

ANNUAL REPORT & ACCOUNTS 2011-2012



MJSJ COAL LIMITED

(A Subsidiary of Mahanadi Coalfields Limited)

HOUSE NO. 42, 1ST FLOOR, ANAND NAGAR

HAKIMPARA, ANGUL - 759 153



MJSJ COAL LIMITED

House No.42, 1st Floor, Anand Nagar,
Hakimpara, Angul(ORISSA)

Ph. No. : 06760-261094, Fax : 06760-261184

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MANAGEMENT DURING 2011-2012

1. Sri A.K.Tiwari,Chairman & D (T)/Operation, MCL.
2. Sri S.C.Padhy, D (P), MCL
3. Sri K.Biswal, D (F), MCL.
4. Sri Sharad Ghodke, Director, MOC, New Delhi.
5. Sri V.Peddanna , Director, MOC, New Delhi.
6. Sri Amarjit Singh, R.D, RI-VII, CMPDI.
7. Sri Shashi Kumar, Shyam Metalics & Energy Limited.
8. Sri Sandeep Gokhale, JSW Steel Ltd.
9. Sri R.B.Mathur, JSW Energy Ltd.
10. Sri Rajdeep Mohanty, Jindal Stainless Ltd.
11. Sri M.S. Cheema, JSW Energy Ltd.
12. Sri M.B. Sridharan (Independent Director)

PRESENT MANAGEMENT

(As on 18.05.2012)

1. Sri A.K.Tiwari, D (T)/Operation, MCL.
2. Sri S.C.Padhy, D (P), MCL
3. Sri K.Biswal, D (F), MCL.
4. Sri Y.P. Dhingra , DS(CPD), MOC, New Delhi.
5. Sri Amarjit Singh, R.D, RI-VII, CMPDI.
6. (Not Available), Shyam Metalics & Energy Limited.
7. Sri Sandeep Gokhale, JSW Steel Ltd.
8. Sri M.S. Cheema, JSW Energy Ltd.
9. Sri Rajdeep Mohanty, Jindal Stainless Ltd.
10. Sri M.B. Sridharan. (Independent Director)

CHIEF EXECUTIVE OFFICER / G.M.

Sri A.K. Thakur

COMPANY SECRETARY/ ASST. MANAGER (FINANCE)

Sri Satyaban Rout

Bankers

1. State Bank of India
Talcher.

2. Axis Bank
Talcher.

Statutory Auditors

M/s RDA Associates
N-1/A-15, IRC Village, Nayapali,
Near CRP Square, Bhubaneswar.

Registered Office

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

**MJSJ COAL LIMITED**

House No.42, 1st Floor, Anand Nagar,

Hakimpara, Angul-759153

Ph. No. 06760-261094, Fax- 06760-261184

Ref. No. MJSJ/SBP/CS/AGM-4/2012/ 01

Date: 10.05.2012

NOTICE**4th ANNUAL GENERAL MEETING**

Notice is hereby given that the 4th Annual General Meeting of members of MJSJ Coal Limited will be held at 02.00 PM on Friday the 18th May, 2012 at the Registered Office of the Company, House No.42, 1st Floor, Anand Nagar, Hakimpara, Angul-759153 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited accounts for the financial year 2011-2012, Report of the Auditors thereon and Directors' Report.
2. To sanction remuneration, as decided by the Board, payable to M/s RDA & Associates, Chartered Accountants, Bhubaneswar, the Auditors who were appointed by the C&AG of India for the Financial Year, 2011-2012 and to that effect pass the following resolution.

"RESOLVED that pursuant to the provisions of Section 224(8)(aa) and other applicable provisions, if any, of the Companies Act, 1956, 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 RDA & Associates, Chartered Accountants, Bhubaneswar, the Auditors in connection with the audit of accounts of the Company for the financial year 2011-2012."

By order of the Board of
Directors
For MJSJ Coal Limited

Sd/-
(Satyaban 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 171(2)(i) of the Companies Act, 1956.

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 RDA & Associates, Chartered Accountants, N-1/A-12, IRC Village, Nayapalli, Bhubaneswar-751015.
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 Limited.

Gentlemen,

I have great pleasure in welcoming you to the 4th Annual General Meeting of MJSJ Coal Limited. On behalf of the Board of Directors, I am presenting the Annual Report of your Company together with the audited Accounts for the year ended 31st March'2012 along with the report of statutory auditors and the comments of the comptroller and Auditor General of India.

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

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 Crore.
- **APPROVED MINING PLAN:** Approval in the name of MJSJ Coal Ltd has been received on 23-04-09
- **FOREST LAND DIVERSION PROPOSAL (FLDP):-** The job is outsourced to M/s Geo Consultant Pvt. Ltd.
- Forest area demarcation & tree enumeration is completed.
- Compensatory afforestation : - Site identification & demarcation is completed.

- Site Inspection by DFO, Angul is completed.
- Further as per Forest Right Act, Gram Sabha in all ten villages has been completed & the resolution thereof submitted to Office of the Sub-Collector, Angul & Talcher for further action. After formation of new committee at District level & sub-divisional level, the matter will be put up before the committees for issuance of model certificate by collector, Angul under Forest Right Act.
- The forest Diversion file has been sent from DFO, Angul to RCCF, Angul on 07.09.2011.
- As per recent MOEF guidelines, New Delhi digitization of forest land is mandatory. The digitized map is to be authenticated by ORSAC, BBSR. The job is under process.

ENVIRONMENTAL MANAGEMENT PLAN: -

- (a) Finalization of Terms of Reference (TOR) by MOEF, Delhi – DEC' 2008.

Draft EMP-EIA submitted to SPCB, Orissa 17-08-2009.

Application along with fee of Rs. 3 Lacs 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. The MOEF has conveyed their observation for compliance.

The Committee observed that 1. 60% of the land is agricultural land and paddy is grown in the area, and the livelihood of the people would be affected due to the project. The Committee sought details of the land use of the revenue land.

Action Taken: Prepared by CMPDIL.

2. The committee also noted that hydrology of the area would be affected due to proposed diversion of Singadajhar and Ghurudia Nala and sought details of impacts thereof on the surface and ground water and stated that prior approval of the state flood & irrigation deptt. is essential.

Action Taken: The study for the Hydrology of the area is completed & the approval of State Govt. is awaited.

3. The committee observed that no AAQ station has been established in the down wind of the ML of predominant wind direction.

Action Taken: The Study completed.

4. The Committee sought the response of PCCF, WL, Govt. of Orissa on the WL conservation plan and sought details of forest area under revenue forest (DLC land).

Action Taken: The report is prepared & submitted to PCCF, wild life, BBSR for authentication & it is awaited.

5. The committee sought details of reclamation measures for the external OB dump proposed for 17 years for a max. height of 90m.

Action Taken: The report is prepared by CMPDIL

6. The committee desired the impact of a number of existing and proposed high capacity mines Hingula Utkal group of mines and Gopalprasad coming up in the area on the ground water regime.

Action taken:- The study is completed. The Committee decided to further consider the proposal after receipt of the aforesaid details. & CMPDIL will provide the same very shortly.

(b) WILD LIFE CONSERVATION AND ELEPHANT CORRIDOR STUDY:

The job is outsourced to M/s Vision Tech Consultant Pvt. Ltd., BBSR. The report is prepared & after vetting by DFO, RCCF, Angul, the file has been sent to PCCF (Wild Life), BBSR on 24.10.11. As per letter of Conservator Forest (Wild life), Bhubaneswar a presentation was given before PCCF on 30.01.2012. It is yet to be finally authenticated by PCCF (Wild Life), BBSR.

(c) EPIDEMIOLOGY STUDY BY A MEDICAL INSTITUTE:

The job was allotted to SCB Medical College, Cuttack vide work order no. CEO/MJSJ/ WO/ 2009/F/-23/263 Dtd.22.05.09 to complete job in 03 months. The job is completed and the final report has been incorporated in the final EMP.

d) SOCIO-ECONOMIC STUDY:-

The Socio Economic Study has been outsourced to M/S IRDMS, BBSR vide letter no. LOI: CEO/MJSJ/2010/93 dtd. 20.03.2010 & W.O. No. Dtd. 22.04.2010 .The agency has submitted the final report to Spl.LAO, Angul. The same is to be approved by RPDAC.

LAND ACQUISITION:-

West Gopal Prasad West: - The land for Gopalprasad West has been acquired under 'CBA (A&D) Act' 1957 in the name of MCL. For which notification from 4(1) to 11(1) has been completed as under:-

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

An area measuring 2527.46 Ac (1022.85 ha) of Gopalprasad (West) acquired under CBA Act. Out of which an area 615.78 Ha has been jointly allocated with Utkal-A to MJSJ on dt. 29.11.2005 and 407.07 Ha belongs to Hingula Area.

UTKAL – A: -

i. Application for notification u/s 4(1) under CBA Act was made on 03.11.2008 & Ministry of Coal intimated that the land

for Utkal-A of MJSJ may be acquired under CBA Act in June' 2010 with a direction to make application along with

draft notification under Section-3 of CBA Act. It was submitted in July' 10.

ii. Section 3 (1) gazette notification has been published in the Gazette of India Publication vide S.O. No. 2953 Dtd: 30th November' 2010.

iii. Regarding 4(1) notification, the gazette notification has been published on 26.03.2011 having SO no.- 831.

iv. 7(1) gazette notification has been published on 28.01.2012 having SO no.- 398. & received on 11.04.2012.

v. Application for 9(1) draft notification has been sent to MOC on 04.05.2012.

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. Accordingly, the file has been

prepared & sent to MCL HQ L&R deptt. for verification on dtd: 01.10.2011. After verification at MCL Hq, the same has been sent to MOC for approval & further necessary action on 06.12.2011. 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 Spl. LAO, MCL, Angul, all the requisites have been submitted.

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. However, after continuous persuasion, the family genealogy of village Kankarai has been started on 28th Nov'2011. But, the job is not completed because of obstruction by newly elected Sarpanch. The matter has been communicated to Collector, Angul in writing for his kind interference & continuous efforts are being made from our end by regular visiting to villages & holding three times meeting with Sarpanch & other newly elected panchyat members.

Payment of land Compensation in respect of village Bhalugadia is going on by Hingula Area. After completion of payment land measuring 128 Acs will be available for Gopalprasad OCP of MJSJ Coal Ltd for which Rs. 10, 99, 93, 098.00 has been debited to MJSJ by Hingula Area.

GOVT. LAND PREMIUM:

Premium for Gopalprasad west block under Talcher Tahasil has been deposited by Hingula Area in 2009-10 amounting Rs. 16.25 Crores for an

area of 449.72 acrs, out of which 207.025 Acrs is under MJSJ. The amount Rs. 8, 83, 63, 265.00 paid for MJSJ Coal Ltd has been debited.

Govt. Land premium for the above notification under Chhendipada Tahasil amounting Rs.32 , 83, 75, 998/- (Rupees thirty-two Crores, Eighty-three lakhs, seventy-five thousand, nine hundred ninety- eighty) only has been deposited on 29.03.2011 against demand note amounting Rs. 37, 89, 28, 998/- for total area of 348.01 acrs with a protest to re-valuate for balance amount Rs. 5, 05, 53, 000.00 for an area of 16.44 acres. Out of 331.57 Acrs, 216.42 acrs of Govt. land is under MJSJ Coal Ltd, for which Rs. 24, 71, 85, 851.00 has been debited to MJSJ. The total amount Rs. 33, 55, 49, 116 Crores has been paid for 423.445 Acrs Govt. land.

R&R Site:

R&R site measuring 89.48 Acrs Govt. land in village Kankarai & Balichandrapur has been approved by RDC, Sambalpur & 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. The tree enumeration job has been started & it is likely to be completed very shortly.

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 matter is being followed up by MCL.

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.

PERIPHERAL DEVELOPMENT ACTIVITIES:

All the peripheral development activities and social cooperate responsibility under the guidance of the State Govt. has been carried out by MCL presently on behalf of MJSJ Coal Limited.

WATER PIPE LINE OVER THE ACQUIRED LAND OF GOPALPRASAD OCP.

It has come to our notice that M/s JSPL is acquiring some land for laying water pipe line over the acquired land of Gopalprasad OCP. The matter was brought to the notice of District Administration on dtd. 13.08.2009. CEO, MJSJ Coal Ltd has discussed the subject with ADM and the same has been reported to MCL, HQ. The decision of State Govt. is still awaited. However, the job of laying pipe line is stopped at present. But, the MOC has given ROW to JSPL for laying of pipeline on 7th December' 2011 with certain T &C.

NALLAH DIVERSION:-

Application made to Executive Engineer, Angul on Dtd. 08.11.2010. As per the advice of Exe. Engineer the same has been again submitted to the Commissioner-cum-Secretary, Water Resource Department,

Govt. of Orissa on 15.03.2011. The same has been forwarded to Engineer-in-Chief on 13.04.2011 & subsequently to Divisional Engineer, Dhenkanal & Executive Engineer, Angul on 18.05.2011 & 31.05.2011 respectively. The field visit by Executive Engineer & asst. engineer done on 06.07.2011. The executive Engineer has sent the report to concerned higher authorities on 22.07.2011. The proposal was forwarded to Chief Engineer, BRB division, Dhenkanal after due site inspection. The Proposal was returned back by Chief Engineer, BRB, Dhenkanal to SE, Angul for his comments. After compliance, the same has been forwarded again to Chief Engineer, BRB division, Dhenkanal on 21.10.2011. The same has been forwarded to the office of EIC, BBSR on 15.11.2011. After continuous persuasion the file has been put up to the Technical secretary of EIC on 09.01.2012. The file has been submitted to EIC after scrutiny by Technical secretary & Director, Water Services for formation of Committee for site visit & its report. The committee has been formed & will visit the site very shortly.

FINANCIAL ACTIVITIES:

MJSJ Coal Limited is now in development stage. Hence, all the revenue expenditures during the financial year 2011-2012 have been transferred to "Development" and shown as "Intangible Assets Under Development" (Note- 10 C) in the Balance Sheet as at 31.03.2012. The total of such expenditure is Rs.2326.32 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.1131.37 lakh as on 31.03.2012 in CLTD/ Current Account.

BANK GUARANTEE:

Bank Guarantee amounting to Rs.111.24 Crores has been deposited to the Coal Controller on dated 18.11.2011 with a protest that MJSJ is a Government Company & it has been also renewed in Nov' 2012.

AUDITORS

Under Section 619(2) of the Companies Act, 1956, the following Audit Firm has been appointed as Auditors for the year 2011-2012.

Statutory Auditors

M/s RDA Associates
N-1/A-15, IRC Village, Nayapali,
Near CRP Square, Bhubaneswar.

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 there under.

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.

BOARD MEETINGS:

Five Board Meetings were held during the year.

BOARD OF DIRECTORS:

01. The following persons, continued to be the Directors during the year under report.

- i. Shri A.K.Tiwari
- ii. Shri S.C.Padhy
- iii. Shri K. Biswal

- | | |
|--|---|
| <ul style="list-style-type: none"> iv. Shri Amarjit Singh v. Shri Rajdeep Mohanty. vi. Shri Sandeep Gokhale vii. Shri M.S.Cheema viii. Shri M.B.Sridharan | <p>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:</p> |
|--|---|
02. The following person, appointed as Director during the year under report.
- Shri V.Peddanna
Shri M.S.Cheema
Shri M.B.Sridharan

- (iv) That the directors had prepared the accounts for the financial year ended 31st March, 2012 on a 'going concern' basis.

03. The following person ceased to be Director during the year under report.

Shri V.Peddanna
Shri Shashi kumar

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 Orissa.

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, 2012, 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

Sd/-
Chairman,
MJSJ Coal Ltd

Place : Angul
Date:07.05.2012



सत्यमेव जयते

CONFIDENTIAL

कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा तथा पदेन 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

No. 63 /CALA-I/Accounts/MJSJ Coal/2011-12

Dated: 9 MAY 2012.

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

**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 31st March 2012.**

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 31st March 2012.

Yours faithfully,

Encl: As stated.

Dated: 09.05.2012
Kolkata

(Yashodhara Ray Chaudhuri)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD - II
KOLKATA

दु० भा० / Phone : 91-33-22875380/7165/2360/8838. 22810043/5654
इ०मेल / E-mail : pdca2cal@cal3.vsnl.net.in

फैक्स / Fax : 91-33-2280-0062
तार : "कोयलेखा" / Telegram : "COLADIT"

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 2012.

The preparation of financial statements of MJSJ Coal Limited for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards 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 21.04.2012.

I on behalf of the Comptroller and Auditor General of India have decided not to review the report of the Statutory Auditors' on the accounts of MJSJ Coal Limited for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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



(Yashodhara Ray Chaudhuri)

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

Dated: 09.05.2012
Kolkata

MJSJ COAL LIMITED



(A Subsidiary of MCL)



FINANCIAL STATEMENT

For the Year Ending
FY : 2011-2012

**RDA & ASSOCIATES**

CHARTERED ACCOUNTANTS

H.O. : N-1/A-15, IRC Village, Nayapalli,
Near CRP Square, Bhubaneswar - 751015
E-mail : rimadhawan@hotmail.com, info@rdaindia.com
Telefax : (0674) 2555776, Website : rdaindia.com

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. Angul as at 31st March 2012 and the schedules including financial statements 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. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial-statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section-227 of the Companies Act, 1956 and on the basis of such examination of the books and records of the company, as we consider appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraph (4) & (5) of the said order.



4. Further to our comments in the Annexure referred to above, we report that:-

- (i) 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.
- (ii) 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.
- (iii) The Balance Sheet dealt with by this reports are in agreement with the books of accounts.
- (iv) 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.
- (v) As reported by the management there is no related party transactions during the financial year 2011-12.
- (vi) Subject to our report vide Annexure -II, 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 significant accounting policies in Note-33 and notes appearing thereon vide Note-34 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.

In the case of Balance Sheet of the state of affairs of the company as at 31st March 2012.

Place: Bhubaneswar
Date: 21.04.2012

For RDA & ASSOCIATES
CHARTERED ACCOUNTANTS
By the hand of



(CA. BHABANI PRASAD PADHI)
PARTNER
M. No. 069840
FR No. 322810E

ANNEXURE- I**ANNEXURE TO THE AUDITORS' REPORT****(Statement Referred to in paragraph- 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 short term loan/ advances interest free taken from the partners of the Joint Venture Company, in accordance with the decision of the Board of Directors in their second meeting held on 24th October 2008 vide agenda – other items if any and kept under current account of individual partner have been transferred to paid up share capital as per the allotment made in the 9th meeting of Board of Directors held on 29.03.2010.
- (iv) (a) In our opinion and according to the information and explanations given to us, the internal control system as regards purchases of inventories and Fixed Assets and sale/transfer of goods needs to be streamlined and strengthened to make it 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 being the 3rd year of its functioning and not starting of commercial production.

- (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. Accordingly 4 (vi) of the order is not applicable. 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 made any internal audit system since this is the 3rd year of its functioning and no commercial production has been commenced, however, in our opinion the Company should systemize the internal audit to cover (a) Tracking of all advances. (b) Reconciliation of quantitative details for each contract bill raised. (c) Carrying out physical verification of assets and stores by technical persons. (d) Staff advances and loans (e) Ensuring compliances of various statutory and legal obligations. (f) Ensuring and certifying all expenses incurred but not paid. (g) Booking of expenses in proper functional heads.
- (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. Hence, the paragraph 4 (xi) of the order is not applicable.
- (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: Bhubaneswar
Date: 18.04.2012

For RDA & ASSOCIATES
CHARTERED ACCOUNTANTS
By the hand of
Sd/-
(CA. BHABANI PRASAD PADHI)
PARTNER
M. No. 069840
FR No.32180E

ANNEXURE- II

ANNEXURE TO THE AUDITORS' REPORT

(Refer to in paragraph -1 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 Metallica 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 commercial production is expected by 31st December 2012 as reported by the Management. The present status of the project indicating various works are stated elsewhere in this report.

(1) Share Capital

With an authorized capital of 5 lakh equity shares of Rs.10/- each and issued, subscribed and paid up of 1 lakh equity shares of Rs.10/- each (fully paid in cash), the company has started its functioning during August 2008. During the financial year 2009-10 as per the decision of the Board of Directors, the authorized capital was increased from Rs.50 lakhs to Rs. 200 Crores and paid up share capital from Rs. 10 lakhs to Rs. 100 Crores. The breakup of paid up share capital as at 31.03.2012 is furnished hereunder:

Sl No.	Partners of JVC	Share Capital allotted (Rs. In lakhs)	% of Shares held.
(a)	Mahanadi Coal Field Limited	4206.00	60
(b)	JSW Steel Limited	771.10	11
(c)	JSW Energy Limited	771.10	11
(d)	Shyam Metallica and Energy (formerly known as Shyam DRI Power Limited)	630.90	09
(e)	Jindal Stainless Limited	630.90	09
	Total	7010.00	100

(2) Maintenance of Records

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

(3) Pre Incorporation Expenses

The Company has taken over the incomplete works of the project and expenditure thereon from Mahanadi Coal Fields Limited and the details of expenditure relating to pre incorporation of the company were, however, produced during the course of audit

No Board decision regarding taking over the incomplete work of the project has been made.

(4) Current Liabilities

It includes a sum of Rs. 1337.49 lakhs towards advance against working capital from Joint Venture Partners as detailed below:

1. MCL Current Account	Rs. 1333.79 Lakhs
2. JSW Energy Current Account	Rs. 2.22 Lakhs
3. Shyam Metalics and Energy (formerly known as Shyam DRI Power Limited) Current Account	Rs. 1.48 Lakhs
	Rs. 1337.49 Lakhs

(5) Capital Work in Progress

Prospecting & Boring and Development expenses shown under Capital Work in Progress relates to the expenditure incurred to the tune of Rs.2705.21 lakhs up to 31.03.2012 as against the previous year's amount of Rs.2326.32 lakhs including the pre incorporation expenditure.

(6) 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.70.10 Crores should have constituted a Committee of the Board known as Audit Committee but neither any disclosure nor formation of Committee has been made.

(7) Joint Venture Agreement

- (a) As per clause 25.0 under PROJECT FINANCING, it has been clearly indicated that till the project activities, it rated capacity, the project will be financed by equity participation and the parties agree for paid up capital ratio @60% of Mahanadi Coal Fields Limited and balance .40% of private partners. Vide clause No- 25.2, it has been clearly mentioned that the JVC may make such arrangement of raising finance for working capital and other purposes as may be approved by the Board of JVC.

But as has been observed M/s. Mahanadi Coal Fields Limited has financed Rs. 1333.79 lakhs out of the total finance of Rs. 1337.49 lakhs which is excess of Rs. 531.30 lakhs in proportion to the equity held by MCL.

Total amount financed by

Partners of JVC	Rs. 1337.49 lakhs
60% of total finance	Rs .802.49 lakhs
Amount financed by MCL	Rs. 1333.79 lakhs
Excess finance by MCL	Rs. 531. 30 lakhs

Hence, the Board of JVC may take care of this in future.

(b) As per the clause 3 (b) on DISTRIBUTION OF COAL and 28.0 on TRANSFER PRICE, it has been agreed upon by all the partners of JVC regarding the distribution of coal ratio and transfer price thereon.

In this regard, we are of the opinion that the transfer price of coal as mentioned against clause No-28.1 seems to be unjustified due to fixation of cost plus basis because of the fact that the market rate may be far higher than the cost plus, to maintain IRR of 12%. By this, the Government may lose the taxes if it is paid on cost plus basis ignoring the market price.

The management has stated that the transfer price of coal will be initially fixed on cost plus basis so as to achieve the minimum of 12% of IRR. The revision of such transfer price will be made on year to year basis of actual cost plus the same percentage as was fixed initially.

Hence, the Board of JVC may consider clause No-20.4 to adopt any other transfer price formula in the interest of Government of India as well as State.

(8) Acquisition of Land

Premium for Gopalprasad west block under Talcher Tahasil has been deposited by Hingula Area of MCL in 2009-10 amounting to Rs.16.25 Crores for an area of 449.72 acre, out of which 207.025 Acrs is under MJSJ. The amount of Rs.8,83,63,265.00 paid for MJSJ Coal Ltd has been debited.

Govt.Land premium for the above notification under Chhendipada Tahasil amounting to Rs.32,83,75,998/- (Rupees thirty two Crores eighty three lakhs seventy five thousand nine hundred ninety five) only has been deposited on 29.03.2011 against the demand note amounting to Rs.37,89,28,998/- for total area of 348.01 acrs with a protest to re-valuate for balance amount of Rs.5,05,53,000/- for an area of 16.44 acrs. Out of 331.57 Acrs, 216.42 acrs of Govt Land is under MJSJ Coal Ltd, for which Rs.24,71,85,851/- has been debited to MJSJ. The total amount of Rs.33, 55, 49,116/- has been paid for 423.445 acrs Govt. Land.

In connection with acquisition of forest land and private land, the position is not satisfactory.

(a) FOREST DIVERSION PROPOSAL:

The work on the Forest Diversion Proposal has been completed in connection with forest area demarcation, enumeration of trees, site identification & site inspection by competent authority has already been done as reported by the management. As per Forrest Right Act, Grama Sabha in all ten villages has been formed.

Further, as per recent MOEP guidelines, New Delhi digitization of forest land is mandatory the. digitized map is to be authenticated by ORSAC, BBSR. As there is no infrastructure in MJSJ, it is decided to outsource the above job & for that open tender is to be floated.

General

a. In accordance with the provisions of Coal Bearing Area (A &D) Act, 1957, the ownership is vested with the Company on notification by the Govt. of India but formal transfer of Govt Land is processed after deposit of Land premium & Revenue dues with the concerned Collector. As explained to us as per the practice/system being followed consistently by the Coal Companies, the Land premium & Revenue dues are capitalized soon after the deposit of the above dues & amortized considering the balance life period of the project or lease period of the said land whichever is earlier and accordingly the said land is capitalized on the date of payment & amortized considering the life period of the project i.e.52 years. In our opinion, necessary disclosure should be made in the Notes to Accounts.

Place: Bhubaneswar

Date: 21.04.2012

**For RDA & ASSOCIATES
CHARTERED ACCOUNTANT**

By the hand of

Sd/-

(CA. BHABANI PRASD PADHI)

PARTNER

M. No. 069840

FRNo.322810E

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 2012.

AUDITORS' REPORT**MANAGEMENT'S REPLY**

1. We have audited the attached Balance Sheet of M/s. MJSJ Coal Limited. Angul as at 31st March 2012 and the schedules including financial statements 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. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section-227 of the Companies Act, 1956 and on the basis of such examination of the books and records of the company, as we consider appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraph (4) & (5) of the said order.

4. Further to our comments in the Annexure referred to above, we report that:-

- (i) 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.
- (ii) 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.
- (iii) The Balance Sheet dealt with by this reports are in agreement with the books of accounts.
- (iv) In our opinion and to the best of our information and according to the explanations given to us, the said Balance
- (v) 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.
- (vi) As reported by the management there is no related party transactions during the financial year 2011-12.
- (vii) Subject to our report vide Annexure –II, 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 significant accounting policies in Note-33 and notes appearing thereon vide Note-34 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.

In the case of Balance Sheet of the state of affairs of the company as at 31st March 2012.

Place: Bhubaneswar

Date: 21.04.2012

**For RDA & ASSOCIATES
CHARTERED ACCOUNTANTS**

By the hand of
(CA. BHABANI PRASAD PADHI)
PARTNER

Sd/-

M. No. 069840

FR No. 322810E

ANNEXURE – I TO THE AUDITORS' REPORT

(Statement referred to paragraph – 1 of our report of even date)

AUDITORS' REPORT**MANAGEMENT'S REPLY.**

- | | |
|---|---------------------------|
| <p>(i) (a) The Company has maintained proper records to show full particulars including value & quantitative details and situation of fixed assets.</p> <p>(b) We are informed that, the Company has formulated a programme of periodical physical verification of all the fixed assets. However, as informed to us the Company has adopted this procedure of physical verification of fixed assets of Mahanadi Coal Fields Ltd. And during the year under report, the company has conducted the physical verification of Fixed Assets by a committee constituted by the management.</p> <p>(c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.</p> <p>(d) The Company has not revalued any of the fixed assets during the year under audit.</p> | <p>Statement of fact.</p> |
| <p>(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.</p> <p>(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.</p> | <p>Statement of fact.</p> |
| <p>(iii) (a) According to the information and explanations given to us, the Company has not granted any loan,</p> | <p>Statement of fact.</p> |

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.

Statement of fact.

- (c) On the basis of the examination of the records, we noticed that the advances taken from the partners of the Joint Venture Company, in accordance with the decision of the Board of Directors in their 2nd meeting held on 24th October 2008 vide agenda – other items if any and kept under current account of individual partner have been shown under “Current Liabilities”.

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 inventories and Fixed Assets and sale/transfer of goods needs to be streamlined and strengthened to make it commensurate with the size of the Company and nature of its business.

Commercial production not yet started

- (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 being the 4th year of its functioning and not starting of commercial production.

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. Accordingly 4 (vi) of the order is not applicable. 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 tribunals. Statement of fact.
- (vii) The Company has not made any internal audit system since this is the 4th year of its functioning and no commercial production has been commenced, however, in our opinion the Company should systemize the internal audit to cover (a) Tracking of all advances. (b) Reconciliation of quantitative details for each contract bill raised. (c) Carrying out physical verification of assets and stores by technical persons. (d) Staff advances and loans (e) Ensuring compliances of various statutory and legal obligations. (f) Ensuring and certifying all expenses incurred but not paid. (g) Booking of expenses in proper functional heads. Statement of fact.
- (viii) The Central Govt. of India has not prescribed the maintenance of cost records under section 209 (1) (d) of Noted for action

- 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 nonexecutives 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. Statement of fact.
- (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. Hence, the paragraph 4 (xi) of the order is not applicable. 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. Statement of fact.

- 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. 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 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. Statement of fact.
- (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. Statement of fact.
- (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. Statement of fact.
- (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 Statement of fact.

- 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. Statement of fact.
- (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.

ANNEXURE-II TO THE AUDITORS' REPORT
(Refer to in paragraph- 1 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 Metalics 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 commercial production is expected by 31st December 2012 as reported by the Management. The present status of the project indicating various works are stated elsewhere in this report.

(1) **Share Capital**

With an, authorized capital of 5 lakh equity shares of Rs.10/- each and issued, subscribed and paid up of 1 lakh equity shares of Rs.10/- each (fully paid in cash), the company has started its functioning during August 2008. During the financial year 2009-10 as per the decision of the Board of Directors , the authorized capital was increased from Rs.50 lakhs to Rs. 200 Crores and paid up share capital from Rs. 10 lakhs to Rs. 100 Crores. The breakup of paid up share capital as at 31.03.2012 is furnished hereunder:

Statement of fact

SI No.	Partners of JVC	Share Capital allotted (Rs. In lakhs)	% of Shares held.
(a)	Mahanadi Coal Field Limited	4206.00	60
(b)	JSW Steel Limited	771.10	11
(c)	JSW Energy Limited	771.10	11
(d)	Shyam Metallics and Energy (formerly known as Shyam DRI Power Limited)	630.90	09
(e)	Jindal Stainless Limited	630.90	09
	Total	7010.00	100

(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) **Pre Incorporation Expenses**

The Company has taken over the incomplete works of the project and expenditure thereon from Mahanadi Coal Fields Limited and the details of expenditure relating to pre incorporation of the company were, however, produced during the course of audit.

Statement of fact

No Board decision regarding taking over the incomplete work of the project has been made.

(4) Current Liabilities

It includes a sum of Rs.1337.49 lakhs towards advance against working capital from Joint Venture Partners as detailed below:

1. MCL Current Account
Rs.1333.79 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
Rs.1337.49 Lakhs

(5) Capital Work in Progress

Prospecting & Boring and Development expenses shown under Capital Work in Progress relates to the expenditure incurred to the tune of Rs.2705.21 lakhs up to 31.03.2012 as against the previous year's amount of Rs.2326.32 lakhs including the pre incorporation expenditure.

Noted for Action

(6) 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.

Noted for Action

The company although having paid up share capital of Rs.70.10 Crores should have constituted a Committee of the Board known as Audit Committee but neither any disclosure nor formation of Committee has been made.

(7) **Joint Venture Agreement**

- (a) As per clause 25.0 under PROJECT FINANCING, it has been clearly indicated that till the project activities, it rated capacity, the project will be financed by equity participation and the parties agree for paid up capital ratio @60% of Mahanadi Coal Fields Limited and balance 40% of private partners. Vide clause No- 25.2, it has been clearly mentioned that the JVC may make such arrangement of raising finance for working capital and other purposes as may be approved by the Board of JVC.

Statement of fact

But as has been observed M/s. Mahanadi Coal Fields Limited has financed Rs. 1333.79 lakhs out of the total finance of Rs. 1337.49 lakhs which is excess of Rs. 531.30 lakhs in proportion to the equity held by MCL.

Total amount financed by

Partners of JVC	Rs.1337.49 lakhs
60% of total finance	Rs. 802.49 lakhs
Amount financed by MCL	Rs.1333.79 lakhs
Excess finance by MCL	Rs. 531.30 lakhs

Hence, the Board of JVC may take care of this in future.

- (b) As per the clause 3 (b) on DISTRIBUTION OF COAL and 28.0 on TRANSFER PRICE, it has been agreed upon by all the partners of JVC regarding the distribution of coal ratio and transfer price thereon.

No Comment

In this regard, we are of the opinion that the transfer price of coal as mentioned against clause No-28.1 seems to be unjustified due to fixation of cost plus basis because of the fact that the market rate may be far higher than the cost plus, to maintain IRR of 12%. By this, the Government may lose the taxes if it is

paid on cost plus basis ignoring the market price.

The management has stated that the transfer price of coal will be initially fixed on cost plus basis so as to achieve the minimum of 12% of IRR. The revision of such transfer price will be made on year to year basis of actual cost plus the same percentage as was fixed initially.

Hence, the Board of JVC may consider clause No-20.4 to adopt any other transfer price formula in the interest of Government of India as well as State.

(8) Acquisition of Land

Premium for Gopalprasad west block under Talcher Tahasil has been deposited by Hingula Area of MCL in 2009-10 amounting to Rs.16.25 Crores for an area of 449.72 acrc, out of which 207.025 Acrs is under MJSJ. The amount of Rs.8,83,63,265.00 paid for MJSJ Coal Ltd has been debited.

No Comment

Govt.Land premium for the above notification under Chhendipada Tahasil amounting to Rs.32,83,75,998/- (Rupees thirty two Crores eighty three lakhs seventy five thousand nine hundred ninety five) only has been deposited on 29.03.2011 against the demand note amounting to Rs.37,89,28,998/- for total area of 348.01 acrs with a protest to re-valuate for balance amount of Rs.5,05,53,000/- for an area of 16.44 acrs. Out of 331.57 Acrs, 216.42 acrs of Govt. Land is under MJSJ Coal Ltd, for which Rs.24,71,85,851/- has been debited to MJSJ. The total amount of Rs.33, 55, 49,116/- has been paid for 423.445 acrs Govt. Land.

In connection with acquisition of forest land and private land, the position is not satisfactory.

(a) **FOREST DIVERSION PROPOSAL:** Statement of fact

The work on the Forest Diversion Proposal has been completed in connection with forest area demarcation, enumeration of trees, site identification & site inspection by competent authority has already been done as reported by the management. As per Forrest Right Act, Grama Sabha in all ten villages has been formed.

Further, as per recent MOEP guidelines, New Delhi digitization of forest land is mandatory the digitized map is to be authenticated by ORSAC, BBSR. As there is no infrastructure in MJSJ, it is decided to outsource the above job & for that open tender is to be floated.

9. **General**

- (a) In accordance with the provisions of Coal Bearing Area (A & D) Act, 1957, the ownership is vested with the Company on notification by the Govt. of India but formal transfer of Govt Land is processed after deposit of Land premium & Revenue dues with the concerned Collector. As explained to us as per the practice/system being followed consistently by the Coal Companies, the Land premium & Revenue dues are capitalized soon after the deposit of the above dues & amortized considering the balance life period of the project or lease period of the said land whichever is earlier and accordingly the said land is capitalized on the date of payment & amortized considering the life period of the project i.e. 52 years. In our opinion, necessary disclosure should be made in the Notes to Accounts.
- Statement of fact

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

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 our comment no - 6 of annexure 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. Not Applicable 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 recently formed and no commercial production has been made, it is not applicable.

- (6) The capital expenditure/capital invested has not been put to use.No such instance

- (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, to the best of our knowledge

(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 auditors report 2008-09 & 2009-10 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) Whether any indicate 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 whistle 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. Not taken up due to newly formed company.

- (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.

N.A.

- (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. 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.

N.A.

- (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 been 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 underized 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 it 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

- (3) The policy of MCL is been followed Whether there is a system of fixation of targets for CSR activities?

N.A.

- (4) 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: Bhubaneswar

Date: 21.04.2012

For RDA & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-

(CA. BHABANI PRASAD PADHI)

PARTNER

M. NO: 069840

FR NO: 322810E



RDA & ASSOCIATES

CHARTERED ACCOUNTANTS

H.O. : N-1/A-15, IRC Village, Nayapalli,

Near CRP Square, Bhubaneswar - 751015

E-mail : rimadhawan@hotmail.com, info@rdaindia.com

Telefax : (0674) 2555776, Website : rdaindia.com

Compliance Certificate

We have conducted the audit of accounts of M/s MJSJ Coal Limited Angul for the year ended 31st March 2012 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: Bhubaneswar
Date: 21.04.2012

For RDA & ASSOCIATES
CHARTERED ACCOUNTANTS
B.P. Prasad
(CA. BHABANI PRASAD ASH) (ASSOCIATE)
PARTNER
MEMBERSHIP NO: 069840
FR NO:322810E

Branches : • C/o. Late Rameshyam Pansari, Godavari Bhawan, U. Ganesh Rice Mill, Khetrajpur, Sambalpur - 768003
• 61, 2nd Floor, Panchkuian Road, New Delhi - 110001

MJSJ COAL LIMITED
(A Subsidiary of Mahanadi Coalfields Limited)
BALANCE SHEET
As at 31st March, 2012

(' in lakh)

	Notes	As at 31-03-2012	As at 31-03-2011
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
a) Share Capital	1	7,010.00	4,010.00
b) Reserves and Surplus	2	(101.32)	(101.32)
		6,908.68	3,908.68
(2) Non-Current Liabilities			
a) Long Term Borrowings	3	-	-
b) Deferred Tax Liability (Net)		-	-
c) Other Long Term Liabilities	4	-	-
d) Long Term Provisions	5	-	-
(3) Minority interest			
(4) Current Liabilities			
a) Short Term Borrowings	6	-	-
b) Trade Payables	7	-	-
c) Other Current Liabilities	8	1,340.89	2,685.38
d) Short Term Provisions	9	8.34	6.46
		1,349.23	2,691.84
Total		8,257.91	6,600.52
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
i) Tangible Assets - Gross Block	10A	4,476.92	2,489.51
Less : Depreciation, Impairment & Provisions		126.01	6.96
Net Carrying Value		4,350.91	2,482.55
ii) Intangible Assets - Gross Block	10A	-	-
Less : Depreciation, Impairment & Provisions		-	-
Net Carrying Value		-	-
iii) Capital Work-in-Progress	10B	-	-
iv) Intangible Assets under Development	10C	2,705.21	2,326.32
(b) Non-Current Investments	11	-	-

	Notes	As at 31-03-2012	As at 31-03-2011
(c) Deferred Tax Asset (Net)		-	-
(d) Long Term Loans & Advances	12	-	2.19
(e) Other Non-Current Assets	13	-	
(2) Current Assets			
(a) Current Investments	14	-	-
(b) Inventories	15	-	-
(c) Trade Receivables	16	-	-
(d) Cash & Cash equivalents	17	1,131.37	1,763.11
(e) Short Term Loans & Advances	18	23.36	26.35
(f) Other Current Assets	19	47.06	-
		1,201.79	1,789.46
Total		8,257.91	6,600.52

Significant Accounting Policies 33
 Additional Notes on Accounts 34
 The Notes referred to above form an integral part of Balance Sheet

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

Sd/-
 (D.K.Dey)
 Sr Manager (Finance)

Sd/-
 (A.K Thakur)
 Chief Executive Officer

Sd/-
 (K.Biswal)
 Director

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

As per our report of even date
 For & on behalf of RDA & Associates
 Chartered Accountant

Sd/-
 (M.No. 069840)
 (FR NO 322810E)

Place: Talcher
 Date: 21.04.2011

MJSJ COAL LIMITED
(A Subsidiary of Mahanadi Coalfields Limited)
PROFIT & LOSS ACCOUNT
For the Year ended 31st March, 2012

(' in lakh)

<u>INCOMES</u>	Notes	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Sale of Coal	20	-	-
Less: Excise Duty		-	-
Other Levies		-	-
Revenue From Operations		-	-
Other Income	21	-	-
Total Revenue		-	-
EXPENSES			
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 Expenditures	31	-	-
Total Expenses		-	-
Profit/Loss before extraordinary items, exceptional items and tax		-	-
Prior Period Adjustment [Charges / (Incomes)]	32	-	-
Exceptional Items		-	-
Profit/Loss before extraordinary items and tax		-	-
Extraordinary Items [Charges/(Incomes)]		-	-
Profit/Loss before Tax		-	-
Less : Tax Expense		-	-
- Current year (including wealth tax)		-	-
- Deferred Tax		-	-
- Earlier years		-	-
Profit/Loss after Tax		-	-
Basic and Diluted Earnings per Share (in Rs.) (Face Value of Rs. 10- per share)			
Significant Accounting Policies	33		
Additional Notes on Accounts	34		

The Notes referred to above form an integral part of Profit & Loss Account.

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

Sd/-
(D.K.Dey)
Sr Manager (Finance)

Sd/-
(A.K.Thakur)
Chief-Executive Officer

Sd/-
(K.Biswal)
Director

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

As per our report of even date
For & on behalf of RDA & Associates
Chartered Accountant
Sd/-
(M.No - 069840)
(FR NO 322810E)

Place: Talcher
Date: 21.04.2012

MJSJ COAL LIMITED

NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 1

SHARE CAPITAL		As at 31-03-2012	(' in lakh) As as 31-03-2011
<u>Authorised</u>			
(i)	200000000 Equity Shares of Rs. 10/- each	20,000.00	20,000.00
(ii)	10% cumulative Redeemable Preference Shares of Rs. 1000/- each (Redeemed on as per terms of earliest redemption)	20,000.00	20,000.00
<u>Issued, Subscribed and Paid-up</u>			
(i)	701000000 Equity Shares of Rs.10/- each fully paid up in cash	7,010.00	4,010.00
		7,010.00	4,010.00

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

70100000

Name of Shareholder	No. of Shares Held (Face value of Rs. 10 each)	% of Total Shares
MCL	42060000	60
JSW Steel Ltd	7711000	11
JSW Energy Ltd	7711000	11
Jindal Stainless Ltd	6309000	9
Shyam Metalics & Energy Ltd "	6309000	9

2) During the year , there is no change in the number of shares.

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 2

RESERVES & SURPLUS	As at <u>31-03-2012</u>	As at <u>31-03-2011</u>
		(' in lakh)
RESERVES :		
Capital Reserve		
As per last Balance Sheet	-	-
Add: Addition during the year	-	-
Less: Adjustment During the year	-	-
Capital Redemption Reserve		
As per last Balance Sheet	-	-
Add: Addition during the year	-	-
Less: Adjustment During the year	-	-
Reserve for Foreign Exchange Transactions		
As per last Balance Sheet	-	-
Add: Addition during the year	-	-
Less: Adjustment During the year	-	-
Capital Redemption Reserve		
As per last Balance Sheet	-	-
Add: Addition during the year	-	-
Less: Adjustment During the year	-	-
Reserve for Foreign Exchange Transactions		
As per last Balance Sheet	-	-
Add: Addition during the year	-	-
Less: Adjustment During the year	-	-
CSR Reserve		
As per last Balance Sheet	-	-
Add: Addition during the year/period	-	-
Less: Transfer to General Reserve	-	-
General Reserve		
As per last Balance Sheet	-	-
Add: Transfer from Profit & Loss Account	-	-
Add/ Less: Adjustment During the year/period	-	-
Surplus in Profit & Loss Account		
As per last Balance Sheet	-	-
Profit/(Loss) after Tax During the Year/ period	-	-
Profit/(Loss) available for Appropriation	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	-	-
Corporate Dividend Tax - earlier year	-	-
	0.00	-
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 31.03.2012

NOTE - 3

LONG TERM BORROWINGS

(' in lakh)

As at
31-03-2012

As at
31-03-2011

Loan from CIL
 - for IBRD
 - for JBIC
 Export Development Corp., Canada
 Liebherr France S.A., France

-

-

Loan From Coal India Limited

-

-

Total

-

-

CLASSIFICATION 1

Secured
 Unsecured

-

-

-

-

CLASSIFICATION 2

Loan Guaranteed by Directors & Others

Particulars of Loan	' in lakh	Nature of Guarantee
Nil	Nil	Nil

Note: 1. Amount outstanding in foreign currency is to be disclosed.
 2. State Security & Terms of Repayment of each line item.

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 4

OTHER LONG TERM LIABILITIES

(' in lakh)

	<u>As at</u> <u>31-03-2012</u>	<u>As at</u> <u>31-03-2011</u>
Shifting & Rehabilitation Fund		
Opening Balance	-	-
Add: Interest from Investment of the fund	-	-
Add: Contribution Received	-	-
Less: Amount utilised	<input type="text"/>	<input type="text"/>
Trade Payable	-	-
Security Deposits	-	-
Others (Specify Nature)	-	-
Total	<input type="text"/>	<input type="text"/>
CLASSIFICATION		
Secured	-	-
Unsecured	-	-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 5

LONG TERM PROVISIONS	(' in lakh)	
	As at	As at
	<u>31-03-2012</u>	<u>31-03-2011</u>
For Employee Benefits		
- Gratuity	-	-
- Leave Encashment	-	-
- Other Employee Benefits	-	-
- NCWA IX	-	-
For Foreign Exchange Transactions (Marked to Market)	-	-
OBR Adjustment Account		
Mine Closure		
For Others	-	-
TOTAL	-	-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 6

SHORT TERM BORROWINGS

(' in lakh)

	<u>As at</u> <u>31-03-2012</u>	<u>As at</u> <u>31-03-2011</u>
Loan From Bank	-	-
Loans Repayable on Demand		
Balance with Coal India Limited & other Subsidiaries of Coal India Limited	-	-
Overdraft against Pledge of Term Deposit	-	-
Other Loans and Advances		
Deferred Credits	-	-
Total :	-	-
CLASSIFICATION 1		
Secured	-	-
Unsecured	-	-

CLASSIFICATION 2

Loan Guaranteed by Directors & Others

Particulars of Loan	' in lakh	Nature of Guarantee
Nil	Nil	Nil

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 7

(' in lakh)

TRADE PAYABLE	As at <u>31-03-2012</u>	As at <u>31-03-2011</u>
Sundry Creditors For Supplies		
For Revenue Stores	-	-
TOTAL	-	-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012
NOTE - 8

(' in lakh)

OTHER CURRENT LIABILITIES

	As at 31-03-2012	As at 31-03-2011
Current Maturities of Long Term Borrowings		
Term Loan From IBRD from CIL		
Term Loan From JBIC from CIL		
Term Loan From Liebherr France S.A., France		
Loan From Coal India Limited	-	-
Surplus fund from Coal India	-	-
Current account with Subsidiaries	-	-
Sundry Creditors for Capital Stores		
. FOR EXPENSES :		
Salary Wages & Allowances		14.35
Power & Fuel		
Others		7.06
		21.42
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	2.07	-
Earnest Money	0.49	-
Advance & Deposit from customers / others		1.43
Interest Accrued and due on Borrowings	-	-
Interest Accrued but not due on Borrowings	-	-
Cess Equilisation Account	-	-
Current Account with IICM	-	-
MCL Current Account	1,333.79	2,658.82
JSW Energy Current Account	2.22	2.23
Shyam Metallic & Energy Current Account	1.48	1.48
JSW Steel Current Account	-	-
Jindal Stainless Ltd Current Account	-	-
Unpaid Dividend	-	-
Ex-Owner Account	-	-
Advance deposit other Pre-Nationalisation	-	-
Gratuity	-	-
Others Liabilities	0.84	-
TOTAL	1,349.89	2,685.38

Note : Loan repayment Liebherr France during 2012-13
 Loan repayment IBRD during 2012-2013
 Loan repayment JBIC during 2012-13

Euro	NIL
USD	NIL
Yen	NIL

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 9

SHORT TERM PROVISIONS	As at <u>31-03-2012</u>	As at <u>31-03-2011</u>
		(' in lakh)
For Employee Benefits		
- Gratuity	-	-
- Leave Encashment	-	-
- PPLB	-	-
- PR	-	6.46
- Other Employee Benefits	-	-
- For NCWA IX	-	-
For Proposed Dividend	-	-
For Corporate Dividend Tax	-	-
For Income Tax	-	-
For Excise Duty on Closing Stock of Coa	-	-
For Others	8.34	-
TOTAL	8.34	6.46

MJSJ COAL LIMITED
 NOTES TO BALANCE SHEET AS AT 31.03.2012
NOTE - 10 A
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			IMPAIRMENT LOSS / OTHER LOSS			CARRYING VALUE			
	As on 01.04.2011	Addition during the period	Adj./Sales/Transfers during the period	As on 31.03.2012	As on 01.04.2011	Addition during the period	Adj./Sales/Transfers during the period	As on 31.03.2012	As on 01.04.2011	Addition during the period	Adj./Sales/Transfers during the period	As on 31.03.2012	As on 31.03.2011
Tangible Assets													
Land													
(a) Freehold	2,471.86	1,983.86	-	4,455.72	3.96	117.31	-	121.27	-	-	-	4,334.15	2,467.90
(b) Leasehold													
Building/Water Supply/Road & Culverts													
Plant & Machinery	0.20		(0.20)	-									0.20
Furniture & fittings/ Office Tools & Equipments/ Electrical Fittings/ Fire Arms	17.45	4.05		21.50	3.00	1.74		4.74				16.76	14.45
Railway Sidings													
Vehicle													
Telecommunication													
Development including Roads & Culverts in mining area													
TOTAL	2,489.51	1,987.61	(0.20)	4,476.92	6.96	119.05		126.01				4,350.91	2,482.55
For the year ended 31.03.11													
Tangible Fixed Assets	14.12	2,475.40		2,489.51	1.52	5.44		6.96				6.96	2,482.55
Intangible Assets													
Development													
Software													
Prospecting & Boring													
Total													
G Total	2,489.51	1,987.61	(0.20)	4,476.92	6.96	119.05		126.01				4,350.91	2,482.55
For the year ended 31.03.11													
Intangible Fixed Assets													

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012
NOTE -10 B
CAPITAL WORK-IN-PROGRESS

(' in lakh)

PARTICULARS	COST			PROVISION			IMPAIRMENT LOSS / OTHER LOSS			CARRYING VALUE	
	As on 01.04.2011	Addition during the period	Adj./Sales/Transfer during the period	As on 01.04.2011	Addition during the period	Adj./Sales/Transfer during the period	As on 01.04.2011	Addition during the period	Adj./Sales/Transfer during the period	As on 31.03.2012	As at 31.03.2011
Tangible Assets											
Building/Water											
Supply/Road & Culverts											
Plant & Machinery											
Railway Sidings											
Roads & Culverts in mining area											
Others											
TOTAL											
As on 31.03.11											
Tangible Assets											
Surveyed off Assets											
As on 31.03.11											
Surveyed off Assets											
Grand Total											
As on 31.03.11											
Grand Total											

MJSJ COAL LIMITED
 NOTES TO BALANCE SHEET AS AT 31.03.2012
NOTE -10 C
INTANGIBLE ASSETS UNDER DEVELOPMENT

PARTICULARS	COST			PROVISION			IMPAIRMENT LOSS / OTHER LOSS			CARRYING VALUE	
	As on 01.04.2011	Addition during the period	Adj./Sales/ Transfer during the period	As on 01.04.2011	Addition during the period	Adj./Sale s/Transfe r during the period	As on 01.04.2011	Addition during the period	Adj./Sales /Transfer during the period	As on 31.03.2012	As at 31.03.2011
Intangible Assets Development	794.30	378.99								1,173.29	794.30
Prospecting & Boring	1,532.02		0.10							1,532.12	1,532.02
TOTAL	2,326.32	378.99	0.10	-	-	-	-	-	-	2,705.41	2,326.32
For the year ended 31.03.11											
Intangible Assets	2,151.06	175.26								2,326.32	2,151.06

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 11

NON - CURRENT INVESTMENTS - Unquoted at Cost

	Number of shares/ bonds/ securities current period	Face value per shares/ bonds/security current period (¹)	As at 31.3.2012 (¹ in lakh)	Number of shares/ bonds/ securities as at 31.03.2011	Face value per shares/ bonds/ security as at 31.03.2011 (¹)	As at 31.03.2011 (¹ in lakh)
TRADE						
8.5% Tax Free Special Bonds (Fully Paid up) :						
(on securitisation of Sundry Debtors)						
Major State-wise Break-up						
UP	-	-	-	-	-	-
Haryana	-	-	-	-	-	-
Maharashtra State Electricity Board	-	-	-	-	-	-
Madhya Pradesh	-	-	-	-	-	-
Gujarat	-	-	-	-	-	-
West Bengal State Electricity Board	-	-	-	-	-	-
Others	-	-	-	-	-	-
Equity Shares in Subsidiaries Companies						
MNH Shakti LTD.	-	-	-	-	-	-
MJSJ Coal LTD.	-	-	-	-	-	-
Non-Trade						
7.55 % Secured Non convertible IRFC	-	-	-	-	-	-
Tax free 2021 series 79 bonds	-	-	-	-	-	-
Total :	<div style="width: 100%; height: 20px; background-color: white;"></div>					

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012
NOTE - 12

LONG TERM LOANS & ADVANCES

	As at <u>31-03-2012</u>	(' in lakh) As at <u>31-03-2011</u>
LOANS		
ADVANCE TO SUPPLIERS & CONTRACTORS		
For Capital		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for Doubtful Loans and Advances		
For Revenue		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for Doubtful Loans and Advances		
Security Deposits		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for Doubtful Loans and Advances		
Deposit for P&T, Electricity etc.		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful trade receivables		
LOAN TO EMPLOYEES		
For House Building		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
For Motor Car and Other Conveyance		
- Secured considered good		2.19
- Unsecured considered good		
- Doubtful		
For Others		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less: Provision for Doubtful Loans & Advances		
LOAN TO SUBSIDIARIES		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
TOTAL		2.19

Note

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

* This Loan should include interest accrued thereon.

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 13

OTHER NON-CURRENT ASSETS`

(' in lakh)

	<u>As at</u> <u>31-03-2012</u>	<u>As at</u> <u>31-03-2011</u>
Long Term Trade Receivable		
- Secured considered goods	-	-
- Unsecured considered goods	-	-
- Doubtful	-	-
	-	-
Less: Provision for bad and doubtful trade receivables	-	-
Exploratory Drilling Work		
- Secured considered goods	-	-
- Unsecured considered goods	-	-
- Doubtful	-	-
	-	-
Less: Provision for bad and doubtful trade receivables	-	-
Other Receivables		
- Secured considered goods	-	-
- Unsecured considered goods	-	-
- Doubtful	-	-
	-	-
Less: Provision	-	-
TOTAL	-	-

Note

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

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 14

CURRENT INVESTMENTS - Quoted / Unquoted at Cost

	Number of shares/bonds/ securities current period	Face value per shares/ bonds/ security current period	As at 31-03-2012	Number of shares/ bonds/ securities previous year	Face value per shares/bonds/ security previous year	As at 31-03-2011
NON-TRADE						
Investment in Mutual Fund (Canara Robeco interval Series 2)						
TRADE						
8.5% Tax Free Special Bonds (Fully Paid up) (on securitisation of Sundry Debtors)						
Total :						

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 15

INVENTORIES

(Valuation as per Significant Accounting Policy No.10)

(' in lakh)

		<u>As at</u> <u>31-03-2012</u>	<u>As at</u> <u>31-03-2011</u>
	Stock of Coal		
	Coal stock Under Development		
	Less : Provision		
A	Stock of Coal (Net)	-	-
	Stock of Stores & Spare Parts (at cost)		
	Stores -in -transit		
	Less : Provision		
	Loss of Assets		
	Less : Provision		
B	Net Stock of Stores & Spare Parts (at cost)	-	-
	<u>Workshop Jobs :</u>		
	Work-in-progress and Finished Goods	-	-
	Less : Provision	-	-
C	Net Stock of Workshop Jobs	-	-
E	<u>Press :</u>		
	Work-in-Progress and Finished Goods ,	-	-
C	Stock of Medicine 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 31.03.2012

ANNEXURE TO NOTE - 15

(Qty in lakh tonnes) (value in lakh Rs)

Table:A

Reconciliation of closing stock adopted in Account with Book stock as at the end of the Year

	OVERALL STOCK		NON-VENDABLE STOCK		VENDABLE STOCK	
	Qty.	Value	Qty.	Value	Qty.	Value
1. (A) Opening stock as on 01.04.11					0	0.00
(B) Adjustment in Opening Stock	-	-	-	-		
2. Production for the year			-	-	0	0.00
3. Sub-Total (1+2)	-	-	-	-	0	0.00
4. Off-Take for the period:						
(A) Outside Despatch			-	-	0	0.00
(B) Coal feed to Washeries	-	-	-	-	-	-
(C) Own Consumption	-	-	-	-	0	0.00
TOTAL(A)	-	-	-	-	0	0.00
5. Derived Stock	-	-	-	-	0	0.00
6. Measured Stock			-	-	0	0.00
7. Difference (5-6)	-	-	-	-	0.00	0.00
8. Break-up of Difference:						
(A) Excess within 5%	-	-	-	-	-	-
(B) Shortage within 5%	-	-	-	-	0.00	0.00
(C) Excess beyond 5%	-	-	-	-	-	-
(D) Shortage beyond 5%	-	-	-	-	-	-
9. Closing stock adopted in A/c. (6-SA+8B)	-	-	-	-	0	0.00

Summary of Closing Stock of Coal

Table : B

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

Note : The total value in the table B should tally with the net sales (less transportation and loading cost, and incentives on sales and other adjustment if any) as shown in Schedule 1(Sales) .

Should form Part of Notes to Accounts

Offtake *

- (A) Outside Despatch
- (B) Coal feed to Washeries
- (C) Own Consumption

Closing Stock *

Less: Shortage

Closing Stock **

*offtake includes outside despatch, Coal feed to washeries & own Consumption.

** Excluding non-ventable Stock

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 16

TRADE RECEIVABLES

(' in lakh)

	<u>As at</u> <u>31-03.2012</u>	<u>As at</u> <u>31-03.2011</u>
Debts outstanding for a period exceeding six months from the due date		
- Secured considered goods	-	-
- Unsecured considered goods		
- Doubtful	0	0
Less : Provision for bad & doubtful debts	-	-
Other Debts		
- Secured considered goods	-	-
- Unsecured considered goods		
- Doubtful		
Less : Provision for bad & doubtful debts		
Total		

Note

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

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 17

CASH & BANK BALANCE

	As at <u>31-03-2012</u>	(' in lakh) As at <u>31-03-2011</u>
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	1131.37	1,763.11
- In Cash Credit Accounts	-	-
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	1,131.37	1,763.11
Maximum amount outstanding with Banks other than Scheduled Banks at any time during the year	Nil	Nil

Note:

- 1) Balances with banks to the extent held as margin money or security against the borrowings/others
- 2) Bank deposit of more than 12 months maturity shall be disclosed separately.

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 18

SHORT TERM LOANS & ADVANCES

	As at 31-03-2012	(' in lakh) As at 31-03-2011
LOANS		
ADVANCE (Recoverable in cash or in kind or for value to be received)		
ADVANCE TO SUPPLIERS & CONTRACTORS		
For Revenue		
- Secured considered goods	-	-
- Unsecured considered goods	-	-
- Doubtful	0.00	0.00
Less : Provision for bad and doubtful Advances	-	-
ADVANCE PAYMENT OF STATUTORY DUES		
Sales Tax		
- Secured considered goods		
- Unsecured considered goods		
- Doubtful		
Less : Provision		
Advance Income Tax / Tax Deducted at Source	23.21	22.47
	23.21	22.47
Others		
- Secured considered goods		
- Unsecured considered goods		
- Doubtful		
Less : Provision	23.21	22.47
Advance to Employees		
- Secured considered goods	0.15	3.88
- Unsecured considered goods		
- Doubtful	0.15	3.88
Less : Provision	0.15	3.88
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		
Claims Receivables		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for Doubtful claims		
Prepaid Expenses	0.15	3.88
TOTAL	23.36	26.35

Note

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

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 19

OTHER CURRENT ASSETS	(' in lakh)	As at <u>31-03-2012</u>	As at <u>31-03-2011</u>
Interest Accrued			
- Investment			
- Deposit with Banks	47.06		
- Others	-		
Ex Owner's Account	-		
Other Advances	-		
Less : Provision	-		
DEPOSITS			
Deposit for Customs Duty, Port Charges etc.	-		
Deposit with Coal India Limited	-		
Deposit for Royalty, Cess & Sales Tax	-		
Less: Provision	-		
Others	-		
Less: Provision	-		
Amount Receivable from Govt of India for transactions on behalf of Ex-Coal Board	-		
Other Receivables	-		
Less: Provison	-		
TOTAL		47.06	

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 20

Revenue From Operations

(' in lakh)

**For the Year
ended 31.03.2012**

**For the Year
ended 31.03.2011**

GROSS SALES**Less : Statutory Levies**

Excise Duty

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)

-

-

*Sales will include incentives from customers.

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 21

OTHER INCOME	(' in lakh)	
	<u>For the Year</u> <u>ended 31.03.2012</u>	<u>For the Year</u> <u>ended 31.03.2011</u>
<u>income From Long Term Investments</u>		
Dividend from Joint Ventures		
Interest from		
- Government Securities (8.5% Tax Free Special Bonds) (Trade)		
- 7.55% Non convertible IRFC Tax Free Bonds 2021 series (Non-trade)		
<u>Income From Current Investments</u>		
Dividend from Mutual Fund Investments		
Interest from		
- Government Securities (8.5% Tax Free Special Bonds) (Trade)	-	-
- 7.55% Non convertible IRFC Tax Free Bonds 2021 series(Non-Trade)	-	-
<u>Income From Others</u>		
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	-	-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 22

COST OF MATERIALS CONSUMED

**For the Year
ended 31.03.2012**

(` in lakh)
**For the Year
ended 31.03.2011**

Explosives
Timber
P O L
HEMM Spares
Other Consumable Stores & Spares

TOTAL

-

-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 23

(' in lakh)

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

	<u>For the Year</u> <u>ended 31.03.2012</u>	<u>For the Year</u> <u>ended 31.03.2011</u>
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 BALANCE SHEET AS AT 31.03.2012

NOTE - 24

(' in lakh)

EMPLOYEE BENEFIT EXPENSES

	<u>For the Year ended 31.03.2012</u>	<u>For the Year ended 31.03.2011</u>
Salary, Wages, Allowances ,Bonus & Benefits		
Exgratia		
PRP		
Provision for NCWA IX		
Contribution to P.F. & Other Funds		
Gratuity		
Leave Encashment		
VRS		
Workmen Compensation		
Other Employee Benefits		
TOTAL	<input type="text"/>	<input type="text"/>

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 25

WELFARE EXPENSES

For the Year
ended 31.03.2012

For the Year
ended 31.03.2011

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
Community Development
Environmental Expenses
Tree Plantation
Other Expenses

TOTAL

-

-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 26

REPAIRS

(IN LAKHS)

For the Year
ended 31.03.2012

For the Year
ended 31.03.2011

Building
Plant & Machinery
Others

TOTAL

-

-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 27

(' in lakh)

CONTRACTUAL EXPENSES	For the Year ended <u>31.03.2012</u>	For the Year ended <u>31.03.2011</u>
Transportation Charges :		
- Sand	-	-
- Coal & Coke		
- Stores & Others etc.		
Wagon Loading		
Hiring of P&M		
Other Contractual Work		
TOTAL	-	-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 28

(in lakhs)

FINANCE COSTS	<u>For the Year ended 31.03.2012</u>	<u>For the Year ended 31.03.2011</u>
INTEREST EXPENSE		
Deferred Payments		
Bank Overdraft / Cash Credit		
Interest on IBRD & JBIC Loan		
CIL Fund Loan Interest		
Interest to Subsidiaries		
Others		
TOTAL(A)	<input type="text"/>	<input type="text"/>
OTHER BORROWING COSTS		
Guarantee Fees on (IBRD & JBIC) Loan		
Other Expenses / Bank Charges*		
TOTAL(B)	<input type="text"/>	<input type="text"/>
TOTAL (A+B)	<input type="text"/>	<input type="text"/>

*Related to World Bank Loan Transactions only.

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 29

PROVISIONS	For the Year ended 31.03.2012	For the Year ended 31.03.2011
(A) PROVISION MADE FOR		
Doubtful debts	-	-
Doubtful advances & Claims	-	-
Foreign exchange Transaction	-	-
Stores & Spares	-	-
Reclamation of Land/Mine Closure Expenses	-	-
Surveyed of Fixed Assets/Capital WIP	-	-
Others	-	-
TOTAL (A)	-	-
(B) PROVISION WRITTEN BACK		
Doubtful debts	-	-
Doubtful advances & Claims	-	-
Stores & Spares	-	-
Reclamation of Land	-	-
Surveyed of Fixed Assets/Capital WIP	-	-
Others	-	-
TOTAL (B)	-	-
TOTAL (A-B)	-	-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 30

WRITE OFF

	<u>For the Year ended 31.03.2012</u>	<u>For the Year ended 31.03.2011</u>
Doubtful debts	-	-
Doubtful advances	-	-
Others	-	-
TOTAL	-	-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 31

(' in lakh)

OTHER EXPENSES	For the Year ended 31.03.2012	For the Year ended 31.03.2011
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		
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		
Miscellaneous Expenses		
TOTAL (A)	-	-

Others include HQ overhead -0.33

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2012

NOTE - 32

PRIOR PERIOD ADJUSTMENTS

	<u>For the Year ended 31.03.2012</u>	<u>For the Year ended 31.03.2011</u>
(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**NOTE – 33****ACCOUNTING POLICIES****1. Accounting Convention**

- 1.1 Financial statements are prepared on historical cost convention and accrual basis of accounting following going concern concept, accounting standards and generally accepted accounting principles except otherwise stated elsewhere.

2. Basis of Accounting

- 2.1 All expenses and income are booked initially in the natural heads of accounts and then transferred to functional heads wherever required.

3. Recognition of Income and Expenditure.

- 3.1. Income and expenses are recognized on accrual basis and provision is made for all know liabilities.

4. Subsidy/ Grants from Government

- 4.1 Subsidy/ Grants on Capital Accounts are deducted from the cost of respective assets to which they relate. The unspent amount at the year-end, if any, is shown as Current Liabilities.
- 4.2 Subsidies/Grants on Revenue Account are credited to Profit & Loss Account under the head "Other Income" and the expenses are debited to the respective heads. The unspent amount at the year end, if any, is shown as current liabilities.

5.0 Fixed Assets

- 5.1 **Land:** Land includes cost of acquisition, cash rehabilitation expenses and re-settlement 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.
- 5.2 **Plant and Machinery:** Plant and Machinery include cost and expenses incurred for erection/installation and other attributable costs of bringing those assets to working conditions for their intended use.
- 5.3 **Railway siding:** Pending commissioning payment made to the Railway Authorities for construction of railway siding are shown under Capital Work-in-progress.
- 5.4 **Development:** Expenses net of income of the projects/mines under development are booked to development and grouped under capital work in progress till the projects/mines are brought to revenue account. Except otherwise 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 construction, projects and mines under development are brought to Revenue :

- 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 value of production is more than total expenses,

Whichever event occurs first.

5.5 Prospecting & Boring & other Development Expenditure: The cost of exploration and other development expenditure incurred in one five year plan period is 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 finalization of sale.

5.6. Intangible Assets:

Computer software is recognized at cost and shown as intangible assets in fixed assets schedule.

6. Depreciation

- 6.1 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 the following assets where higher rate of depreciati:n is charged as per the technically estimated life,
- a) Telecom equipment processor based, software controlled at 15.83 %.
 - b) General electronics Communications / Instrumentations systems at 10.55%,
 - c) Hydraulic Shovel upto 5 Cu.M at 13.57% .
 - d) Hydraulic Shovel > 5-10 Cu.M. at 11.88%.
 - e) Dumper upto 35-T at 15.83%.
 - f) Dumper upto 50-T at 13.57%; and
 - g) B.H. Drill < 160 MM at 13.57%
 - h) SDL & LSD(equipments) 19% & 15.83%.
 - i) Photo copier machine at 15.83%.

Depreciation on the assets added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/disposal expect in case of 100% depreciable items which are fully depreciated during the year of addition.

- 6.2 Value of land acquired under Coal bearing Area (Acquisition & Development) Act, 1957 are amortised on the basis of 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.

- 6.3 **Prospecting, Boring and Development expenditure are amortized from the year when the mine is brought under revenue, in 20 years or working life of the project whichever is less. Subsequent expenditure falling under this category shall be amortized over 20 years or balance life of the project from the year of incurrence of expenditure.**
- 6.4 Assets attracting 100% depreciation, other than items costing Rs.5,000/- are taken out from the Accounts after expiry of two years following the year in which these are fully depreciated.
- 6.5 The cost of computer software is amortized in 3 (three) years from the year in which it is incurred.
- (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 value of production is more than total expenses.

Whichever event occurs first.

7 **IMPAIRMENT OF ASSETS:**

- 7.1. Impairment loss is recognized wherever the carrying cost of an asset is in excess of its recoverable amount and the same is recognized as an expenses in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.
- 7.2. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

8 **Investments :**

Long term Investments are valued at cost.

9 **Retirement Benefits**

- (a) **Defined Contribution plans:**

The company makes contribution towards Provident Fund and Pension Fund to a defined contribution retirement benefit plan for qualifying employees. The Provident fund and Pension Fund are operated by 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.

- (b) **Defined benefit plans:**

The year end liability 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 to said fund is made on actuarial valuation.

(c) Other Employee benefits:

Further year-end liability 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 Benefits and compensation to dependents of deceased in mines accidents etc. are also valued on actuarial basis by applying projected unit credit method.

10. Inventories

- 10.1 Book stock of coal/coke is considered in the Accounts where the variance between book stock and measured stock is up to $\pm 5\%$ and in case where the variance is beyond $\pm 5\%$ the measured stock is considered. Such stocks are valued at net realizable value or cost whichever is lower.
- 10.2 Provision at the rate of 10% on the value of closing stock of Coal is made to take care of deterioration of stock due to fire and longer period of stocking etc. where the stock is valued at Net realisable value. No such provision is made where the stock is valued at cost.
- 10.3 Stores and spares include loose tools.
- 10.4 Stock of stores & spare parts at Central & Area Stores are valued at cost calculated on the basis of the weighted average method. The year-end inventory of stores & spare parts lying at collieries/sub stores/consuming centers, initially charged off, at issue price of Area Stores are valued at cost/estimated cost.
- 10.5 Provisions are made at the rate of 100% for unserviceable damaged and obsolete stores and 50% for stores & spares not moved for 5 years excepting insurance items.
- 10.6 Stock of stationery (other than lying at Printing Press), bricks, sand, medicine, (except at Central Hospitals) and scraps are not considered in inventory.
- 10.7. Slurry, middling of washeries are valued at net realizable value.

11. FOREIGN CURRENCY TRANSACTIONS:

- 11.1. Foreign currency transaction are booked using exchange rates prevailing on the date of transactions.
- 11.2. Foreign currency loans in respect of fixed assets, outstanding on the Balance Sheet date are translated at the exchange rate prevalent on that day and any loss or gain arising out of such transactions is added/deducted from the cost of the fixed assets.
- 11.3. Monetary current assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year end rates. The difference in translation of monetary current assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Profit and loss account, except those relating to acquisition of fixed assets, which are capitalized.

12 BORROWING COST:

Borrowing Costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other Borrowing Cost are recognized as expenses in the period in which they are incurred.

13. INCOME TAX:

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

14. BALANCE WITH COAL INDIA LIMITED (HOLDING COMPANY)

- 14.1 Amount due to / from Coal India Limited on account of loan after adjustment for conversion to equity or vice-versa from time to time is shown as Unsecured Loan.
- 14.2 Amount due / receivable for transaction booked in current account is shown under current liabilities / current assets.

15. APEX OFFICE AND INTEREST CHARGES TO HOLDING COMPANY

- 15.1 Apex office charges as levied by Holding Company is allocated to revenue mines on the basis of coal production.
- 15.2 Interest on loans through Holding Company for procurement of specific assets is accounted for as per terms of loan agreement and corresponding memos from them.

16. OVERBURDEN REMOVAL (OBR) EXPENSES

In Opencast mines with rated capacity of 1 million tonnes and above, the cost of OBR is charged on technically evaluated average ratio (Coal : Over Burden) 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 end of the year is shown as cost of removal of OB under the head current assets/current liabilities, as the case may be.

The reported quantity of Over Burden as per record is considered in calculating the ratio for OBR accounting where the variance between reported quantity and measured quantity is within the two alternative permissible limits as detailed hereunder.

Annual Quantum of OBR of the mine	Permissible limits of variance (whichever is less) %	Quantum (in Mill. Cu. Mtr.)
Less than 1 Mill. Cu.M.	+/- 5%	0.03
Between 1 and 5 Mill. Cu.M.	+/-3%	0.20
More than 5 Mill.Cu.M.	+/-2%	Nil

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

17. PRIOR PERIOD ADJUSTMENT:

Income /expenditure items relating to prior period(s) which do not exceed Rs.5.00 lakh in each case are treated as income/expenditure for the current year.

18. CORPORATE SOCIAL RESPONSIBILITY:

CSR Reserve is created equivalent to 5% of retained earnings of the previous year, subject to minimum of Rs.5/- per tonne of coal production of the previous year after adjustment of actual expenses incurred for such activity.

19. CONTINGENT LIABILITY:

Contingent liability is a present obligation that arises from past 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 enterprises or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or reliable estimate of the amount can not be made. Contingent liabilities are not provided for in the accounts and are disclosed by way of notes.

20. PROVISION:

A provision is recognized when the enterprises has a present obligation as a result of past event: it is probable that an outflow of resources embodying economic benefits 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.

MJSJ COAL LIMITED, ANGUL**NOTE – 34****NOTES ON ACCOUNTS**

- 1.0 MJSJ Coal Ltd. was incorporated on 13th August, 2008 as a Joint Venture Company (JVC). The partners of this JVC are Mahanadi Coalfields Ltd. (60% Share), JSW Steel Ltd. (11% share), JSW Energy Ltd. (11% Share), Shyam Metallica & 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. 7010 Lakhs.

<u>Name of the Joint Venture</u>	<u>Share capital allotted (Rs. in lakh) % Shares</u>	
MCL	4206.00	60%
JSW Steel Ltd	771.10	11%
JSW Energy Ltd.	771.10	11%
JSL Stainless Ltd.	630.90	9%
Shyam Metallica & Energy Ltd.	630.90	9%
Total	7010.00	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, 00,000 in favour of The President of India, acting through Ministry of Coal, Shastri Bhavan , New Delhi which has been renewed up to 18.11.2012 vide no- 47/03 E1, in response to letter 13016/57/2005-CA-I dt 23.12.2009 under protest, since MJSJ Coal Ltd. is a Government Company.

Sd/- (Satyaban Rout) Company Secretary/ Asst.Manager(Finance)	Sd/- (D.K.Dey) Sr.Manager (Finance)	Sd/- (A.K.Thakur) CEO, MJSJ Coal Ltd	Sd/- (K.Biswal) Director	Sd/- (A.K.Tiwari) Chairman
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For RDA & Associates
Chartered Accountants
Sd/-

Place: Talcher
Date: 21-04-2012

Partner
(Membership No. 069840)
(FR NO 322810E)

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

(Rs in Lakh)

I. REGISTRATION DETAILS					
Registered No.	:	U10200OR2008GO1010250	State Code	:	15
Balance Sheet Date	:	31.12.2012			
II. CAPITAL RAISED DURING THE PERIOD (AMOUNT Rs. IN LAKH)					
Public issue	:	Nil	Right issue	:	Nil
Bonus issue	:	Nil	Private Placement	:	7010.00
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT Rs. IN LAKH)					
Total Liabilities	:	8257.91	Total Assets	:	8257.91
Source of Funds	:		Reserve & Surplus	:	(101.32)
Paid-up Capital	:	7010.00	(Preliminary Exp.)	:	
Secured Loans	:	Nil	Unsecured Loans	:	0.00
Deferred Tax Liability	:	Nil			
Application Funds	:				
Net Fixed Assets	:	4350.91	Investments	:	0.00
Net Current Assets	:	(147.44)			
Accumulated Losses	:	Nil			
IV. PERFORMANCE OF COMPANY (AMOUNT Rs. IN LAKH)					
Turnover (Total Income)	:	0.00	Total Expenditure	:	
Profit / (Loss) before Tax	:	0.00	(incl. PP Adjustment)	:	
Earning Per Share (Rs.)	:	0.00	Profit / (Loss) after Tax	:	
			Dividend Rate %	:	
			(Excl. Tax on Dividend)	:	
V. GENERIC NAMES OF PRINCIPAL PRODUCT OF COMPANY					
Item Code No.	:				
Product Description	:	COAL			

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

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

Sd/-
(D.K.Dey)
Sr Manager (Finance)

Sd/-
(A.K.Thakur)
Chief Executive Officer

Sd/-
(K.Biswal)
Director

As per our report of even date

For & on behalf of RDA & Associates
Chartered Accountant
Sd/-

Place: Talcher
Date: 21.04.2012

(M. No. 069840)
(FR NO 322810E)

MJSJ COAL LIMITED, ANGUL

Cashflow Statement for the year ended on 31.12.2012

	For the year ended on 31.03.2012 (Rs. in lakhs)	For the year ended on 31.03.2011 (Rs. in lakhs)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extraordinary items	0.00	0.00
Adjustment for :		
Depreciation & Impairment		
Exchange Rate Fluctuation		
OBR Adjustment		
Interest / Dividend (Received)		
Interest /financial charges (Paid)		
Prov. against Debtors/Inventories/Other CA/ Loans & Adv		
Deferred Tax Liability		0.00
Operating Profit before Working Capital changes		0.00
Adjustments for :		
Changes in Inventories		
Changes in trade receivable		
Changes in long term /non current loans & advance / assets		
Changes in short term / current loans& advances/ assets		
Changes in trade payable/ current liabilities		0.00
Cash generated from operations		0.00
Direct taxes paid		
Deferred Tax Liabilities		0.00
Cash Flow before extraordinary Items		0.00
Extraordinary items		0.00
Net Cash from operating activities		0.00
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	2247.25	2650.65
Change in Current Assets	41.88	10.16
Miscellaneous receipts		
Acquisition of Companies		
Purchase of New investment		
Interest received		
Dividend received		
Net Cash used in investing activities	2289.13	2660.81
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Change in Current Liabilities	(1342.61)	2630.65
Deferred Credit Loan		
Exchange Rate Fluctuation		
Repayment of CIL Loan		
Redemption of preference share capital		
Interest and financial charges		
Issue of share capital	3000.00	
Dividend paid		
Net Cash used in financing activities	1657.39	2630.65
Net decrease in cash and cash equivalents	631.74	(24.72)
Cash and cash equivalents as at beginning of the year	1763.11	1787.83
Cash and cash equivalents as at the end of the year	1131.37	1763.11

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

Sd/-
(D.K.Dey)
Sr Manager (Finance)

Sd/-
(A.K.Thakur)
Chief Executive Officer

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

Sd/-
(K.Biswal)
Director

As per our report of even date
For & on behalf of RDA & Associates
Chartered Accountant

Sd/-
(M.No. 069840)
(FR NO 322810E)

Place: Talcher
Date: 21.04.2012