operational?

N.A.

- 9) Whether the BOD is briefed regularly about the new IT Strategy, if any, proposed to be incorporated for the Company as a whole, for which large funds are sanctioned. This is particularly relevant to organizations where the entire IT activity is to be made online in due course.

NO

- 10) Whether the system department is responsible for both hiring/buying EDP equipment Hardware & Software and also certifying their usability before final payment (both functions should be separate with the user departments involved in the latter).

N.A.

- 11) Whether the company has detailed/comprehensive list of all reports/statements which can be generated by the system in use.

NO

- 12) Whether there is an effective IT Steering Committee?

NO

- 13) Whether there exists effective disaster recovery plan for EDP Department which is periodically reviewed and evaluated?

NO

- 14) Whether any of the findings and recommendations noted in the EDP Audit Report was considered significant and whether the issues were satisfactorily resolved?

N.A.

(XIV) Environmental Management.

1. Compliance of the various Pollution Control Acts and the impact thereof and policy of the Company in this regard may be checked and commented upon.

The Company has been incorporated on 13.08.2008 of 2008-09 and no commercial production has yet been started. However, the Company has taken step to obtain certificate from Pollution Control Board.

(XV) Corporate Social Responsibility.

- 1) How is the Company discharging its Corporate Social Responsibility?

N.A.

- 2) Whether any Board approved policy is in place and is being properly followed?

NO

The policy of MCL is being followed

- 3) Whether there is a system of fixation of targets for CSR activities?

N.A.

Whether adequate monitoring mechanism exists for implementation of CSR activities?

N.A.

(XVI) General

1. Indicate whether the Company has entered in to a Memorandum of Understanding with its administrative ministry? If yes, have the targets in MOU been split unit-wise? If so, attach a unit-wise statement of targets and achievements against the parameters in MOU.

NO

2. Whether contribution of employer and employee to provident Fund is kept separately out of business and proper safeguard of the same is taken care of?

Yes, as per the policies of MCL.

3. Does the Company present a case for energy audit? If yes, has the audit been conducted by a specialized agency?

NO

4. Where land acquisitions is involved in setting up new projects an enquiry as to whether settlement of dues and rehabilitation of those affected are being done expeditiously and in a transparent manner to ensure that the benefits go to the really affected people and is not diverted to agents and intermediaries including political parties?

Till date only Government land has been acquired.

5. Whether the Company has done any mergers and acquisitions during the year?

NO

Whether a through need analysis was done before Merger or acquisition?

N.A.

Whether shareholders acceptance was taken before decision on merger/acquisition was arrived at?

N.A.

What was the impact thereof on the profitability of the Company?

N.A.

If test checking was applied by statutory auditors, the manner in which areas of checking have been identified may be specified. Extent of sample selected and methodology of sampling adopted may also be specified.

Since newly formed Company & no Commercial Production has yet been made, the following areas have been covered.

1. Secretarial activities of the company like checking of share certificates, minutes of Board Meeting as well as AGM, filing of Annual Returns & various forms with ROC.
2. Present status of various works in connection with acquisition of land, clearance of forest land, Socio Economic Study of the area & development of the project.

3. Reconciliation of Fund inflow from various partners of JVC.
4. Significant accounting policies & notes to accounts in connection with financial statements.
5. Tendering policies existed for different contracts (Since newly formed company, no contract was awarded).
6. Delegation of power to higher management of the Company.
7. All other items relating to Annual Accounts.

Place: Angul
Date: 21.04.2014

For PATY SAR & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
(CA.N P SAR)
PARTNER
MEMBERSHIP NO: 210526
FR NO:325487E

Compliance Certificate

We have conducted the audit of accounts of M/s MJSJ Coal Limited Angul for the year ended 31st March 2013 in accordance with the directions/sub-directions issued by the C & AG of India under Section 619(3)(a) of the Companies Act 1956 and certify that we have complied with all the directions/sub-directions issued to us.

Place: Angul
Date: 21.04.2014

For PATY SAR & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
(CA.N P SAR)
PARTNER
MEMBERSHIP NO: 210526
FR NO:325487E

AUDITORS' REPORT

To

The Members,

M/S. MJSJ Coal Limited.

Angul

1. We have audited the attached Balance Sheet of M/s. MJSJ Coal Limited as at 31st March 2014 and the Profit & Loss Statement and cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and our responsibility is to express an opinion on these financial statements based on our audit.
2. The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and the cash flows of the company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act 1956, and in accordance with the accounting principles generally accepted in India. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

4. Subject to our report read with Annexure –II and Note No.34 in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read

together with the notes appearing thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014.
- ii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act , we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company. As reported by the company certain records have been generated at area office of the Mahanadi Coal Fields Ltd.
 - (c) The Balance Sheet dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet dealt with by this report comply with the Mandatory Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956 in the manner so required subject to the matters referred to in Annexure –II to this report, to the extent applicable.
 - (e) Disclosure in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956 is not required for Government Companies as per notification No. GSR 829(E) dt. 21.10.2003 issued by the Department of Company Affairs.

Place: Angul
Date: 21.04.2014

For Paty Sar & Associates
Chartered Accountants
FRN. 325487E

Sd/-
(CA. N P Sar)
PARTNER
MRN. 210526

ANNEXURE- I**ANNEXURE TO THE AUDITORS' REPORT****(Refer to in paragraph- 5(1) of our Report of even date)**

- (i) (a) The Company has maintained proper records to show full particulars including value & quantitative details and situation of fixed assets.
- (b) We are informed that, the Company has not yet formulated a programme of periodical physical verification of all the fixed assets since the Company has been incorporated on 13th August 2008 and not started the commercial production. However, as informed to us the Company is to adopt this procedure of physical verification of fixed assets of Mahanadi Coal Fields Ltd. henceforth.
- (c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
- (d) The Company has not revalued any of the fixed assets during the year under audit.
- (ii) (a) As explained to us, the physical verification of inventories/ stores and spare parts is not applicable to this Company since no commercial production has been started.
- (b) As per the information given to us, the procedures of physical verification of stocks is to be adopted at par with the procedures of Mahanadi Coal Fields and during this year it is not applicable.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to the companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clause (b), (c) & (d) are not applicable to this Company.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub clause (f) & (g) paragraphs 4 (iii) (f) and (g) are not applicable to this Company.
- (c) On the basis of the examination of the records, we noticed that vide decision of the Board in their 23rd meeting held on 21st January 2013, the short term loan/ advances made by the venture partners to the Company shall be chargeable to interest on monthly closing balance of current accounts at the rate at which CIL is paying to MCL from time to time with effect from October 2012. Accordingly the Company has paid an interest of Rs. 22,54,722.48 to MCL during the year 2013-14.
- (iv) (a) In our opinion and according to the information and explanations given to us, the internal control system as regards purchases of Fixed Assets are commensurate with the size of the Company and nature of its business.

- (b) During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) As informed to us, the company has not made any transactions in pursuance of such contracts or arrangements nor entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In view of clause v (a) above, the clause v (b) is not applicable.
- (vi) The Company has not accepted any deposits as on the Balance Sheet Date. In our opinion and according to the information & explanation given to us, the Company has complied with the provisions of sections 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vii) The Company has not introduced any internal audit system since this is the 6th year of its functioning and no commercial production has been commenced, however, in our opinion the Company should systemize the internal audit to cover the existing areas like Physical verification of fixed assets, Tracking of Advance, documentation of legal formalities like fresh issue of shares etc.
- (viii) The Central Govt. of India has not prescribed the maintenance of cost records under section 209 (1) (d) of the Act for any of the products of the Company.
- (ix) According to the information and explanations given to us and the records of the Company examined by us, the company is generally regular in depositing the undisputed statutory dues like Coal Mines Provident Fund, Professional Tax etc. As per the terms and conditions of the Memorandum of Understanding of the Joint Venture Company, the deployment of man power either executive or nonexclusive is to be made by the Holding Company i.e. Mahanadi Coal Fields Limited. Hence, the statutory dues recovered from the concerned employees are being deposited at MCL level.
- (x) Since the Company has been incorporated during the year 2008-09 and no commercial production has been effected, the registering of loss for last five years is not applicable and accordingly the paragraph 4 (x) of the order is not relevant to this company.
- (xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank during the year under audit.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, hence the paragraph 4 (xii) of the order is not applicable.

- (xiii) In our opinion, the provisions of special statute applicable to chit fund/ nidhi / mutual benefit fund / societies are not applicable to the company. Accordingly, the paragraph 4(xiii) of the order is not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Hence, the paragraph 4(xiv) of the order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or other financial institutions during the year under audit. Accordingly, the paragraph 4(xv) of the order is not applicable.
- (xvi) According to the records of the Company examined by us and information and explanation given to us, the company has not availed any term loans during the year under audit. Accordingly, the paragraph 4(xvi) of the order is not applicable.
- (xvii) According to the information and explanations given to us and on the basis of an over all examination of the Balance Sheet of the company, in our opinion and according to the explanations given to us, it has not raised any funds on short term basis. Accordingly, the paragraph 4(xvii) of the order is not applicable.
- (xviii) The company, during the year under audit, has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section-301 of the Companies Act 1956. Accordingly, the paragraph 4(xviii) of the order is not applicable.
- (xix) The Company, during the year under audit, has not issued any debentures and no amount is outstanding in respect of debenture as on the Balance Sheet date. Accordingly, the paragraph 4(xix) of the order is not applicable.
- (xx) The Company has not raised/ issued any public issues as on the Balance Sheet date. Accordingly, the paragraph 4(xx) of the order is not applicable.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.

Place: Angul
Date: 21.04.2014

For Paty Sar & Associates
Chartered Accountants
FRN. 235487E

Sd/-
(CA. N P Sar)
PARTNER
M. No. 210526

ANNEXURE- II

ANNEXURE TO THE AUDITORS' REPORT
(Refer to paragraph- 4 of our Report of even date)

M/s. MJSJ Coal Limited was incorporated on 13th August 2008 as a Joint Venture Company the Partners of which are Mahanadi Coal Fields Limited having 60% shares, JSW Steel Limited and JSW Energy Limited having 11% share each and Shyam Metallics and Energy (formerly known as Shyam DRI Power Limited) and Jindal Stainless Limited having 9 % share each.

The Company has been formed to operate the Gopalprasad OCP and Utkal-A of Talcher Coalfield. The normative capacity of the project although has been estimated 15 MTY with peak capacity of 20.00 MTY. The existing deadline for commencement of commercial production from 31st December 2012 could not been met.

(1) Share Capital

The breakup of paid up share capital as at 31.03.2014 is furnished hereunder:

(Rs. in lakhs)

Sl No.	Partners of JVC	Share Capital (as on 31.03.2013)	Share Capital allotted during the year	Share Capital (as on 31.03.2014)	% of Shares held.
(a)	Mahanadi Coal Field Limited	5706.00	NIL	5706.00	60
(b)	JSW Steel Limited	1046.10	NIL	1046.10	11
(c)	JSW Energy Limited	1046.10	NIL	1046.10	11
(d)	Shyam Metallics and Energy Power Limited) (formerly known as Shyam DRI Power Limited)	855.90	NIL	855.90	09
(e)	Jindal Stainless Limited	855.90	NIL	855.90	09
	Total	9510.00		9510.00	100

(1) Maintenance of Records

The books of accounts like Cash book, Bank book & Journal register maintained manually were produced before us for examination of such records.

(2) Current Liabilities

It includes a sum of Rs. 377.47 lakhs towards advance against working capital from Joint Venture Partners as detailed below:

1. MCL Current Account

Rs.373.77 Lakhs

2. JSW Energy Current Account	Rs. 2.22 Lakhs
3. Shyam Metallica and Energy (formerly known as Shyam DRI Power Limited) Current Account	Rs. 1.48 Lakhs
	Rs.377.47 Lakhs

(4) **Audit Committee**

In accordance with the provisions under section 292A of Companies Act 1956, every public company having paid-up capital of not less than five crores of rupees shall constitute a committee of the Board known as "Audit Committee" which shall consist of not less than three directors and such number of other directors as the Board may determine of which two thirds of the total number of members shall be directors, other than managing or whole-time directors.

The company although having paid up share capital of Rs.95.10 Crores should have constituted a Committee of the Board known as Audit Committee. However no such committee has been formed.

Place: Angul
Date: 21.04.2014

For Paty Sar & Associates
Chartered Accountants

Sd/-
(CA. N P Sar)
PARTNER
M. No. 210526
FR No.325487E

MANAGEMENT REPLY TO AUDITORS' REPORT

Statement referred to in paragraph (3) of our report of even date to the members of M/s MJSJ Coal Ltd. on the accounts for the year ended 31st March 2014.

AUDITORS' REPORT

MANAGEMENT'S REPLY

1. We have audited the attached Balance Sheet of M/s. MJSJ Coal Limited as at 31st March 2014 and the Profit & Loss Statement and cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and our responsibility is to express an opinion on these financial statements based on our audit.
2. The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and the cash flows of the company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act 1956, and in accordance with the accounting principles generally accepted in India. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

4. Subject to our report read with Annexure –II and Note No.34 in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read together with the notes appearing thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014.
 - ii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

- 5. Report on other Legal and Regulatory requirements**
1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by Section 227(3) of the Act , we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company. As reported by the company certain records have been generated at area office of the Mahanadi Coal Fields Ltd.
 - (c) The Balance Sheet dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet dealt with by this report comply with the Mandatory Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956 in the manner so required subject to the matters referred to in Annexure –II to this report, to the extent applicable.
 - (e) Disclosure in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956 is not required for Government Companies as per notification No. GSR 829(E) dt. 21.10.2003 issued by the Department of Company Affairs.

ANNEXURE- I**ANNEXURE – I TO THE AUDITORS’ REPORT****(Statement referred to paragraph – 5(1) of our report of even date)****AUDITORS’ REPORT****MANAGEMENT’S REPLY.**

- (i) (a) The Company has maintained proper records to show full particulars including value & quantitative details and situation of fixed assets.
- (b) We are informed that, the Company has not yet formulated a programme of periodical physical verification of all the fixed assets since the Company has been incorporated on 13th August 2008 and not started the commercial production. However, as informed to us the Company is to adopt this procedure of physical verification of fixed assets of Mahanadi Coal Fields Ltd. henceforth.
- (c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
- (d) The Company has not revalued any of the fixed assets during the year under audit.
- (ii) (a) As explained to us, the physical verification of inventories/ stores and spare parts is not applicable to this Company since no commercial production has been started.
- (b) As per the information given to us, the procedures of physical verification of stocks is to be adopted at par with the procedures of Mahanadi Coal Fields and during this year it is not applicable.
- (iii)(a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to the companies, firms and other parties covered in the register maintained under Section 301 of the

Statement of Fact

Statement of Fact

Statement of Fact

- Companies Act, 1956. Accordingly, sub clause (b), (c) & (d) are not applicable to this Company.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub clause (f) & (g) paragraphs 4 (iii) (f) and (g) are not applicable to this Company. Statement of Fact
- (c) On the basis of the examination of the records, we noticed that vide decision of the Board in their 23rd meeting held on 21st January 2013, the short term loan/ advances made by the venture partners to the Company shall be chargeable to interest on monthly closing balance of current accounts at the rate at which CIL is paying to MCL from time to time with effect from October 2012. Accordingly the Company has paid an interest of Rs. 22,54,722.48 to MCL during the year 2013-14. Statement of Fact
- (iv)(a) In our opinion and according to the information and explanations given to us, the internal control system as regards purchases of Fixed Assets are commensurate with the size of the Company and nature of its business. Commercial Production not yet stated
- (b) During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company. No Comment
- (v)(a) As informed to us, the company has not made any transactions in pursuance of such contracts or arrangements nor entered in the register maintained under section 301 of the Companies Act, 1956. Statement of Fact

- (b) In view of clause v (a) above, the clause v (b) is not applicable.
- (vi) The Company has not accepted any deposits as on the Balance Sheet Date. In our opinion and according to the information & explanation given to us, the Company has complied with the provisions of sections 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal. Statement of Fact
- (vii) The Company has not introduced any internal audit system since this is the 6th year of its functioning and no commercial production has been commenced, however, in our opinion the Company should systemize the internal audit to cover the existing areas like Physical verification of fixed assets, Tracking of Advance, documentation of legal formalities like fresh issue of shares etc. Noted for action
- (viii) The Central Govt. of India has not prescribed the maintenance of cost records under section 209 (1) (d) of the Act for any of the products of the Company. Statement of Fact
- (ix) According to the information and explanations given to us and the records of the Company examined by us, the company is generally regular in depositing the undisputed statutory dues like Coal Mines Provident Fund, Professional Tax etc. As per the terms and conditions of the Memorandum of Understanding of the Joint Venture Company, the deployment of man power either executive or nonexclusive is to be made by the Holding Company i.e. Mahanadi Coal Fields Limited. Hence, the statutory dues Statement of Fact

- recovered from the concerned employees are being deposited at MCL level.
- (x) Since the Company has been incorporated during the year 2008-09 and no commercial production has been effected, the registering of loss for last five years is not applicable and accordingly the paragraph 4 (x) of the order is not relevant to this company. Statement of Fact
- (xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank during the year under audit. Statement of Fact
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, hence the paragraph 4 (xii) of the order is not applicable. Statement of Fact
- (xiii) In our opinion, the provisions of special statute applicable to chit fund/ nidhi / mutual benefit fund / societies are not applicable to the company. Accordingly, the paragraph 4(xiii) of the order is not applicable. Statement of Fact
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Hence, the paragraph 4(xiv) of the order is not applicable. Statement of Fact
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or other financial institutions during the year under audit. Accordingly, the paragraph 4(xv) of the order is not applicable. Statement of Fact
- (xvi) According to the records of the Company examined by us and information and Statement of Fact

- explanation given to us, the company has not availed any term loans during the year under audit. Accordingly, the paragraph 4(xvi) of the order is not applicable.
- (xvii) According to the information and explanations given to us and on the basis of an over all examination of the Balance Sheet of the company, in our opinion and according to the explanations given to us, it has not raised any funds on short term basis. Accordingly, the paragraph 4(xvii) of the order is not applicable.
- (xviii) The company, during the year under audit, has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section-301 of the Companies Act 1956. Accordingly, the paragraph 4(xviii) of the order is not applicable.
- (xix) The Company, during the year under audit, has not issued any debentures and no amount is outstanding in respect of debenture as on the Balance Sheet date. Accordingly, the paragraph 4(xix) of the order is not applicable.
- (xx) The Company has not raised/ issued any public issues as on the Balance Sheet date. Accordingly, the paragraph 4(xx) of the order is not applicable.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.
- Statement of Fact
- Statement of Fact
- Statement of Fact
- Statement of Fact
- Statement of Fact

ANNEXURE-II TO THE AUDITORS' REPORT**(Refer to in paragraph- 4 of our Report of even date)****AUDITORS' REPORT****MANAGEMENT'S REPLY.**

M/s. MJSJ Coal Limited was incorporated on 13th August 2008 as a Joint Venture Company the Partners of which are Mahanadi Coal Fields Limited having 60% shares, JSW Steel Limited and JSW Energy Limited having 11% share each and Shyam Metallics and Energy (formerly known as Shyam DRI Power Limited) and Jindal Stainless Limited having 9 % share each.

The Company has been formed to operate the Gopalprasad OCP and Utkal-A of Talcher Coalfield. The normative capacity of the project although has been estimated 15 MTY with peak capacity of 20.00 MTY. The existing deadline for commencement of commercial production from 31st December 2012 could not been met.

(1) Share Capital

The breakup of paid up share capital as at 31.03.2014 is furnished hereunder:

(Rs. in lakhs)

SI No.	Partners of JVC	Share Capital (as on 31.03.2013)	Share Capital allotted during the year	Share Capital (as on 31.03.2014)	% of Shares held.
(a)	Mahanadi Coal Field Limited	5706.00	NIL	5706.00	60
(b)	JSW Steel Limited	1046.10	NIL	1046.10	11
(c)	JSW Energy Limited	1046.10	NIL	1046.10	11
(d)	Shyam Metallics and Energy Power Limited) (formerly known as Shyam DRI	855.90	NIL	855.90	09
(e)	Jindal Stainless Limited	855.90	NIL	855.90	09
		9510.00		9510.00	100

Statement of Fact

(2) Maintenance of Records

The books of accounts like Cash book, Bank book & Journal register maintained manually were produced before us for examination of such records.

Statement of Fact

(3) Current Liabilities

It includes a sum of Rs.377.47 lakhs towards advance against working capital from Joint Venture Partners as detailed below:

Statement of Fact

1. MCL Current Account :- Rs.373.77 Lakhs
2. JSW Energy Current Account :- Rs. 2.22 Lakhs
3. Shyam Metallics and Energy
(formerly known as Shyam DRI Power Limited)

Current Account Rs. 1.48 Lakhs

Total Rs.377.47 Lakhs

(4) Audit Committee

In accordance with the provisions under section 292A of Companies Act 1956, every public company having paid-up capital of not less than five crores of rupees shall constitute a committee of the Board known as "Audit Committee" which shall consist of not less than three directors and such number of other directors as the Board may determine of which two thirds of the total number of members shall be directors, other than managing or whole-time directors.

Statement of Fact

The company although having paid up share capital of Rs.95.10 Crores should have constituted a Committee of the Board known as Audit Committee. However no such committee has been formed.

MJSJ COAL LIMITED**BALANCE SHEET**

As at 31st MARCH, 2014

(₹ in lakh)

Notes

I EQUITY AND LIABILITIES		As at 31-Mar-14	As at 31-Mar-13
(1) Shareholders' Funds			
a) Share Capital	1	9,510.00	9,510.00
b) Reserves and Surplus	2	<u>(101.32)</u>	<u>(101.32)</u>
		9,408.68	9,408.68
(2) Share Application Money Pending Allotment		-	-
(3) Non-Current Liabilities			
a) Long Term Borrowings	3	-	-
b) Deferred Tax Liability (Net)		-	-
c) Other Long Term Liabilities	4	-	-
d) Long Term Provisions	5	<u>-</u>	<u>-</u>
		-	-
(4) Minority interest		-	-
(5) Current Liabilities			
a) Short Term Borrowings	6	377.47	135.72
b) Trade Payables	7	-	-
c) Other Current Liabilities	8	3.91	3.81
d) Short Term Provisions	9	<u>19.72</u>	<u>11.87</u>
		401.10	151.40
Total		9,809.78	9,560.08
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
i) Tangible Assets - Gross Block	10A	4,482.63	4,476.96
Less : Depreciation, Impairment & Provisions		<u>300.94</u>	<u>213.46</u>
Net Carrying Value		4,181.69	4,263.50
ii) Intangible Assets - Gross Block	10A	-	-
Less : Depreciation, Impairment & Provisions		<u>-</u>	<u>-</u>
Net Carrying Value		-	-
iii) Capital Work-in-Progress	10B	-	-
iv) Intangible Assets under Development	10C	3,147.20	2,940.94
(b) Non-Current Investments			
(c) Deferred Tax Asset (Net)			
(d) Long Term Loans & Advances			
(e) Other Non-Current Assets			

Balance Sheet Contd.

(₹ in lakh)

	Notes	As at <u>31-Mar-14</u>	As at <u>31-Mar-13</u>
(2) Current Assets			
(a) Current Investments	14	-	
(b) Inventories	15	-	
(c) Trade Receivables	16	-	
(d) Cash & Cash equivalents	17	2,311.76	2,242.79
(e) Short Term Loans & Advances	18	59.15	29.64
(f) Other Current Assets	19	<u>109.98</u>	<u>83.21</u>
		2,480.89	2,355.64
Total		9,809.78	9,560.08
Significant Accounting Policies	33		
Additional Notes on Accounts	34		
The Notes referred to above form an integral part of Balance Sheet			

For and on behalf of Board of Directors

Sd/-
(S.Rout)
Company Secretary /
Asst. Manager (Finance)

Sd/-
(P.M.Prasad)
Chief Executive Officer

Sd/-
(S.Kannan)
Director

Sd/-
(A.K.Tiwari)
Chairman, MJSJ

As per our report of even date
For & on behalf of M/s Paty Sar & Associates
Chartered Accountants
FRN - 325487E

Date: 21.04.2014
Place: Angul

Sd/-
CA N.P.Sar
Partner
(M.No -210526)

MJSJ COAL LIMITED
PROFIT & LOSS STATEMENT
For the year ended 31st MARCH, 2014

(₹ in lakh)

INCOME	<u>Notes</u>	<u>For the Year ended 31.03.2014</u>	<u>For the Year ended 31.03.2013</u>
Sale of Coal	20		
Less: Excise Duty Other Levies			
Revenue From Operations			
Other Income	21		
Total Revenue		[]	[]
EXPENSE			
Cost of Materials Consumed	22		
Change in inventories of finished goods, work in progress and Stock- in- trade	23		
Employee benefit expenses	24		
Power & Fuel			
Welfare Expenses	25		
Repairs	26		
Contractual Expenses	27		
Finance Costs	28		
Depreciation/Amortization/Impairment			
Provisions	29		
Write off	30		
Overburden Removal Adjustment			
Other Expenses	31		
Total Expenses		[]	[]
Profit/(Loss) before extraordinary items ,exceptional items and tax		[]	[]
Prior Period Adjustment [Charges / (Incomes)]			
Exceptional Items			-
Profit/(Loss) before extraordinary items and tax		[]	[]
Extraordinary Items [Charges/(Incomes)]	32	-	-
Profit/(Loss) before Tax		[]	[]
Less : Tax Expense			
- Current year			
- Deferred Tax			
- Earlier years			
Profit/(Loss) after Tax		[]	[]
Basic and Diluted Earnings per Share (in Rs.) (Face Value of Rs. 1000/- per share)			
Significant Accounting Policies	33		
Additional Notes on Accounts	34		

For and on behalf of Board of Directors

Sd/-
(S.Rout)
Company Secretary /
Asst.Manager (Finance)

Sd/-
(P.M.Prasad)
Chief Executive Officer

Sd/-
(S.Kannan)
Director

Sd/-
(A.K.Tiwari)
Chairman,MJSJ

As per our report of even date
For & on behalf of M/s Paty Sar & Associates
Chartered Accountants
FRN - 325487E

Sd/-
CA N.P.Sar
Partner
(M.No -210526)

Date: 21.04.2014

Place: Angul

MJSJ COAL LIMITED**Cashflow Statement for the year ended on 31.03.2014**

(₹ in lakh)

A CASH FLOW FROM OPERATING ACTIVITIES:	For the year ended on 31.03.2014 (₹' in Lakhs)	For the year ended on 31.03.2013 (₹' in Lakhs)
Net Profit before tax and extraordinary items	-	-
Adjustment for :		
Depreciation & Impairment	-	-
Exchange Rate Fluctuation	-	-
OBR Adjustment	-	-
Interest / Dividend (Received)	-	-
Interest /financial charges (Paid)	-	-
Prov. against Debtors/Inventories/Other CA/ Loans & Advances etc	-	-
Operating Profit before Working Capital changes	-	-
Adjustments for :		
Changes in inventories	-	-
Changes in trade receivables	-	-
Changes in long term/non current Loan & advance/Assets	-	-
Changes in short term /current Loans and Advances/ Assets	(56.28)	(42.43)
Changes in trade payable/ Current Liabilities/long term liabilities	7.95	(1,197.83)
Cash generated from operations	<u>(48.33)</u>	<u>(1,240.26)</u>
Direct taxes paid	-	-
Cash Flow before extraordinary items	<u>(48.33)</u>	<u>(1,240.26)</u>
Extraordinary items	-	-
Net Cash from operating activities	<u>(48.33)</u>	<u>(1,240.26)</u>
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(124.45)	(148.32)
Short Term Deposit with CIL	-	-
Miscellaneous receipts	-	-
Acquisition of Companies	-	-
Purchase of New Investments (Current/Non-Current)	-	-
Interest received	-	-
Dividend received	-	-
Net Cash used in investing activities	<u>(124.45)</u>	<u>(148.32)</u>
C CASH FLOW FROM FINANCING ACTIVITIES:		
World Bank Loans through CIL	-	-
Short Term Borrowings	241.75	-
Exchange Rate Fluctuation	-	-
Repayment of CIL Loan	-	-
Redemption of preference share capital	-	-
Interest and financial charges	-	-
Issue of Share Capital	-	2,500.00
Share Application Money Pending Allotment	-	-
Dividend paid	-	-
Net Cash used in financing activities	<u>241.75</u>	<u>2,500.00</u>
Net increase / (decrease) in cash and cash equivalents	<u>68.97</u>	<u>1,111.42</u>
Cash and cash equivalents as at beginning of the year	2,242.79	1,131.37
Cash and cash equivalents as at the end of the period	<u>2,311.76</u>	<u>2,242.79</u>

The aforesaid statement is prepared on indirect method.

The figures of the previous year have been reclassified to confirm to current period classification.

Sd/-
(S.Rout)
Company Secretary /
Asst. Manager (Finance)

Sd/-
(P.M.Prasad)
Chief Executive Officer

For and on behalf of Board of Directors

Sd/-
(S.Kannan)
Director

Sd/-
(A.K.Tiwari)
Chairman, MJSJ

As per our report of even date
For & on behalf of M/s Paty Sar & Associates
Chartered Accountants
FRN - 325487E

Date: 21.04.2014

Place: Angul

Sd/-
CA N.P.Sar
Partner
(M.No -210526)

MJSJ COAL LIMITED

NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014 (₹ in lakh)

Note - 1

SHARE CAPITAL

	<u>As at</u> <u>31-Mar-2014</u>	<u>As at</u> <u>31-Mar-2013</u>
	20,000.00	20,000.00
<u>Authorised</u>		
(i) 200000000 Equity Shares of Rs. 10/- each	20,000.00	20,000.00
<u>Issued, Subscribed and Paid-up</u>	9,510.00	9,510.00
(i) 95100000 Equity Shares of Rs.10/- each fully paid up in cash	9,510.00	9,510.00

Note: 1) Shares in the Company held by each shareholder holding more than 5% shares

Name of Shareholder	No. of Shares Held (Face value of Rs. 10 each)	% of Total Shares
MCL	57,060,000	60
JSW Steel Ltd	10,461,000	11
JSW Energy Ltd	10,461,000	11
Jindal Stainless Ltd	8,559,000	9
Shyam Metalics & Energy Ltd	8,559,000	9

2) During the year, there is change in the number of shares.

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014**

(₹ in lakh)

Note - 2**RESERVES & SURPLUS**

RESERVES :	As at <u>31-Mar-2014</u>	As at <u>31-Mar-13</u>
Capital Reserve		
As per last Balance Sheet	-	-
Add: Addition during the period	-	-
Less: Adjustment during the period	-	-
	<u>-</u>	<u>-</u>
Capital Redemption Reserve		
As per last Balance Sheet	-	-
Add: Addition during the period	-	-
Less: Adjustment during the period	-	-
	<u>-</u>	<u>-</u>
Reserve for Foreign Exchange Transactions		
As per last Balance Sheet	-	-
Add: Addition during the period	-	-
Less: Adjustment during the period	-	-
	<u>-</u>	<u>-</u>
CSR Reserve		
As per last Balance Sheet	-	-
Add: Addition during the period	-	-
Less: Transfer to General Reserve	-	-
	<u>-</u>	<u>-</u>
General Reserve		
As per last Balance Sheet	-	-
Add: Transfer from Profit & Loss Statement	-	-
Add:/ Less: Adjustment during the period	-	-
	<u>-</u>	<u>-</u>
Surplus in Profit & Loss Statement		
As per last Balance Sheet	-	-
Profit/(Loss) after Tax during the period	0.00	0.00
Profit/(Loss) available for Appropriation	0.00	0.00
APPROPRIATION		
Reserve for Foreign Exchange Transaction	-	-
Transfer to General Reserve	-	-
Transfer to CSR Reserve	-	-
Interim Dividend	-	-
Proposed Dividend on Equity Shares	-	-
Corporate Dividend Tax	-	-
	<u>0.00</u>	<u>0.00</u>
Miscellaneous Expenditure (to the extent not written off)		
Preliminary Expenses	101.32	101.32
Pre-Operational Expenses	-	-
Total :	(101.32)	(101.32)

MJSJ COAL LIMITED

NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in lakh)

Note - 3**LONG TERM BORROWINGS**

	As at 31-Mar-2014	As at 31-Mar-13
	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-
CLASSIFICATION 1		
Secured	-	-
Unsecured	-	-

CLASSIFICATION 2

1. Loan Guaranteed by Directors & Others

Particulars of Loan		Nature of Guarantee

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014****Note - 5**

(₹ in lakh)

LONG TERM PROVISIONS

	As at <u>31-Mar-2014</u>	As at <u>31-Mar-13</u>
For Employee Benefits		
- Gratuity	-	-
- Leave Encashment	-	-
- Other Employee Benefits	-	-
For Foreign Exchange Transactions (Market to Market)	-	-
OBR Adjustment Account	-	-
Mine Closure Expenses	-	-
For Others	-	-
TOTAL	[-]	[-]

MJSJ COAL LIMITED

NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in lakh)

Note - 6**SHORT TERM BORROWINGS**

	As at 31-Mar-2014	As at 31-Mar-13
Loan From Bank	-	-
Loans Repayable on Demand	-	-
Loan from MCL	373.77	132.02
Loan from JSW Energy	2.22	2.22
Loan from Shyam Metalics	1.48	1.48
	-	-
Other Loans and Advances	-	-
Deferred Credits	-	-
Total :	377.47	135.72

CLASSIFICATION 1

Secured	-	-
Unsecured	-	-

CLASSIFICATION 2

Loan Guaranteed by Directors & Others

Particulars of Loan	Nature of Guarantee
Nil	Nil

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014****Note - 7****TRADE PAYABLE**

(₹ in lakh)

	As at <u>31-Mar-2014</u>	As at <u>31-Mar-13</u>
Sundry Creditors For Supplies		
For Revenue	-	-
TOTAL	<input type="text" value="-"/>	<input type="text" value="-"/>

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014****Note - 8****OTHER CURRENT LIABILITIES**

(₹ in lakh)

	As at 31-Mar-2014	As at 31-Mar-13
Current Maturities of Long Term Borrowings	-	-
Sundry Creditors for Capital (including Stores)	-	-
For Expenses		
Salary Wages & Allowances	-	-
Power & Fuel	-	-
Others	-	-
STATUTORY DUES :		
Sales Tax	-	-
Sales Tax/VAT	-	-
Provident Fund & Pension Fund	-	-
Central Excise Duty	-	-
Royalty & Cess on Coal	-	-
Stowing Excise Duty	-	-
Clean Energy Cess	-	-
Other Statutory Levies	-	-
Income Tax Deducted at Source	-	-
Security Deposit	1.67	2.34
Earnest Money	0.65	0.46
Advance & Deposit from customers / others	-	-
Interest Accrued and due on Borrowings	-	-
Interest Accrued but not due on Borrowings	-	-
Cess Equilisation Account	-	-
Current Account with IICM	-	-
MCL Current Account	-	-
JSW Energy Ltd Current Account	-	-
Shyam Metallic & Energy Ltd Current Account	-	-
JSW Steel Ltd current Account	-	-
Jindal Stainless Ltd Current Account	-	-
Unpaid Dividend	-	-
Ex-Owner Account	-	-
Advance deposit other Pre-Nationalisation	-	-
Gratuity	-	-
Others Liabilities	1.59	1.01
TOTAL	3.91	3.81

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014****Note - 9****SHORT TERM PROVISIONS**

(₹ in lakh)

	As at 31-Mar-2014	As at 31-Mar-13
For Employee Benefits		
- Gratuity	-	-
- Leave Encashment	-	-
- PPLB	-	-
- PRP	-	-
- Other Employee Benefits	-	-
For Proposed Dividend	-	-
For Corporate Dividend Tax	-	-
For Income Tax	-	-
Proposed Dividend	-	-
Dividend Tax on Proposed Dividend	-	-
Disputed Claims	-	-
Provision for Rehab/Resettlement of Land	-	-
Oustees	-	-
For Excise Duty on Closing Stock of Coal	-	-
For Others	19.72	11.87
TOTAL	19.72	11.87

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014
Note - 10 A
FIXED ASSETS

(₹ in lakh)

PARTICULARS	GROSS BLOCK			DEPRECIATION			IMPAIRMENT LOSS / OTHER LOSS				CARRYING VALUE	
	As on 01.04.2013	Addition during the period	Adj./ Sales/ Transfer during the period	As on 01.04.2013	Addition during the period	Adj./ Sales/ Transfer during the period	As on 01.04.2013	Addition during the period	Adj./ Sales/ Transfer during the period	As on 31.03.2014	As on 31.03.2013	Total Depreciation/ Impairment Loss/ Other Loss
Tangible Assets												
Land												
(a) Freehold												
(b) Leasehold	4,455.42	5.35	4460.77	206.95	85.68	292.63				4,168.14	4,248.47	
Building/Water Supply/ Road & Culverts												
Plant & Machinery												
Furniture & fittings/ Office												
Tools & Equipments/ Electrical Fittings/ Fire Arms	21.54	0.33	21.87	6.51	1.80	8.31				13.56	15.03	
Railway Sidings												
Vehicle												
Telecommunication												
Development including Roads & Culverts in mining area												
TOTAL	4476.96	5.67	4,482.63	213.46	87.48	300.94	-	-	-	4,181.69	4,263.50	
Previous Year												
Tangible Fixed Assets												
Intangible Assets												
Development												
Software												
Prospecting & Boring												
Total												
G Total												
Previous Year												
Intangible Fixed Assets												

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014
Note - 10 B

CAPITAL WORK-IN-PROGRESS

(₹ in lakh)

PARTICULARS	COST			PROVISION			IMPAIRMENT LOSS / OTHER LOSS			CARRYING VALUE	
	As on 01.04.2013	Addition during the period	Adj./ Sales/ Transfer during the period	As on 01.04.2013	Addition during the period	Adj./ Sales/ Transfer during the period	As on 01.04.2013	Addition during the period	Adj./ Sales/ Transfer during the period	As on 31.03.2014	As on 31.03.2013
Tangible Assets											
Building/Water Supply/Road & Culverts											
Plant & Machinery											
Railway Sidings											
Roads & Culverts in mining area											
Others											
TOTAL											
Previous Year Tangible Assets											
Surveyed off Assets											
Previous Year Surveyed off Assets											
Grand Total											
Previous Year Grand Total											

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014
Note - 10 C

INTANGIBLE ASSET UNDER DEVELOPMENT

(₹ in lakh)

PARTICULARS	COST			PROVISION			IMPAIRMENT LOSS / OTHER LOSS			CARRYING VALUE		
	As on 01.04.2013	Addition during the period	Adj./ Sales/ Transfer during the period	As on 31.03.2014	As on 01.04.2013	Addition during the period	Adj./ Sales/ Transfer during the period	As on 31.03.2014	As on 01.04.2013	Total Depreciation/ Impairment Loss/ Other Loss	As on 31.03.2014	As on 31.03.2013
Intangible Assets												
Development	1,409.02	206.26		1,615.28				1,615.28			1,615.28	1,409.02
Prospecting & Boring	1,531.92			1,531.92				1,531.92			1,531.92	1,531.92
TOTAL	2,940.94	206.26		3,147.20				3,147.20			3,147.20	2,940.94
Previous Year												
Intangible Assets												

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014****Note - 11**

(₹ in lakh)

NON - CURRENT INVESTMENTS - Quoted /Unquoted at Cost

	Number of shares/ bonds/ securities current year	Face value per share/ bond/security current year (₹)	As at 31.03.2014 (₹' in Lakhs)	Number of shares/ bonds/ securities as at 31.03.2014	Face value per share/ bond/ security as at 31.03.2014	As at 31.03.2013 (₹' in Lakhs)
TRADE (Unquoted)						
<u>8.5% Tax Free Special Bonds (Fully Paid up) :</u> (on securitisation of Sundry Debtors) <u>Major State-wise Break-up</u>						
UP						
Haryana						
Maharashtra State Electricity Board						
Madhya Pradesh						
Gujarat						
West Bengal State Electricity Board						
Others						
Equity Shares in Subsidiaries Companies						
Non-Trade (Quoted)						
Total :						
Aggregate of Quoted Investments						
Aggregate of unquoted Investments						
Market Value of Quoted Investments						

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014****Note - 12**

(₹ in lakh)

LONG TERM LOANS & ADVANCES

ADVANCES:	As at <u>31-Mar-2014</u>	As at <u>31-Mar-13</u>
For Capital		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful advances		
For Revenue		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful advances		
Security Deposits		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful deposits		
Deposit for P&T, Electricity etc.		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful deposits		
LOAN TO EMPLOYEES & OTHERS		
For House Building		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
For Motor Car and Other Conveyance		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
For Others		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful advances		
LOAN TO SUBSIDIARIES		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
TOTAL		

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

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014

Note - 13

OTHER NON-CURRENT ASSETS

(₹ in lakh)

	As at 31-Mar-2014	As at 31-Mar-13
Long Term Trade Receivable		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less: Provision for bad and doubtful trade receivables		
Exploratory Drilling Work		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less: Provision for bad and doubtful drilling work		
Other Receivables		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less: Provision for bad and doubtful receivables		
TOTAL		

Note:

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

MJSJ COAL LIMITED

NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014

Note - 14

CURRENT INVESTMENTS - Quoted / Unquoted at Cost

(₹ in lakh)

	Number of shares/ bonds/ securities current year	Face value per share/ bond/security current Year	As at 31-Mar-2014	Number of shares/ bonds/ securities previous year	Face value per share/ bond/ security previous year	As at 31-Mar-13
NON-TRADE						
Investment in Mutual Funds			-			-
TRADE (Unquoted)			-			-
Total :			-			-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014
Note - 15

	As at <u>31-Mar-2014</u>	As at <u>31-Mar-13</u>
INVENTORIES (₹ in lakh)		
(Valuation as per Significant Accounting Policy No.10)		
Stock of Coal		
Coal Stock Under Development		
Less : Provision for deterioration		
A Stock of Coal (Net)	[] -	[] -
Stock of Stores & Spare Parts (at cost)		
Stores -in -transit		
Less : Provision for slow moving / obsolescence etc		
Loss of Assets		
Less : Provision for Loss of Assets		
B Net Stock of Stores & Spare Parts (at cost)	[] -	[] -
<u>Workshop Jobs :</u>		
Work-in-progress and Finished Goods		
Less : Provision for workshop jobs		
C Net Stock of Workshop Jobs	[] -	[] -
D Press :		
Work-in-Progress and Finished Goods		
E Stock of Medicines at Central Hospital		
F Prospecting & Boring/ Development Exp./Coal Blocks meant for Sale		
Total (A to F)	[] -	[] -

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014****ANNEXURE TO NOTE - 15****(Qty in lakh tonnes) (value in lakh ₹)****Table: A**

	OVERALL STOCK		NON-OVERALL STOCK		VENDABLE STOCK	
	Qty.	Value	Qty.	Value	Qty.	Value
1. (A) Opening stock as on 01.04.13 (B) Adjustment in Opening Stock						
2. Production for the period						
3. Sub-Total (1+2)						
4. Off- Take for the period						
(A) Outside Despatch (B) Coal feed to Washeries (C) Own Consumption TOTAL(A)						
5. Derived Stock						
6. Measured Stock						
7. Difference (5-6)						
8. Break-up of Difference: (A) Excess within 5% (B) Shortage within 5% (C) Excess beyond 5% (D) Shortage beyond 5%						
9. Closing stock adopted in A/c. (6-8A+8B)						

Table: B

Summary of Closing Stock of Coal

	Raw Coal			Washed / Deshaled Coal			Other Products			Total		
	Coking		Non-Coking		Coking		Non-Coking		Value		Value	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Opening Stock (Audited)	-	-	-	-	-	-	-	-	-	-	-	-
Less: Non-vendable Coal	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Opening Stock (Vendable)	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	-	-	-
Offtake	-	-	-	-	-	-	-	-	-	-	-	-
(A) Outside Despatch	-	-	-	-	-	-	-	-	-	-	-	-
(B) Coal feed to Washeries	-	-	-	-	-	-	-	-	-	-	-	-
(C) Own Consumption	-	-	-	-	-	-	-	-	-	-	-	-
Closing Stock	-	-	-	-	-	-	-	-	-	-	-	-
Less: Shortage	-	-	-	-	-	-	-	-	-	-	-	-
Closing Stock	-	-	-	-	-	-	-	-	-	-	-	-

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014****Note - 16****TRADE RECEIVABLES**

(₹ in lakh)

	<u>As at</u> <u>31-Mar-2014</u>	<u>As at</u> <u>31-Mar-13</u>
Debts outstanding for a period exceeding six months from the due date		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad & doubtful debts		
Other Debts		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad & doubtful debts		
Total		

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

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014****Note - 17****CASH & BANK BALANCES**

(₹ in lakh)

	As at 31-Mar-2014	As at 31-Mar-13
Cash & Cash Equivalents		
Balances with Scheduled Banks		
- SBI Dividend Account (unpaid/unclaimed dividend account)		
- In Deposit Accounts with maturity upto 3 months		
- In Current Accounts		
- In Cash Credit Accounts	2,311.76	2242.79
Balances with Non-Scheduled Banks		
In account with Banks outside India		
Remittance - in transit		
Cheques, Drafts and Stamps on hand		
Cash in hand		
Deposit with Scheduled Banks under Shifting and Rehabilitation Fund Scheme with maturity upto 3 months		
Other Bank Balances		
Balances with Scheduled Banks		
- In Deposit Accounts with maturity more than 3 months		
Deposit with Scheduled Banks under Shifting and Rehabilitation Fund Scheme with maturity more than 3 months	-	-
Deposit with Scheduled Banks under mine Closure Plan Scheme	-	-
Total	2,311.76	2,242.79
Maximum amount outstanding with Banks other than Scheduled Banks at any time during the year	Nil	Nil

Additonal Note:

- 1) Balances with banks to the extent held as margin money or security against the borrowings/others
- 2) Bank deposits more than 3 months includes deposits held for period exceeding 12 months

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014****Note - 18****SHORT TERM LOANS & ADVANCES**

(₹ in lakh)

ADVANCE (Recoverable in cash or in kind or for value to be received)	As at 31-Mar-2014	As at 31-Mar-13
ADVANCE TO SUPPLIERS & CONTRACTORS		
For Revenue		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
	-----	-----
Less : Provision for bad and doubtful Advances	[]	[]
ADVANCE PAYMENT OF STATUTORY DUES		
SalesTax		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
	-----	-----
Less : Provision for bad and doubtful Advances	-----	-----
Advance Income Tax / Tax Deducted at Source	54.37	27.78
Less : Provision for Income Tax	-----	-----
CENVAT CREDIT (Service Tax)	1.98	-
Others		
- Secured considered good	-	-
- Unsecured considered good	-	-
- Doubtful	-	-
	-----	-----
Less : Provision for bad and doubtful Advances	-	-
	-----	-----
	[56.35]	[-]
Advance to Employees		
- Secured considered good		
- Unsecured considered good	2.80	1.86
- Doubtful	-----	-----
Less : Provision for bad and doubtful Advances	-----	-----

Note - 18 Contd.

(₹ in lakh)

	<u>As at</u> <u>31-Mar-2014</u>	<u>As at</u> <u>31-Mar-13</u>
Deposits with Coal India Limited		
Current Account with Coal India Limited & other Subsidiaries of Coal India Limited and MCL's subsidiaries		
LOAN ACCOUNT WITH SUBSIDIARIES		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful Advances		
Claims Receivables		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for Doubtful claims		
Prepaid Expenses	2.80	
TOTAL	59.15	29.64

Note

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

MJSJ COAL LIMITED**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2014****Note - 19****OTHER CURRENT ASSETS**

(₹ in lakh)

	As at 31-Mar-2014	As at 31-Mar-13
Interest Accrued on		
- Investments		
- Deposits with Banks	109.98	83.21
- Others	-	-
Ex Owner's Account	-	-
Other Advances	-	-
Less : Provision for bad and doubtful advances	-	-
	-	-
DEPOSITS		
Deposit for Customs Duty, Port Charges etc.		-
Deposit for Royalty, Cess & Sales Tax	-	-
Less : Provision for bad and doubtful deposits	-	-
	-	-
Others	-	-
Less : Provision for bad and doubtful for others	-	-
	-	-
Amount Receivable from Govt of India for transactions on behalf of Ex-Coal Board	-	-
Other Receivables	-	-
Less : Provision for bad and doubtful receivables	-	-
	-	-
TOTAL	109.98	83.21

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 20

REVENUE FROM OPERATIONS

(₹ in lakh)

	For the Year ended 31.03.2014	For the Year ended 31.03.2013
--	--	--

GROSS SALES

Less: Excise Duty

Less : Other Levies

Royalty

Cess on Coal

Stowing Excise Duty

Central Sales Tax

Clean Energy Cess

State Sales Tax/VAT

Orissa Entry Tax

TOTAL LEVIES

Revenue From Operations (NET SALES)

	_____	_____
	-	-
	_____	_____
	-	-

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 21

OTHER INCOME

(₹ in lakh)

For the Year ended 31.03.2014	For the Year ended 31.03.2013
----------------------------------	----------------------------------

Income From Long Term Investments

Dividend from Joint Ventures
Interest from Govt. Securities

Income From Current Investments

Dividend from Mutual Fund Investments
Interest from Govt. Securities

Income From Others

Interest :

From Deposit with Banks
From Loans and Advances to Employees
From Income Tax Refunds
From CIL on parking of fund
Others

Apex Charges

Subsidy for Sand Stowing & Protective Works

Profit on Sale of Assets

Recovery of Transportation & Loading Cost

Gain on Foreign exchange Transactions

Exchange Rate Variance

Lease Rent

Liability Write Backs

Guarantee Fees from subsidiaries

Other non-operating Income

TOTAL

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MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 22

COST OF MATERIALS CONSUMED

(₹ in lakh)

	<u>For the Year</u> <u>ended 31.03.2014</u>	<u>For the Year</u> <u>ended 31.03.2013</u>
Explosives		
Timber		
P O L		
HEMM Spares		
Other Consumable Stores & Spares		
TOTAL	<input type="text"/>	<input type="text"/>

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 23

(₹ in lakh)

CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	For the Year ended 31.03.2014	For the Year ended 31.03.2013
Closing Stock of Coal	_____	_____
Less: Deterioration of Coal	_____	_____
Total (1)	_____	_____
Opening Stock of Coal	_____	_____
Less: Deterioration of Coal	_____	_____
Total (2)	_____	_____
A) Change in Inventory of Closing Stock (2-1)		
Closing Stock of Workshop made finished goods and WIP	_____	_____
Less: Provision	_____	_____
Total	_____	_____
Opening Stock of Workshop made finished goods and WIP	_____	_____
Less: Provision	_____	_____
Total	_____	_____
B) Change in Inventory of Closing Stock of workshop		
Press closing Job		
i) Finished goods		
ii) Work in progress		
Less : Press opening jobs		
i) Finished goods		
ii) Work in progress		
C) Change in Inventory of closing stock of press jobs made Finished Goods and WIP		
Closing Stock of Medicines (Central Hospital)	_____	_____
Less Opening Stock of Medicines (Central Hospital)	_____	_____
D) Change in Inventory of Stock of Medicines at Central Hospitals		
Total Change in Inventory of Stock(A+B+C+D)	_____	_____

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 24

EMPLOYEE BENEFIT EXPENSES

(₹ in lakh)

	For the Year ended 31.03.2014	For the Year ended 31.03.2013
Salary, Wages, Allowances ,Bonus & Benefits		
Exgratia		
PRP		
Contribution to P.F. & Other Funds		
Gratuity		
Leave Encashment		
VRS		
Workmen Compensation		
Other Employee Benefits		
TOTAL		

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 25

WELFARE EXPENSES

(₹ in lakh)

	<u>For the Year</u> <u>ended 31.03.2014</u>	<u>For the Year</u> <u>ended 31.03.2013</u>
--	--	--

Medical Expenses		
Medical Expenses for retired employees		
Grants to Schools & Institutions		
Sports & Recreation		
Canteen & Creche		
Power - Township		
Hire Charges of Bus, Ambulance etc.		
CSR Expenses		
Environmental Expenses		
Tree Plantation		
Other Expenses		

TOTAL

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 26

REPAIRS

(₹ in lakh)

	For the Year ended 31.03.2014	For the Year ended 31.03.2013
--	--	--

Building

Plant & Machinery

Others

TOTAL

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 27

CONTRACTUAL EXPENSES

(₹ in lakh)

	For the Year ended 31.03.2014	For the Year ended 31.03.2013
Transportation Charges :		
- Sand		
- Coal & Coke		
- Stores & Others etc.		
Wagon Loading		
Hiring of Plant & Machinery		
Other Contractual Work		
TOTAL		

- Sand
- Coal & Coke
- Stores & Others etc.

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 28

FINANCE COSTS

(₹ in lakh)

	For the Year ended 31.03.2014	For the Year ended 31.03.2013
INTEREST EXPENSE		
Deferred Payments		
Bank Overdraft / Cash Credit		
Interest on IBRD & JBIC Loan		
CIL Fund Loan Interest		
Interest to Subsidiaries		
Others		
TOTAL (A)	-	-
OTHER BORROWING COSTS		
Guarantee Fees on (IBRD & JBIC) Loan		
Other Expenses / Bank Charges		
TOTAL (B)	-	-
TOTAL (A+B)	-	-

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 29

PROVISIONS

(₹ in lakh)

	For the Year ended 31.03.2014	For the Year ended 31.03.2013
(A) PROVISION MADE FOR		
Doubtful debts	-	-
Doubtful advances & Claims		
Foreign exchange Transaction		
Stores & Spares		
Reclamation of Land/Mine Closure Expenses		
Surveyed off Fixed Assets/Capital WIP		
Others	-	-
TOTAL (A)	-	-
(B) PROVISION WRITTEN BACK		
Doubtful debts	-	
Doubtful advances & Claims		
Foreign exchange Transaction		
Stores & Spares		
Reclamation of Land/Mine Closure Expenses		
Surveyed off Fixed Assets/Capital WIP		
Others/Loss of assets		
TOTAL (B)	-	-
TOTAL (A-B)	-	-

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 30

WRITE OFF

(₹ in lakh)

	For the Year ended 31.03.2014	For the Year ended 31.03.2013
Doubtful debts	-	-
Doubtful advances	-	-
Others	-	-
TOTAL	-	-

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 31

OTHER EXPENSES

(₹ in lakh)

	For the Year ended 31.03.2014	For the Year ended 31.03.2013
Travelling expenses		
- Domestic		
- Foreign		
Training Expenses		
Telephone & Postage		
Advertisement & Publicity		
Freight Charges		
Demurrage		
Donation / Subscription		
Security Expenses		
Service Charges of CIL		
Hire Charges		
CMPDI Expenses		
Legal Expenses		
Bank Charges		
Guest House Expenses		
Consultancy Charges		
Under Loading Charges		
Loss on Sale/Discard/Surveyed of Assets		
Auditor's Remuneration & Expenses		
- For Audit Fees		
- For Taxation Matters		
- For Company Law Matters		
- For Management Services		
- For Other Services		
- For Reimbursement of Expenses		
Internal audit fees and expenses		
Rehabilitation Charges		
Royalty & Cess		
Central Excise Duty		
Rent		
Rates & Taxes		
Insurance		
Loss on Exchange Rate Variance		
Lease Rent		
Rescue/Safety Expenses		
Dead Rent/Surface Rent		
Siding Maintenance Charges		
Land/Crops Compensation		
Wealth Tax		
Miscellaneous Expenses		
TOTAL		

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED ON 31.03.2014

Note - 32

PRIOR PERIOD ADJUSTMENTS

(₹ in lakh)

	For the Year ended 31.03.2014	For the Year ended 31.03.2013
(A) Expenditure		
Sale of Coal	-	-
Stock of Coal	-	-
Other Income		
Consumption of Stores & Spares		
Employees Remuneration & Benefits		
Power & Fuel		
Welfare Expenses		
Repairs		
Contractual Expenses		
Other Expenditure		
Interest and other financial charges		
Depreciation	-	-
TOTAL (A)	-	-
(B) Income		
Sale of Coal		
Stock of Coal		
Other Income		
Consumption of Stores & Spares		
Employees Remuneration & Benefits		
Power & Fuel		
Welfare Expenses		
Repairs		
Contractual Expenses		
Other Expenditure		
Interest and other financial charges		
Depreciation		
TOTAL (B)	-	-
TOTAL (A-B)	-	-

MJSJ COAL LIMITED, ANGUL**NOTE - 33****SIGNIFICANT ACCOUNTING POLICIES****1.0 Accounting Convention:**

Financial statements are prepared under the historical cost convention and on accrual basis of accounting and going concern concept, in accordance with the generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under , except otherwise stated.

2.0 Subsidies / Grants from Government:

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

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

3.0 Fixed Assets:**3.1 Land:**

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

3.2 Plant & Machinery:

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

3.3 Railway Siding:

Pending commissioning, payments made to the railway authorities for construction of railway sidings are shown in Note 12 – “Long Term Loans & Advances” under Advances for Capital.

3.4 Development:

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

basis and completion of required development activity during the period of constructions, projects and mines under development are brought to revenue considering the following criteria:

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

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

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

5.0 **Investments:**

Current investments are valued at the lower of cost and fair value as at the Balance Sheet date.

Investments in mutual fund are considered as current investments.

Non-Current investments are valued at cost.

6.0 **Inventories:**

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

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

6.1.2 Slurry, middling of washeries and by products are valued at net realisable value.

6.2 **Stores & Spares:**

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

6.2.2 Stock of stores & spare parts at central & area stores are valued at cost calculated on the basis of weighted average method. The year-end inventory of stores & spare parts lying at

collieries / sub-stores / drilling camps/ consuming centres, initially charged off, are valued at issue price of Area Stores, Cost / estimated cost. Workshop jobs including work-in-progress are valued at cost.

6.2.3 Stores & spare parts include loose tools.

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

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

7.0 Depreciation:

7.1. Depreciation on fixed assets is provided on straight line method at the rates and manner specified in Schedule XIV of the Companies Act, 1956 (as amended) except for telecommunication equipment and photocopying machine, which are charged at higher rates on the basis of their technically estimated life, as follows :-

Telecommunication equipment : - 15.83% p.a. and 10.55% p.a.

Photocopying machine : - 10.55% p.a.

Depreciation on Earth Science Museum and high volume samplers and respiratory dust are charged @5.15% and 33.33% respectively on the basis of their technically estimated life.

Further, depreciation on certain equipments /HEMM is charged over the technically estimated life at higher rates viz. 11.88%; 13.57% and 15.83% as applicable.

Depreciation on SDL and LHD (equipments) are charged @19% p.a. and @15.83% p.a. respectively on the basis of technical estimation.

Depreciation on the assets added / disposed off during the year is provided on pro-rata basis with reference to the month of addition / disposal, except on those assets attracting 100% depreciation p.a. (SLM basis), which are fully depreciated in the year of their addition. Assets attracting 100% depreciation are taken out from the Assets after expiry of two years following the year in which these are fully depreciated.

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

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

8.0 Impairment of Asset:

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

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

9.0 Foreign Currency Transactions:

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

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

10.0 Retirement benefits / other employee benefits:**a) Defined contributions plans:**

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

b) Defined benefits plans:

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

c) Other employee benefits:

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

11.0 Recognition of Income and Expenditure:

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

11.1 Sales

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

11.2 Dividend

Dividend income is recognised when right to receive is established.

12.0 Borrowing Costs:

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

13.0 Taxation:

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

14.0 Provision:

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

15.0 Contingent Liability:

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of

resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations can not be made.

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

16.0 Overburden Removal (OBR) Expenses :

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

The reported quantity of overburden as per record is considered in calculating the ratio for OBR accounting where the variance between reported quantity and measured quantity is within the lower of the two alternative permissible limits, as detailed hereunder:-

Annual Quantum of OB Of the Mine	Permissible limits of variance	
	I	II
	%	Quantum (in Mill. Cu. Mtr.)
Less than 1 Mill. CUM	+/- 5%	0.03
Between 1 and 5 Mill. CUM	+/- 3%	0.20
More than 5 Mill. CUM	+/- 2%	Nil

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

17.0 Prior Period Adjustments and Prepaid Expenses:

Income / expenditures relating to prior period and prepaid expenses, which do not exceed ' 0.10 Crore in each case, are treated as income / expenditure of current year.

MJSJ COAL LIMITED, ANGUL

NOTE - 34

NOTES ON ACCOUNTS

1.0 MJSJ Coal Ltd. was incorporated on 13th August, 2008 as a subsidiary of MCL. The partners of this JVC are Mahanadi Coalfields Ltd. (60% Share), JSW Steel Ltd. (11% share), JSW Energy Ltd. (11% Share), Shyam Metallics & Energy Ltd. (9% Share) & Jindal Stainless Ltd. (9% Share). This Company has been formed in respect of Gopalprasad OCP (Western part of Gopalprasad (W) and Utkal – A of Talcher Coalfield. The normative capacity of the project is 15.00MTY and peak capacity is 20.00 MTY. The project is located at south central part of Talcher Coalfield.

2.0 **SHARE CAPITAL:**
Authorized Capital- Rs 20000 Lakhs.
Issued Capital – Rs. 9510 Lakhs.

<u>Name of the Joint Venture</u>	<u>Share capital allotted (Rs. in lakh) % Shares</u>	
MCL	5706.00	60%
JSW Steel Ltd	1046.10	11%
JSW Energy Ltd.	1046.10	11%
Jindal Stainless Ltd.	855.90	9%
Shyam Metallics & Energy Ltd.	855.90	9%
Total	9510.00	100%

- 3.0 The company has submitted a Bank Guarantee bearing No.47/03 issued by State Bank of India, Talcher, for an amount of Rs 111.24 Crores in favour of The President of India, acting through Ministry of Coal, Shastri Bhavan, New Delhi which has been renewed on 18.11.2013 vide no- 47/03 E3, and under protest, since MJSJ Coal Ltd. is a Government Company.
- 4.0 A letter received from F.No-47011/7(6)/93-CPAM/CA from Govt. of India, Ministry of Coal, dated 9th July, 2013 regarding deduction of 20 % of BG (i.e., Rs 22.248 Crors) against which Company proceeding for appeal. This deduction is proposed to be made in view of the Company not being able to meet the targeted production by the specified/extended time limit.
- 5.0 Tax deducted at source amounting Rs.54,37,110.00 includes a sum of Rs.6,08,888/- which pertains to the financial year 2012-13.
- 6.0 A notice of demand of Rs. 22,33,130.00 has been served on the company by the Income Tax Department towards Income Tax due for the A.Y. 2011-12 for which no provision has been made in the books of account. This sum includes Rs. 5,91,120.00 towards interest U/s 234(B) & 234(C) of Income Tax Act 1961. The management is of the view that the interest income attributable to the parking of Idle funds in short term Fixed Deposits is not liable to Income Tax as it is pre-operative in nature.

For and on behalf of Board of Directors

Sd/-
 (S.Rout)
 Company Secretary /
 Asst.Manager (Finance)

Sd/-
 (P.M.Prasad)
 Chief Executive Officer

Sd/-
 (S.Kannan)
 Director

Sd/-
 (A.K.Tiwari)
 Chairman, MJSJ

As per our report of even date
 For & on behalf of M/s Paty Sar & Associates
 Chartered Accountants
 FRN - 325487E

Sd/-
 CA N.P.Sar
 Partner
 (M.No -210526)

Date: 21.04.2014

Place: Angul

MJSJ COAL LIMITED, ANGUL
BALANCE SHEET ABSTRACT AND
COMPANY'S GENERAL BUSINESS PROFILE

(₹ in lakh)

I. REGISTRATION DETAILS :

Registered No. U10200OR2008GO1010250 State Code : 15
 Balance Sheet Date 31.03.2014

II. CAPITAL RAISED DURING THE PERIOD (AMOUNT Rs. IN LAKH)

Public issue : Nil Right issue : Nil
 Bonus issue : Nil Private Placement : 9510.00

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT Rs. IN LAKH)

Total Liabilities	:	9809.78	Total Assets	:	9809.78
Source of Funds	:		Reserve & Surplus	:	(101.32)
Paid-up Capital	:	9510.00	(Preliminary Exp.)	:	
Secured Loans	:	Nil	Unsecured Loans	:	0.00
Deferred Tax Liability	:	Nil			
Application Funds	:				
Net Fixed Assets	:	4181.69	Investments	:	0.00
Net Current Assets	:	2480.89			
Accumulated Losses	:	Nil			

IV. PERFORMANCE OF COMPANY (AMOUNT Rs. IN LAKH)

Turnover (Total Income)	:	0.00	Total Expenditure	:	
			(incl. PP Adjustment)		
Profit / (Loss) before Tax	:	0.00	Profit / (Loss)	:	
Earning Per Share (Rs.)	:	0.00	after Tax	:	
			Dividend Rate %		

V. GENERIC NAMES OF PRINCIPAL PRODUCT OF COMPANY

Item Code No.	:		(Excl. Tax on Dividend)		
Product Description	:	C O A L			

Sd/-
(Satyaban Rout)
Company Secretary /
Asst. Manager (Finance)

Place: Bhubaneswar
 Date: 21.04.2014