ANNUAL REPORT & ACCOUNTS
2012-2013

MJSJ COAL LIMITED
(A Subsidiary of Mahanadi Coalfields Limited)
HOUSE NO. 42, 1ST FLOOR, ANAND NAGAR
HAKIMPARA, ANGUL - 759 153

ANNUAL REPORT & ACCOUNTS
2012-2013

MJSJ COAL LIMITED

(A Subsidiary of Mahanadi Coalfields Limited)
Regd. Office : House No.42, 1st Floor, Anand Nagar,
Hakimpara, Angul(ODISHA)

ANNUAL REPORT CONTENTS :-

MANAGEMENT DURING 2012-2013

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 Y.P.Dhingra ,Dy.Secretary, MOC, New Delhi.
5. Sri Amarjit Singh, R.D, RI-VII, CMPDI.
6. Sri Sandeep Gokhale, JSW Steel Ltd.
7. Sri Sakti Brata Dasgupta, Shyam Metallic & Energy Limited.
8. Sri Rajdeep Mohanty, Jindal Stainless Ltd.
9. Sri M.S. Cheema, JSW Energy Ltd.
10. Sri M.B. Sridharan. (Independent Director)

PRESENT MANAGEMENT
(As on Dt: 20-05-2013)

1. Sri A.K.Tiwari, D (T)/Operation, MCL.
2. Sri K.Biswal, D (F), MCL.
3. Sri S.Ashraf, Dy.Secretary , MOC, New Delhi.
4. Sri Rajdeep Mohanty, Jindal Stainless Ltd.
5. Sri Sandeep Gokhale, JSW Steel Ltd.
6. Sri M.S. Cheema, JSW Energy Ltd.
7. Sri Sakti Brata Dasgupta, Shyam Metallic & Energy Limited
8. Sri M.B. Sridharan. (Independent Director)

CHIEF EXECUTIVE OFFICER / G.M.

Sri P.M.Prasad

COMPANY SECRETARY/ ASST. MANAGER (FINANCE)

Sri Satyaban Rout

Bankers

1. State Bank of India
Talcher.

2. Axis Bank
Talcher.

Statutory Auditors

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

Registered Office

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

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-5/2013/ 01 Date: 29.04.2013

NOTICE
5th ANNUAL GENERAL MEETING

Notice is hereby given that the 5th Annual General Meeting of members of MJSJ Coal Limited will be held at 12.30 P.M. on Monday the 20th May, 2013 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 2012-2013, Report of the Auditors thereon and Directors' Report.

2. To sanction remuneration, as decided by the Board, payable to M/s PATY SAR & Associates, Chartered Accountants,Angul, the Statutory Auditors who were appointed by the C&AG of India for the Financial Year, 2012-2013 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 PATY SAR & Associates, Chartered Accountants,Angul , the Sattutory Auditors in connection with the audit of accounts of the Company for the financial year 2012-2013."

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

All Directors, MJSJ Coal Limited

Directors Report

To,

The Shareholders
MJSJ Coal Ltd.

Gentlemen,

I have great pleasure in welcoming to the 5th Annual General Meeting of MJSJ Coal Limited. On behalf of the board of Directors, I am presenting you the Annual Report of your company together with the Audited Accounts for the year ending of March'2013 along with the report of statutory auditors and the comments of the Controller and Auditor General of India.

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

I:-Status of project implementation:-

- **PROJECT REPORT**: Capacity 15 Mty- approved by MCL Board in February' 2008 in both Coal and Ob outsourcing variant. Sanctioned capital is Rs. 395.87 Crs.

- **APPROVED MINNG PLAN**: Approval in the name of MJSJ Coal Limited has been received on 23/04/09.

- **FOREST LAND DIVERSION PROPOSAL (FLDP)**: The job is outsourced to M/s. Geo Consultant Pvt. Limited.

  a) Forest Area demarcation and tree enumeration is completed.

  b) Compensatory Afforestation: Site identification & demarcation is completed. Site Inspection by DFO, Angul is completed.

  a) Further as per Forest Right Act, Gram Sabha in all ten villages has been completed. SDLC was held on 27th April & NOC is to be issued by the Collector.

  b) As per new guideline of MOEF, New Delhi, the digitization of the forest land is mandatory. The digitized map is to be authenticated by the ORSAC, BBSR. The job is under process.

II:-Environmental Management Plan :-

a) **Finalization of Terms of Reference (TOR) by MOEF, Delhi on DEC' 2008**: Draft EMP-EIA submitted to SPCB, Orissa on 17-08-2009. Application along with fee of Rs. 3Lacs was deposited to SPCB on 17.08.2009 for consent to establish mine. Final EMP submitted to MOEF. Presentation before EAC of MOEF was made on 29.03.2011 for EC based on TOR. Further presentation before EAC of MOEF was made on 09.01.2013 for EC based on TOR. But again EAC has sought some additional clarifications which are being prepared by CMPDI.

b) **Wildlife Conservation:** The report has been approved by the DFO now the report has been forwarded to the RCCF, Angul.

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

III:-LAND ACQUISITION :

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

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

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

4(1)	-	26.03.2011
7(1)	-	11.04.2012
9(1)	-	01.02.2013
11(1)	-	Application submitted to MOC on 13.02.2013.

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

D) **TENANCY LAND**:- The part which was notified under CBA Act has been acquired and structure measurement completed in village Bhalugadia & Bhaghuabol. The villagers Kankarai & Pirakhaman were not allowing for structure measurement till decision of employment is finalized. Several meetings had taken place between MCL, Dist. Administration and the PAPs. Earlier, the PAPs had been demanding job from MCL only, but after these meetings they had demanded that in case of early closure of the mine , the residual land outsees who would still be in the employment , be given employment in the MCL mines.

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

a) "**RESOLVED THAT**the entire liability towards continuance of services of land oustees till their superannuation will be fully borne/ reimbursed by MJSJ Coal Ltd. and to that effect it has been agreed to give a corporate guarantee to MCL.

b) "**RESOLVED FURTHER** that, back-to-back counter guarantee would be obtained from the respective promoter shareholders towards the liability to land oustees till their superannuation.

c) "**RESOLVED FURTHER** that MCL would be requested to assure the Land Oustees that all wages and perks till their superannuation shall be as per norms of MCL. The total expenditure towards wages and perks shall be borne by individual shareholders as per the Corporate Guarantees given by them.

d) "**RESOLVED FURTHER** that annuity scheme implemented for MCL shall be given by MJSJ Coal Limited in case of winding up of company from that date.

The Board directed The CEO MJSJ Coal Limited to forward this decision of Board to MCL for further consideration. Now, the matter has been put up before MCL for their decision.

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

R&R site: R&R site measuring 89.48 Acres Govt. land in village Kankarai & Balichandrapur has been approved by RDC, Sambalpur and also by RPDAC held on 09.11.12 & the same has been forwarded to Tahasildar, Chhendipada for further necessary action. Tahasildar, Chhendipada sent a letter to concerned RI for field verification report on

A) 15.07.2011. RI has submitted the report to Tahasildar on 01.11.2011. Tahasildar has sent a letter to DFO, Angul for tree enumeration & valuation on 16.11.2011. A general notice also has been sent to village Kankarai & Balichandrapur on 16.11.2011 as a part of normal procedure. Tree enumeration is completed & report submitted to Ranger, Chhendipada.

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

C) **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.

D) **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.

E) **NALLAH DIVERSION**:- Technical committee constituted by Water Resource Department visited the site & submitted report to the concerned department. Finally the file has been put up to the concerned Honb'l Minister for the final approval.

IV:-FINANCIAL ACTIVITIES:

MJSJ Coal Limited is now in development stage. Hence, all the revenue expenditures during the financial year 2012-2013 have been transferred to "Development" and shown as "Intangible Assets Under Development" (Note- 10 C) in the Balance Sheet as at 31.03.2013. The total of such expenditure is Rs.2940.94 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.2242.79 lakh as on 31.03.2013 in CLTD/ Current Account.

V:-BANK GUARANTEE:

The company has submitted a Bank Guarantee bearing No.47/03 issued by State Bank of India , Talcher , for an amount of Rs 111.24 Crores in favour of The President of India, acting through Ministry of Coal, Shastri Bhavan , New Delhi which has been renewed on 19.11.2012 vide no- 47/ 03 E2, and under protest, since MJSJ Coal Ltd. is a Government Company.

VI:-AUDITORS

Under Section 619(2) of the Companies Act, 1956, the following Audit Firm has been appointed as Auditors for the year 2012-2013.

Statutory Auditors

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

VII:-FIXED DEPOSITS:

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

VIII:-BOARD MEETINGS:

Four Board Meetings were held during the year.

IX:-BOARD OF DIRECTORS:

01. The following persons, continued to be the Directors during the year under report.
    - **i. Shri A.K.Tiwari**
    - **ii. Shri K. Biswal**
    - **iii. Shri S.Ashraf**
    - **iv. Shri Rajdeep Mohanty.**
    - **v. Shri Sandeep Gokhale**
    - **vi. Shri M.S.Cheema**
    - **vii. Shri Sakti Brata Dasgupta**
    - **viii. Shri M.B.Sridharan**

02. The following person, appointed as Director during the year under report.
    - **i. Shri Sakti Brata Dasgupta**

03. The following person ceased to be Director during the year under report.
    - **i. Shri S.C. Padhy**

X:-DIRECTORS' RESPONSIBILITY STATEMENT:

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

(i) That in the preparation of the annual accounts for the financial year ended 31st March,2013, 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 Com pany at the end of the financial year and of the profit or loss of the Com pany for the year under review:

(iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act.1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregular arties:

(iv) That the directors had prepared the accounts for the financial year ended 31st March, 2013 on a 'going concern' basis.

ACKNOWLEDGEMENTS:

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

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

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

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

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

Sd/-
Chairman,
MJSJ Coal Ltd

Place : Angul

Date: 20-05-2013

सत्यमेव जयते

CONFIDENTIAL

कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा तथा पदेन सदस्य लेखापरीक्षा
बोर्ड - II कोलकाता
पुराना निज़ाम 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. 37 /CA/LA-I/Accounts/MJSJ Coal/2012-13
Dated 14 MAY 2013

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 2013.

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 2013.

Yours faithfully,

Encl: As stated.

(Yashodhara Ray Chaudhuri)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD – II
KOLKATA

Dated: 14.05.2013
Kolkata

फोन / Phone : 91-33-22875380/7165/2360/8838 22810043/5654 फैक्स / Fax : 91-33-2280-0062
ई-मेल : E-mail : pdcs2cal@cal3.vsnl.net.in तार : "कोलऑडिट" / 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 2013.

The preparation of financial statements of MJSJ Coal Limited for the year ended 31 March 2013 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 20.04.2013.

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 2013 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: 14.05.2013
Kolkata

PATY SAR & ASSOCIATESS
CHARTERED ACCOUNTANTS
MIG-13, ANANTA VIHAR, POKHARIPUT, BHUBANESWAR PHASE - III
PIN 751020, ODISHA Mob 9439176419 9438182489
E-mail paty_sar_2003@yahoo com, patysar2003@gmail com

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

Company: **MJSJ Coal Limited (A subsidiary of Mahanadi Coalfields Limited)**
House No. 42, 1st Floor, Anand Nagar
Hakimpada- Angul, 759153
Financial Year:2012-13

Annexure-I

(I) Corporate Governance and Audit Committee.

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

No

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

N.A.

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

NO, kindly refer to our comment in Paragraph - 6 of annexure II to the audit report.

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

N.A.

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

N.A.

BRANCH OFFICE H/O Dr. Benudhar Paty (RT.VAS), Infront of M/s Hotel Image IN
Similipada, Angul - 759122, Odisha. Mob. : 9338338503

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

N.A.

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

YES

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

N.A

(II) **Business Risk.**

Comment on.

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

N.A.

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

N.A.

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

N.A.

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

N.A.

(since there is no commercial production).

(5) The system making a business plan, short term/ long term & reviews

of the same vis-à-vis the actual?

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

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

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

(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?

1

(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, 2010-11 & 2011-12 has been made.

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

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

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

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

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

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

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

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

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

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

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

N.A.

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

NO

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

NO

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

Yes, provision has been made

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

Yes

(V) Fraud / Risk

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

NO

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

Yes- As per the policy of Coal India Limited.

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

No Fraud detected.

(4) Are there any cases of violation of delegated Financial Power during the period under report, which warrants " in-depth audit"? If yes

please give a list of such cases.

NO

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

NO

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

Yes- MCL Policy followed.

(7) Whether the Company has whistled blowing policy?

No

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

N.A.

(VI) Assets (including Inventory)

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

Yes maintained in respect of fixed assets.

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

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

N.A.

(b) Economic order quantity for procurement of stores.

N.A.

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

N.A.

(4) Whether regulations made for the purposes of control over stores,

including stock taking and valuation of stock, stores, & work-in progress at the end of the financial year adequate and duly enforced?

N.A.

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

NO

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

N.A.

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

N.A.

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

N.A.

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

N.A.

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

N.A.

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

N.A.

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

N.A.

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

realized there against.

N.A.

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

N.A.

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

Yes conducted physical verification during the year under report.

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

The Company is adopting policies of MCL.

(VII) Investment

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

NO investment policy

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

N.A.

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

N.A.

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

N.A.

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

YES

(3) Whether there has been grant of large loans to or placement of

deposits with other PSUs or enterprises not related with the business of the Company?

NO

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

NO

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

N.A.

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

No

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

N.A.

(viii) Liabilities and Loans

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

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.

(5) What is the procedure followed by the Company for purchasing proprietary items? What is the procedure for ascertaining the authenticity of the propriety items certificate given by an official based on which tendering is not resorted to and goods are purchased from a particular supplier.

N.A.

(X) Costing Systems

(1) Whether the Company has any cost policy?

(2) Are the cost accounts being reconciled with financial accounts?

(3) Whether the company is computing the cost of major operations, jobs, products processes and services regularly? If not, describe the failures.

(4) Whether the Company has an effective system for identification of idle labour-hours and idle machine-hours?

(5) Was cost audit ordered in the case of the Company? If so, highlight the major deficiencies pointed out in the latest cost audit report.

(6) Examine the accounting treatment of rejects and scraps for determination of cost of production. State the impact of bye products and joint products in determining costs.

(7) Whether there is any system to evaluate the abnormal losses and taking remedial measures to control such losses?

(8) What is the method being followed by the company to charge overheads? How is the overhead rate being arrived at? In case of cost plus contracts, are the overheads being recovered completely or not?

From sl.no. 1 to 8 above

Since newly formed company no costing policy is there.

(XI) Internal Audit System

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

audit observations?

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

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

NO

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

Audit committee has not yet formed.

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

N.A.

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

N.A.

(XIII) EDP Audit

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

N.A.

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

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

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

N.A.

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

N.A.

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

N.A.

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

N.A.

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

N.A.

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

N.A.

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

NO

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

N.A.

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

NO

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

NO

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

NO

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

N.A.

(XIv) Environmental Management.

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

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

(XV) Corporate Social Responsibility

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

N.A.

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

NO The policy of MCL is being followed

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

N.A.

(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

PATY SAR & ASSOCIATES BHUBANESWAR ANGUL CHARTERED ACCOUNTANTS

targets in MOU been split unit-wise? If so, attach a unit-wise statement of targets and achievements against the parameters in MOU.

NO

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

Yes, as per the policies of MCL.

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

NO

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

Till date only Government land has been acquired.

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

NO

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

N.A.

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

N.A.

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

N.A.

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

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

1. Secretarial activities of the company like checking of share certificates, minutes of Board Meeting as well as AGM, filing of Annual Returns & various forms with ROC.
2. Present status of various works in connection with acquisition of land, clearance of forest land, Socio Economic Study of the area & development of the project.
3. Reconciliation of Fund inflow from various partners of JVC.
4. Significant accounting policies & notes to accounts in connection with financial statements.
5. Tendering policies existed for different contracts (Since newly formed company, no contract was awarded).
6. Delegation of power to higher management of the Company.
7. All other items relating to Annual Accounts.

Place: Angul
Date: 20.04.2013

For PATY SAR & ASSOCIATES
CHARTERED ACCOUNTANTS

(CA.N P SAR)
PARTNER
MEMBERSHIP NO:[illegible]
FR NO:325487E

PATY SAR & ASSOCIATESS
CHARTERED ACCOUNTANTS
MIG-13, ANANTA VIHAR, POKHARIPUT, BHUBANESWAR PHASE - III
PIN 751020, ODISHA Mob 9439176419, 9438182489
E-mail paty_sar_2003@yahoo com, patysar2003@gmail com

Compliance Certificate

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

Place: Angul
Date: 20.04.2013

For PATY SAR & ASSOCIATES
CHARTERED ACCOUNTANTS
(CA.N P SAR
PARTNER
MEMBERSHIP NO:
FR NO:325487E

BRANCH OFFICE H/O Dr. Benudhar Paty (RT.VAS), Infront of M/s Hotel Image IN Similipada, Angul - 759122, Odisha. Mob. : 9338338503

PATY SAR & ASSOCIATES
CHARTERED ACCOUNTANTS
MIG - 13, ANANTA VIHAR, POKHARIPUT, BHUBANESWAR - 20,
ORISSA. Mob. : 9861151765, 9937538503. Fax : (0674) 2351527
E-mail : paty_sar_2003@yahoo.com, patysar2003@gmail.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 as at 31st March 2013 and the Profit & Loss Statement and cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and our responsibility is to express an opinion on these financial statements based on our audit.

2. 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 report 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.

BRANCH OFFICE H/O Dr. Benudhar Paty (RT.VAS), Infront of M/s JINDAL STEELS & POWER LTD.,

(v) As reported by the management there is no other related party transaction other than Mahanadi Coal Fields Limited during the financial year 2012-13.

(vi) Disclosure in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956 is not required for Government Companies as per notification No. GSR 829(E) dt. 21.10.2003 issued by the Department of Company Affairs.

(vii) Subject to our report read with Annexure -II and Note No 34 in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read together with the notes appearing thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

In the case of Balance Sheet of the state of affairs of the company as at 31st March 2013.

Place Angul
Date 26.01.2013

For Paty Sar & Associates
Chartered Accountants

By the hand of

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

ANNEXURE- I

ANNEXURE TO THE AUDITORS' REPORT

(Refer to in paragraph- 3 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 incorpofated on 13th August 2008 and not started the commercial production. However, as informed to us the Company is to adopt this procedure of physical verification of fixed assets of Mahanadi Coal Fields Ltd. henceforth.

(c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.

(d) The Company has not revalued any of the fixed assets during the year under audit.

(ii)(a) As explained to us, the physical verification of inventories/ stores and spare parts is not applicable to this Company since no commercial production has been started

(b) As per the information given to us, the procedures of physical verification of stocks is to be adopted at par with the procedures of Mahanadi Coal Fields and during this year it is not applicable.

(iii)(a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to the companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clause (b), (c) & (d) are not applicable to this Company

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub clause (f) & (g) paragraphs 4 (iii) (f) and (g) are not applicable to this Company.

(c) On the basis of the examination of the records, we noticed that vide decision of the Board in their 23rd meeting held on 21st January 2013, the short term loan/ advances made by the venture partners to the Company shall be chargeable to interest on monthly closing balance of current accounts at the rate at which CIL is paying to MCL from time to time with effect from October 2012. Accordingly the Company has paid an interest of Rs 1,70,468.25 to MCL for two months i.e February and March 2013.

(iv) (a) In our opinion and according to the information and explanations given to us, the internal control system as regards purchases of Fixed Assets are commensurate with the size of the Company and nature of its business.

(b) During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.

(v) (a) As informed to us, the company has not made any transactions in pursuance of such contracts or arrangements nor entered in the register maintained under section 301 of the Companies Act, 1956.

(b) In view of clause v (a) above, the clause v (b) is not applicable.

(vi) The Company has not accepted any deposits as on the Balance Sheet Date. In our opinion and according to the information & explanation given to us, the Company has complied with the provisions of sections 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(vii) The Company has not introduced any internal audit system since this is the 5th year of its functioning and no commercial production has been commenced, however, in our opinion the Company should systemize the internal audit to cover the existing areas like Physical verification of fixed assets, Tracking of Advance, documentation of legal formalities like fresh issue of shares etc.

(viii) The Central Govt. of India has not prescribed the maintenance of cost records under section 209 (1) (d) of the Act for any of the products of the Company.

(ix) According to the information and explanations given to us and the records of the Company examined by us, the company is generally regular in depositing the undisputed statutory dues like Coal Mines Provident Fund, Professional Tax etc. As per the terms and conditions of the Memorandum of Understanding of the Joint Venture Company, the deployment of man power either executive or nonexclusive is to be made by the Holding Company i.e. Mahanadi Coal Fields Limited. Hence, the statutory dues recovered from the concerned employees are being deposited at MCL level.

(x) Since the Company has been incorporated during the year 2008-09 and no commercial production has been effected, the registering of loss for last five years is not applicable and accordingly the paragraph 4 (x) of the order is not relevant to this company.

(xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank during the year under audit.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, hence the paragraph 4 (xii) of the order is not applicable.

(xiii) In our opinion, the provisions of special statute applicable to chit fund/ nidhi / mutual benefit fund / societies are not applicable to the company. Accordingly, the paragraph 4(xiii) of the order is not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Hence, the paragraph 4(xiv) of the order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or other financial institutions during the year under audit. Accordingly, the paragraph 4(xv) of the order is not applicable.

(xvi) According to the records of the Company examined by us and information and explanation given to us, the company has not availed any term loans during the year under audit Accordingly, the paragraph 4(xvi) of the order is not applicable

(xvii) According to the information and explanations given to us and on the basis of an over all examination of the Balance Sheet of the company, in our opinion and according to the explanations given to us, it has not raised any funds on short term basis Accordingly, the paragraph 4(xvii) of the order is not applicable

(xviii) The company, during the year under audit, has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section-301 of the Companies Act 1956 Accordingly, the paragraph 4(xviii) of the order is not applicable.

(xix) The Company, during the year under audit, has not issued any debentures and no amount is outstanding in respect of debenture as on the Balance Sheet date Accordingly, the paragraph 4(xix) of the order is not applicable.

(xx) The Company has not raised/ issued any public issues as on the Balance Sheet date. Accordingly ,the paragraph 4(xx) of the order is not applicable.

(xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management

Place: Angul
Date: 20.04.2013

For Paty Sar & Associates
Chartered Accountants

By the hand of

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

ANNEXURE- II

ANNEXURE TO THE AUDITORS' REPORT

(Refer to paragraph- 4(vii) of our Report of even date)

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

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

(1) **Share Capital**

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 2012-13, Rs.25 crores (2,50,00,000 Equity shares of Rs.10/- each) have been allotted to the venture partners vide resolutions of the Board vide its 23rd meeting dated 21/01/2013. The requisite funds have been brought in cash by all the partners except MCL which has paid Rs.1,11,81,000/- and the balance amount of Rs.13,88,89000/- has been issued by converting the working capital advance into equity.

The breakup of paid up share capital as at 31.03.2013 is furnished hereunder:

(Rs. in lakhs)

Sl No.	Partners of JVC	Share Capital (as on 31.03.2012)	Share Capital allotted during the year	Share Capital (as on 31.03.2013)	% of Shares held.
(a)	Mahanadi Coal Field Limited	4206.00	1500.00	5706.00	60
(b)	JSW Steel Limited	771.10	275.00	1046.10	11
(c)	JSW Energy Limited	771.10	275.00	1046.10	11
(d)	Shyam Metallics and Energy (formerly known as Shyam DRI Power Limited)	630.90	225.00	855.90	09
(e)	Jindal Stainless Limited	630.90	225.00	855.90	09
	Total	**7010.00**	**2500.00**	**9510.00**	**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.

(3) **Current Liabilities**

It includes a sum of Rs.129.96 lakhs towards advance against working capital from Joint Venture Partners as detailed below:

1.	MCL Current Account	Rs.132.02 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.135.72 Lakhs

(4) **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.2940.94 lakhs up to 31.03.2013 (previous year Rs.2705.21 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.95.10 Crores should have constituted a Committee of the Board known as Audit Committee. However in the 23rd meeting of the Board dated 21/03/2013 it was decided to deal with this at a later stage.

Place: Angul
Date: 20.04.2013

For Paty Sar & Associates
Chartered Accountants

By the hand of

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

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 2013.

AUDITORS' REPORT	MANAGEMENT'S REPLY
1. We have audited the attached Balance Sheet of **M/s. MJSJ Coal Limited.**, Angul as at 31st March 2013 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 report 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.

(iv) As reported by the management there is no other related party transaction other than Mahanadi Coal Fields Limited during the financial year 2012-13.

(v) Disclosure in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956 is not required for Government Companies as per notification No. GSR 829(E) dt. 21.10.2003 issued by the Department of Company Affairs.

(vii) Subject to our report read with Annexure –II and Note No.34 in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read together with the notes appearing thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

In the case of Balance Sheet of the state of affairs of the company as at 31stMarch'2013,

ANNEXURE –1

ANNEXURE – I TO THE AUDITORS' REPORT

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

AUDITORS' REPORT	MANAGEMENT'S REPLY
(i)(a) The Company has maintained proper records to show full particulars including value & quantitative details and situation of fixed assets.	
(b) We are informed that, the Company has not yet formulated a programme of periodical physical verification of all the fixed assets since the Company has been incorporated on 13th August 2008 and not started the commercial production. However, as informed to us the Company is to adopt this procedure of physical verification of fixed assets of Mahanadi Coal Fields Ltd. henceforth.	
(c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.	Statement of fact
(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.	Statement of fact
(b) As per the information given to us, the procedures of physical verification of stocks is to be adopted at par with the procedures of Mahanadi Coal Fields and during this year it is not applicable.	
(iii)(a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to the companies, firms and other parties covered in the register maintained under Section 301 of the	Statement of fact

Companies Act, 1956. Accordingly, sub clause (b), (c) & (d) are not applicable to this Company

Statement of fact

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub clause (f) & (g) paragraphs 4 (iii) (f) and (g) are not applicable to this Company.

(c) On the basis of the examination of the records, we noticed that vide decision of the Board in their 23rd meeting held on 21st January 2013, the short term loan/ advances made by the venture partners to the Company shall be chargeable to interest on monthly closing balance of current accounts at the rate at which CIL is paying to MCL from time to time with effect from October 2012. Accordingly the Company has paid an interest of Rs. 1,70,468.25 to MCL for two months i.e February and March 2013.

Statement of fact

(iv) (a)In our opinion and according to the information and explanations given to us, the internal control system as regards purchases of Fixed Assets are commensurate with the size of the Company and nature of its business.

Commercial production not yet started

(b) During the course of our audit, we have not observed any continuing failure to

No Comment

correct major weakness in internal control system of the company.

(v) (a) As informed to us, the company has not made any transactions in pursuance of such contracts or arrangements nor entered in the register maintained under section 301 of the Companies Act, 1956. — Statement of fact

(b) In view of clause v (a) above, the clause v (b) is not applicable.

(vi) The Company has not accepted any deposits as on the Balance Sheet Date. In our opinion and according to the information & explanation given to us, the Company has complied with the provisions of sections 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal. — Statement of fact

(vii) The Company has not introduced any internal audit system since this is the 5th year of its functioning and no commercial production has been commenced, however, in our opinion the Company should systemize the internal audit to cover the existing areas like Physical verification of fixed assets, Tracking of Advance, documentation of legal formalities like fresh issue of shares etc. — Noted for action

(viii) The Central Govt. of India has not prescribed the maintenance of cost records under section 209 (1) (d) of the Act for any of the products of the Company. — Statement of fact

(ix) According to the information and explanations given to us and the records of the Company examined by us, the company is generally regular in depositing the undisputed statutory dues like Coal Mines Provident Fund, Professional Tax etc. As per the terms and conditions of the Memorandum of Understanding of the Joint Venture Company, the deployment of man power either executive or nonexclusive is to be made by the Holding Company i.e. Mahanadi Coal Fields Limited. Hence, the statutory dues 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.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, hence the paragraph 4 (xii) of the order is not applicable.	Statement of fact
(xiii) In our opinion, the provisions of special statute applicable to chit fund/ nidhi / mutual benefit fund / societies are not applicable to the company. Accordingly, the paragraph 4(xiii) of the order is not applicable.	Statement of fact
(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Hence, the paragraph 4(xiv) of the order is not applicable.	Statement of fact
(xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or other financial institutions during the year under audit. Accordingly, the paragraph 4(xv) of the order is not applicable.	Statement of fact
(xvi) According to the records of the Company examined by us and information and explanation given to us, the company has not availed any term loans during the year under	Statement of fact

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. — 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 paragraph 4(xix) of the order is not applicable. — Statement of fact

(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 Metallics and Energy (formerly known as Shyam DRI Power Limited) and Jindal Stainless Limited having 9 % share each.	
The Company has been formed to operate the Gopalprasad OCP and Utkal-A of Talcher Coalfield. The normative capacity of the project although has been estimated 15 MTY with peak capacity of 20.00 MTY. The existing deadline for commencement of commercial production from 31st December 2012 could not been met.	
(1) **Share Capital** 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 2012-13 Rs.25 crores allotted to the venture partners vide resolutions of the Board vide its 23rd meeting dated 21/01/2013. The breakup of paid up share capital as at 31.03.2013 is furnished hereunder:	Statement of fact

Sl No	Partners of JVC	Share Capital (as on 31.03.2012)	Share Capital allotted during the year	Share Capital (as on 31.03.2013)	% of Shares held.
(a)	Mahanadi Coal Field Limited	4206.00	1500.00	5706.00	60
(b)	JSW Steel Limited	771.10	275.00	1046.10	11
(c)	JSW Energy Limited	771.10	275.00	1046.10	11
(d)	Shyam Metallics and Shyam Metallics and Energy	630.90	225.00	855.90	09
	(formerly known as Shyam DRI Power Limited)				
(e)	Jindal Stainless Limited	630.90	225.00	855.90	09
	Total	**7010.00**	**2500.00**	**9510.00**	**100**

(1) **Maintenance of Records**

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

(2) **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.

(3) **Current Liabilities**

It includes a sum of Rs.129.96 lakhs towards advance against working capital from Joint Venture Partners as detailed below: — Statement of fact

1. MCL Current Account Rs.132.02 Lakhs
2. JSW Energy Current Account Rs. 2.22 Lakhs
3. Shyam Metallics and Energy (formerly known as Shyam DRI Power Limited) Current Account Rs.1.48 Lakhs

Total Rs. 135.72 Lakhs

(1) **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.2940.94 lakhs up to 31.03.2013 (previous year Rs.2705.21 lakhs) including the pre incorporation expenditure.

Statement of fact

(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.

Statement of fact

The company although having paid up share capital of Rs.95.10 Crores should have constituted a Committee of the Board known as Audit Committee. However in the 23rd meeting of the Board dated 21/03/2013 it was decided to deal with this at a later stage.

MJSJ COAL LIMITED

BALANCE SHEET

As at 31st March, 2013

(in lakh)

	Notes	As at 31-Mar-13		As at 31-Mar-12	
I EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
a) Share Capital	1	9,510.00		7,010.00	
b) Reserves and Surplus	2	(101.32)		(101.32)	
			9,408.68		6,908.68
(2) Share Application Money Pending Allotment					
(3) Non-Current Liabilities					
a) Long Term Borrowings	3	-			
b)Deferred Tax Liability (Net)		-			
c)Other Long Term Liabilities	4	-			
d)Long Term Provisions	5	-			
(4) Minority interest					
(5) Current Liabilities					
a) Short Term Borrowings	6	-			
b) Trade Payables	7	-			
c) Other Current Liabilities	8	139.53		1,340.89	
d) Short Term Provisions	9	11.87		8.34	
			151.40		1,349.23
Total			**9,560.08**		**8,257.91**
II ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
i) Tangible Assets - Gross Block	10A	4,476.96		4,476.92	
Less : Depreciation, Impairment & Provisions		213.46		126.01	
Net Carrying Value			4,263.50		4,350.91
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		2,940.94		2,705.21
(b) Non-Current Investments	11	-		-	
(c) Deferred Tax Asset (Net)		-		-	-
(d) Long Term Loans & Advances	12	-		-	
(e) Other Non-Current Assets	13	-		-	-

Balance Sheet Contd. ....

(in lakh)

	Notes	As at 31-Mar-13	As at 31-Mar-12
(2) **Current Assets**			
(a) Current Investments	14	-	
(b) Inventories	15	-	
(c) Trade Receivables	16	-	
(d) Cash & Cash equivalents	17	2,242.79	1,131.37
(e) Short Term Loans & Advances	18	29.64	23.36
(f) Other Current Assets	19	83.21	47.06
		2,355.64	1,201.79
Total		**9,560.08**	**8,257.91**
Significant Accounting Policies	33		
Additional Notes on Accounts	34		

The Notes referred to above form an integral part of Balance Sheet

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(Satyaban Rout)	**(S. Dutta)**	**(P.M.Prasad)**	**(K.Biswal)**	**(A.K.Tiwari)**
Company Secretary / Asst.Manager (Finance)	**Chief Manager (Fin.)**	**Chief Executive Officer**	**Director**	**Chairman,MJSJ**

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

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

Date: 20.04.2013

Place: Bhubaneswar

MJSJ COAL LIMITED
PROFIT & LOSS STATEMENT
For the Year ended 31st March, 2013

(` in Lakhs)

	Notes	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
INCOME				
Sale of Coal	20			
Less: Excise Duty				
Other Levies				
Revenue From Operations				
Other Income	21			
Total Revenue				
EXPENSE				
Cost of Materials Consumed	22			
Change in inventories of finished goods, work in progress and Stock- in- trade	23			
Employee benefit expenses	24			
Power & Fuel				
Welfare Expenses	25			
Repairs	26			
Contractual Expenses	27			
Finance Costs	28			
Depreciation/Amortization/Impairment				
Provisions	29			
Write off	30			
Overburden Removal Adjustment				
Other Expenses	31			
Total Expenses				
Profit/(Loss) before extraordinary items ,exceptional items and tax				
Prior Period Adjustment [Charges / (Incomes)]	32			
Exceptional Items				
Profit/(Loss) before extraordinary items and tax			-	-
Extraordinary Items [Charges/(Incomes)]			-	
Profit/(Loss) before Tax				
Less : Tax Expense				
- Current year				
- Deferred Tax				
- Earlier years				
Profit/(Loss) after Tax				
Basic and Diluted Earnings per Share (in Rs.)				
(Face Value of Rs. 1000/- per share)				
Significant Accounting Policies	33			
Additional Notes on Accounts	34			

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

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(Satyaban Rout)	**(S.Dutta)**	**(P.M.Prasad)**	**(K.Biswal)**	**(A.K.Tiwari)**
Company Secretary / Asst.Manager (Finance)	**Chief Manager (Finance)**	**Chief Executive Officer**	**Director**	**Chairman,MJSJ Coal Ltd**

As per our report of even date
For & on behalf of M/s Paty Sar & Associates
Chartered Accountants
FRN - 325487E
Sd/-
CA N.P.Sar
Partner
(M.No -210526)

Date: 20.04.2013
Place: Bhubaneswar

MJSJ COAL LIMITED
Cashflow Statement for the year ended on 31.03.2013

		For the year ended on 31.03.2013 (' in Lakhs)	For the year ended on 31.03.2012 (' in Lakhs)
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit before tax and extraordinary items	-	-
	Adjustment for :		
	Depreciation & Impairment		-
	Exchange Rate Fluctuation	-	
	OBR Adjustment	-	
	Interest / Dividend (Received)	-	-
	Interest /financial charges (Paid)	-	
	Prov. against Debtors/Inventories/Other CA/ Loans & Advances etc	-	-
	Operating Profit before Working Capital changes	-	-
	Adjustments for :		
	Changes in inventories	-	-
	Changes in trade receivables	-	-
	Changes in long-term/non current Loan & advance/Assets	-	-
	Changes in short term /current Loans and Advances/ Assets	(42.43)	(41.88)
	Changes in trade payable/ Current Liabilities/long term liabilities	(1,197.83)	(1,342.61)
	Cash generated from operations	**(1,240.26)**	**(1,384.49)**
	Direct taxes paid	-	-
	Cash Flow before extraordinary items	**(1,240.26)**	**(1,384.49)**
	Extraordinary items	-	-
	Net Cash from operating activities	**(1,240.26)**	**(1,384.49)**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	(148.32)	(2,247.25)
	Short Term Deposit with CIL	-	
	Miscellaneous receipts	-	-
	Acquisition of Companies	-	-
	Purchase of New Investments (Current/Non-Current)	-	-
	Interest received	-	-
	Dividend received	-	-
	Net Cash used in investing activities	**(148.32)**	**(2,247.25)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	World Bank Loans through CIL	-	-
	Deferred Credit Loan	-	-
	Exchange Rate Fluctuation	-	-
	Repayment of CIL Loan	-	-
	Redemption of preference share capital	-	-
	Interest and financial charges	-	-
	Issue of Share Capital	2,500.00	3,000.00
	Share Application Money Pending Allotment	-	-
	Dividend paid	-	-
	Net Cash used in financing activities	**2,500.00**	**3,000.00**
	Net increase / (decrease) in cash and cash equivalents	1,111.42	(631.74)
	Cash and cash equivalents as at beginning of the year	1,131.37	1,763.11
	Cash and cash equivalents as at the end of the period	**2,242.79**	**1,131.37**

The aforesaid statement is prepared on indirect method.
The figures of the previous year have been reclassified to confirm to current period classification.

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(Satyaban Rout)	(S.Dutta)	(P.M.Prasad)	(K.Biswal)	(A.K.Tiwari)
Company Secretary / Asst.Manager (Finance)	Chief Manager (Finance)	Chief Executive Officer	Director	Chairman,MJSJ

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

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

Date: 20-04-2013
Place: Bhubaneswar

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013

NOTE - 1

(in lakh)

SHARE CAPITAL

		As at 31-Mar-2013	As at 31-Mar-2012
	Authorised		
(i)	200000000 Equity Shares of Rs. 10/- each	20,000.00	20,000.00
		20,000.00	**20,000.00**
	Issued, Subscribed and Paid-up		
(i)	95100000 Equity Shares of Rs.10/- each fully paid up in cash	9,510.00	7,010.00
		9,510.00	**7,010.00**

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

Name of Shareholder		% of Total Shares
MCL		60
JSW Steel Ltd		11
JSW Energy Ltd		11
Jindal Stainless Ltd		9
Shyam Metalics & Energy Ltd	8,559,000	9

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

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013

NOTE - 2

RESERVES & SURPLUS

(' in Lakhs)

	As at 31-Mar-2013	As at 31-Mar-12
RESERVES :		
Capital Reserve		
As per last Balance Sheet	-	-
Add: Addition during the period	-	-
Less: Adjustment during the period	-	-
	-	-
Capital Redemption Reserve		
As per last Balance Sheet		
Add: Addition during the period	-	-
Less: Adjustment during the period	-	-
	-	-
Reserve for Foreign Exchange Transactions		
As per last Balance Sheet	-	-
Add: Addition during the period	-	-
Less: Adjustment during the period	-	-
	-	-
CSR Reserve		
As per last Balance Sheet		
Add: Addition during the period	-	
Less: Transfer to General Reserve	-	
	-	-
General Reserve		
As per last Balance Sheet		
Add: Transfer from Profit & Loss Statement		
Add:/ Less: Adjustment during the period	-	
	-	-
Surplus in Profit & Loss Statement		
As per last Balance Sheet		
Profit/(Loss) after Tax during the period	0.00	0.00
Profit/(Loss) available for Appropriation	0.00	-
APPROPRIATION		
Reserve for Foreign Exchange Transaction	-	-
Transfer to General Reserve	-	
Transfer to CSR Reserve	-	
Interim Dividend	-	
Proposed Dividend on Equity Shares	-	
Corporate Dividend Tax	-	
		-
	0.00	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 31.03.2013
NOTE - 3

LONG TERM BORROWINGS

(' in Lakhs)

	As at 31-Mar-2013	As at 31-Mar-12
	-	
	-	
	-	
	-	
	-	-
Total	-	-
CLASSIFICATION 1		
Secured	-	-
Unsecured	-	-
CLASSIFICATION 2		
Loan Guaranteed by Directors & Others		
Particulars of Loan		Nature of Guarantee

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 4

OTHER LONG TERM LIABILITIES

(' in Lakhs')

	As at 31-Mar-2013	As at 31-Mar-12
	-	-
	-	-
	-	-
	-	-
	-	-
Trade Payable	-	
Security Deposits	-	
Refund of Cess on Coal	-	
Total	-	

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 5

(` in Lakhs)

LONG TERM PROVISIONS	As at 31-Mar-2013	As at 31-Mar-12
For Employee Benefits		
- Gratuity	-	-
- Leave Encashment	-	
- Other Employee Benefits	-	
For Foreign Exchange Transactions (Marked to Market)	-	-
OBR Adjustment Account	-	
Mine Closure Expenses	-	
For Others	-	-
TOTAL	-	-

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 6

SHORT TERM BORROWINGS

(' in Lakhs)

	As at 31-Mar-2013	As at 31-Mar-12
Loan From Bank	-	-
Loans Repayable on Demand	-	-
	-	-
	-	-
Other Loans and Advances	-	-
Deferred Credits	-	-
Total :	-	-
CLASSIFICATION 1		
Secured	-	-
Unsecured	-	-

CLASSIFICATION 2

Loan Guaranteed by Directors & Others

Particulars of Loan	Nature of Guarantee
Nil	Nil

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 7

(` in Lakhs)

TRADE PAYABLE	As at 31-Mar-2013	As at 31-Mar-12
Sundry Creditors For Supplies		
For Revenue	-	
TOTAL		

MJSJ COAL LIMITED

NOTES TO BALANCE SHEET AS AT 31.03.2013

NOTE - 8

(' in Lakhs)

OTHER CURRENT LIABILITIES	As at 31-Mar-2013	As at 31-Mar-12
Current Maturities of Long Term Borrowings	-	-
Sundry Creditors for Capital (including Stores)	-	-
For Expenses		
Salary Wages & Allowances	-	-
Power & Fuel	-	-
Others	-	-
STATUTORY DUES :		
SalesTax	-	-
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	2.34	2.07
Earnest Money	0.46	0.49
Advance & Deposit from customers / others	-	-
Interest Accrued and due on Borrowings	-	-
Interest Accrued but not due on Borrowings	-	-
Cess Equilisation Account	-	-
Current Account with IICM	-	-
MCL Current Account	132.02	1,333.79
JSW Energy Ltd Current Account	2.22	2.22
Shyam Metalic & Energy Ltd Current Account	1.48	1.48
JSW Steel Ltd current Account	-	-
Jindal Stainless Ltd Current Account	-	-
Unpaid Dividend	-	-
Ex-Owner Account	-	-
Advance deposit other Pre-Nationalisation	-	-
Gratuity	-	-
Others Liabilities	1.01	0.84
TOTAL	**139.53**	**1,340.89**

MJSJ COAL LINITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 9

(` in Lakhs)

SHORT TERM PROVISIONS

	As at 31-Mar-2013	As at 31-Mar-12
For Employee Benefits		
- Gratuity	-	-
- Leave Encashment	-	
- PPLB	-	
- PRP	-	
- Other Employee Benefits	-	-
For Proposed Dividend	-	
For Corporate Dividend Tax	-	
For Income Tax	-	-
Proposed Dividend	-	
Dividend Tax on Proposed Dividend	-	
Disputed Claims	-	
Provision for Rehab/Resettlement of Land Oustees	-	
For Excise Duty on Closing Stock of Coal	-	-
For Others	11.87	8.34
TOTAL	**11.87**	**8.34**

MJSJ COAL LIMITED
NOTES TO THE BALANCE SHEET AS AT 31.03.2013
NOTE - 10 A
FIXED ASSETS

(in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				IMPAIRMENT LOSS / OTHER LOSS				Total Depreciation/ Impairment Loss / Other Loss	NET CARRYING VALUE	
	As on 01.04.2012	Addition during the period	Adj./Sales /Transfer during the period	As on 31.03.2013	As on 01.04.2012	Addition during the Period	Adj./Sales / Transfer during the period	As on 31.03.2013	As on 01.04.2012	Addition during the period	Adj./Sales/Transfer during the Period	As on 31.03.2013		As on 31.03.2013	As on 31.03.2012
Tangible Assets															
Land															
(a) Freehold														-	-
(b) Leasehold	4,455.42			4,455.42	121.27	85.68		206.95					206.95	4,248.47	4,334.15
Building/Water Supply/Road & Culverts				-				-					-	-	-
Plant & Machinery				-				-					-	-	-
Furniture & fittings/ Office Tools & Equipments/ Electrical Fittings/ Fire Arms	21.50	0.04		21.54	4.74	1.77		6.51					6.51	15.03	16.76
Railway Sidings				-				-					-	-	
Vehicle				-				-					-	-	
Telecommunication				-				-					-	-	
Development including Roads & Culverts in mining area				-				-					-	-	-
				-				-					-	-	
				-				-					-	-	
				-				-					-	-	
				-				-							
TOTAL	4,476.92	0.04	-	4,476.96	126.01	87.45	-	213.46	-	-	-	-	213.46	4,263.50	4,350.91
Previous Year															
Tangible Fixed Assets															
Intangible Assets															
Development															
Software															
Prospecting & Boring															
Total															
G Total															
Previous Year															
Intangible Fixed Assets															

NOTES TO BALANCE SHEET AS AT 31.03.2013

NOTE -10 B

CAPITAL WORK-IN-PROGRESS

(' in Lakhs)

PARTICULARS	COST				PROVISION				IMPAIRMENT LOSS / OTHER LOSS				Total Depreciation/ Impairment Loss / Other Loss	NET CARRYING VALUE	
	As on 01.04.2012	Addition during the Period	Adj./Sales/ Transfer during the Period	As on 31.03.2013	As on 01.04.2012	Addition during the Period	Adj./Sales/Transfer during the Period	As on 31.03.2013	As on 01.04.2012	Addition during the Period	Adj./Sales/Transfer during the Period	As on 31.03.2013		As on 31.03.2013	As at 31.03.2012
Tangible Assets															
Building/Water Supply/Road & Culverts															
Plant & Machinery															
Railway Sidings															
Roads & Culverts in mining area															
Others															
TOTAL															
Previous Year															
Tangible Assets															
Surveyed off Assets															
Previous Year															
Surveyed off Assets															
Grand Total															
Previous Year															
Grand Total															

MJSJ COAL LIMITED

NOTES TO BALANCE SHEET AS AT 31.03.2013

NOTE -10 C

INTANGIBLE ASSETS UNDER DEVELOPMENT

(` in Lakhs)

PARTICULARS	COST				PROVISION				IMPAIRMENT LOSS / OTHER LOSS				Total Depreciation/ Impairment Loss / Other Loss	NET CARRYING VALUE	
	As on 01.04.2012	Addition during the Period	Adj./Sales/ Transfer during the Period	As on 31.03.2013	As on 01.04.2012	Addition during the Period	Adj./Sales/Transfer during the Period	As on 31.03.2013	As on 01.04.2012	Addition during the Period	Adj./Sales /Transfer during the Period	As on 31.03.2013		As on 31.03.2013	As at 31.03.2012
Intangible Assets															
Development	1,173.29	235.73		1,409.02										1,409.02	1,173.29
Prospecting & Boring	1,531.92			1,531.92										1,531.92	1,531.92
TOTAL	2,705.21	235.73	-	2,940.94										2,940.94	2,705.21
Previous Year Intangible Assets															

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 11

NON - CURRENT INVESTMENTS - Quoted /Unquoted at Cost

	Number of shares bonds/securities current year	Face value per share/bond/security current year (')	As at 31.03.2013 (' in Lakhs)	Number of shares/bonds/securities as at 31.03.2013	Face value per share/bond/security as at 31.03.2013	As at 31.03.2013 (' in Lakhs)
TRADE (Unquoted)						
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						
Non-Trade (Quoted)						
Total :						
Aggregate of Quoted Investments						
Aggregate of unquoted Investments						
Market Value of Quoted Investments						

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 12

LONG TERM LOANS & ADVANCES

(In Lakhs)

	As at 31-Mar-2013	As at 31-Mar-12
ADVANCES:		
For Capital		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful advances		
For Revenue		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful advances		
Security Deposits		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful deposits		
Deposit for P&T, Electricity etc.		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful deposits		
LOAN TO EMPLOYEES & OTHERS		
For House Building		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
For Motor Car and Other Conveyance		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
For Others		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful advances		
LOAN TO SUBSIDIARIES		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
TOTAL		

Note

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

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 13

OTHER NON-CURRENT ASSETS (' in Lakhs)

	As at 31-Mar-2013	As at 31-Mar-12
Long Term Trade Receivable		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less: Provision for bad and doubtful trade receivables		
Exploratory Drilling Work		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less: Provision for bad and doubtful drilling work		
Other Receivables		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less: Provision for bad and doubtful receivables		
TOTAL		

Note

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

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31-03-2013
NOTE - 14

CURRENT INVESTMENTS - Quoted / Unquoted at Cost

(' in Lakhs)

	Number of shares/bonds/securities current year	Face value per share/bond/security current Year	As at 31-Mar-2013	Number of shares /bonds/securities previous year	Face value per share/bond/security previous year	As at 31-Mar-2013
NON-TRADE						
Investment in Mutual Funds						
TRADE (Unquoted)						
Total :						

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 15

INVENTORIES
(Valuation as per Significant Accounting Policy No.10)

(' in Lakhs)

		As at 31-Mar-2013	As at 31-Mar-12
	Stock of Coal		
	Coal Stock Under Development		
	Less : Provision for deterioration		
A	**Stock of Coal (Net)**		
	Stock of Stores & Spare Parts (at cost)		
	Stores -in -transit		
	Less : Provision for slow moving / obsolescence etc		
	Loss of Assets		
	Less : Provision for Loss of Assets		
B	**Net Stock of Stores & Spare Parts (at cost)**		
	Workshop Jobs :		
	Work-in-progress and Finished Goods		
	Less : Provision for workshop jobs		
C	**Net Stock of Workshop Jobs**		
D	Press :		
	Work-in-Progress and Finished Goods		
E	Stock of Medicines at Central Hospital		
F	Prospecting & Boring/ Development Exp./Coal Blocks meant for Sale		
	Total (A to F)		

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013

ANNEXURE TO NOTE - 15

(Qty in lakh tonnes) (value in lakh `)

Table:A

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

	OVERALL STOCK		NON-VENDABLE STOCK		VENDABLE STOCK	
	Qty.	Value	Qty	Value	Qty.	Value
1. (A) Opening stock as on 01.04.12						
(B) Adjustment to Opening Stock						
2. Production for the period						
3. Sub-Total (1+2)						
4. Off- Take for the period						
(A) Outside Despatch						
(B) Coal feed to Washeries						
(C) Own Consumption						
TOTAL(A)						
5. Derived Stock						
6. Measured Stock						
7. Difference (5-6)						
8. Break-up of Difference:						
(A) Excess within 5%						
(B) Shortage within 5%						
(C) Excess beyond 5%						
(D) Shortage beyond 5%						
9. Closing stock adopted in A/c (6-8A+8B)						

Summary of Closing Stock of Coal

Table : B

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

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 16

TRADE RECEIVABLES

(` in Lakhs)

	As at 31-Mar-2013	As at 31-Mar-12
Debts outstanding for a period exceeding six months from the due date		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad & doubtful debts		
Other Debts		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad & doubtful debts		
Total		

Note

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

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 17

CASH & BANK BALANCES

(' in Lakhs)

	As at 31-Mar-2013	As at 31-Mar-12
Cash & Cash Equivalents		
Balances with Scheduled Banks		
- SBI Dividend Account (unpaid/unclaimed dividend account)		
- In Deposit Accounts with maturiry upto 3 months		
- In Current Accounts	2,242.79	1131.37
- 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 Rehabiliation Fund Scheme with maturity upto 3 months		
Other Bank Balances		
Balances with Scheduled Banks		
- In Deposit Accounts with maturiry more than 3 mont		
Deposit with Scheduled Banks under Shifting and Rehabiliation Fund Scheme with maturity more than 3 months		
Deposit with Scheduled Banks under mine Closure Plan Scheme		
Total	**2,242.79**	**1,131.37**
Maximum amount outstanding with Banks other than Scheduled Banks at any time during the year	Nil	Nil

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

MJSJ COAL LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2013
NOTE - 18

SHORT TERM LOANS & ADVANCES

(' in Lakhs)

	As at 31-Mar-2013	As at 31-Mar-12
ADVANCE		
(Recoverable in cash or in kind or for value to be received)		
ADVANCE TO SUPPLIERS & CONTRACTORS		
For Revenue		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful Advances		
ADVANCE PAYMENT OF STATUTORY DUES		
SalesTax		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful Advances		
Advance Income Tax / Tax Deducted at Source	27.78	23.21
Less : Provision for Income Tax		
Others		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful Advances		
Advance to Employees		
- Secured considered good		
- Unsecured considered good	1.86	0.15
- Doubtful		
Less : Provision for bad and doubtful Advances		
Deposits with Coal India Limited		
Current Account with Coal India Limited & other Subsidiaries of Coal India Limited and MCL's subsidiaries		
LOAN ACCOUNT WITH SUBSIDIARIES		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for bad and doubtful Advances		
Claims Receivables		
- Secured considered good		
- Unsecured considered good		
- Doubtful		
Less : Provision for Doubtful claims		
Prepaid Expenses		
TOTAL	29.64	23.36

Note

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

MJSJ COAL LIMITED

NOTES TO BALANCE SHEET AS AT 31.03.2013

NOTE -19

OTHER CURRENT ASSETS (' in Lakhs)

	As at 31-Mar-2013	As at 31-Mar-12
Interest Accrued on		
- Investments		
- Deposits with Banks	83.21	47.06
- Others	-	
Ex Owner's Account	-	
Other Advances	-	
Less : Provision for bad and doubtful advances	-	
	-	
DEPOSITS		
Deposit for Customs Duty, Port Charges etc.	-	
Deposit for Royalty, Cess & Sales Tax	-	
Less : Provision for bad and doubtful deposits	-	-
	-	-
Others	-	-
Less : Provision for bad and doubtful for others	-	-
	-	-
Amount Receivable from Govt of India for transactions on behalf of Ex-Coal Board	-	
Other Receivables	-	
Less : Provision for bad and doubtful receivables	-	-
	-	-
TOTAL	**83.21**	**47.06**

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013
NOTE - 20

Revenue From Operations

(' in Lakhs)

31.03.2012	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended
GROSS SALES	-		
Less: Excise Duty	-		
Less : Other Levies			
Royalty	-		
Cess on Coal	-		
Stowing Excise Duty	-		
Central Sales Tax	-		
Clean Energy Cess	-		
State Sales Tax/VAT	-		
Orissa Entry Tax	-		
TOTAL LEVIES	-		
Revenue From Operations (NET SALES)	-		

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE - 21

OTHER INCOME (₹ in Lakhs)

	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
Income From Long Term Investments			
Dividend from Joint Ventures			
Interest from Govt. Securities	-		
Income From Current Investments			
Dividend from Mutual Fund Investments			
Interest from Govt. Securities	-		
	-		
Income From Others			
Interest :			
From Deposit with Banks	-		
From Loans and Advances to Employees	-		
From Income Tax Refunds	-		
From CIL on parking of fund	-		
Others	-		
Apex Charges	-		
Subsidy for Sand Stowing & Protective Works	-		
Profit on Sale of Assets	-		
Recovery of Transportation & Loading Cost	-		
Gain on Foreign exchange Transactions	-		
Exchange Rate Variance	-		
Lease Rent	-		
Liability Write Backs	-		
Guarantee Fees from subsidiaries	-		
Other non-operating Income	-		
TOTAL			

MJSJ COAL LIMITED

NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE - 22

COST OF MATERIALS CONSUMED

(in Lakhs)

	For the Year ended 31.03.2013	For the Year ended 31.03.2012
Explosives		
Timber		
P O L		
HEMM Spares		
Other Consumable Stores & Spares		
TOTAL		

MJSJ COAL LIMTED

NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE - 23

(' in Lakhs)

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

	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
Closing Stock of Coal			
Less: Deterioration of Coal			
Total (1)			
Opening Stock of Coal			
Less: Deterioration of Coal			
Total (2)			
A) Change in Inventory of Closing Stock (2-1)			
Closing Stock of Workshop made finished goods and WIP			
Less: Provision			
Total			
Opening Stock of Workshop made finished goods and WIP			
Less: Provision			
Total			
B) Change in Inventory of Closing Stock of workshop			
Press closing Job			
i) Finished goods			
ii) Work in progress			
Less : Press opening jobs			
i) Finished goods			
ii) Work in progress			
C) Change in Inventory of closing stock of press jobs made Finished Goods and WIP			
Closing Stock of Medicines (Central Hospital)			
Less Opening Stock of Medicines (Central Hospital)			
D) Change in Inventory of Stock of Medicines at Central Hospitals			
Total Change in Inventory of Stock(A+B+C+D)			

MJSJ COAL LIMITED

NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE - 24

(` in Lakhs)

EMPLOYEE BENEFIT EXPENSES

	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
Salary, Wages, Allowances ,Bonus & Benefits			
Exgratia			
PRP			
Contribution to P.F. & Other Funds			
Gratuity			
Leave Encashment			
VRS			
Workmen Compensation			
Other Employee Benefits			
TOTAL			

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE - 25

(` in Lakhs)

WELFARE EXPENSES	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
Medical Expenses			
Medical Expenses for retired employees			
Grants to Schools & Institutions			
Sports & Recreation			
Canteen & Creche			
Power - Township			
Hire Charges of Bus, Ambulance etc.			
CSR Expenses			
Environmental Expenses			
Tree Plantation			
Other Expenses			
TOTAL			

MJSJ COAL LIMITED

NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE - 26

(₹ in Lakhs)

REPAIRS

	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
Building			
Plant & Machinery			
Others			
TOTAL			

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE - 27

(' in Lakhs)

CONTRACTUAL EXPENSES

	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
Transportation Charges :			
- Sand			
- Coal & Coke			
- Stores & Others etc.			
Wagon Loading			
Hiring of Plant & Machinery			
Other Contractual Work			
TOTAL			

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE - 28

(` in Lakhs)

FINANCE COSTS	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
INTEREST EXPENSE			
Deferred Payments	-		
Bank Overdraft / Cash Credit	-		
Interest on IBRD & JBIC Loan	-		
CIL Fund Loan Interest	-		
Interest to Subsidiaries	-		
Others	-		
TOTAL(A)	-		
OTHER BORROWING COSTS			
Guarantee Fees on (IBRD & JBIC) Loan	-		
Other Expenses / Bank Charges	-		
TOTAL(B)	-		
TOTAL (A+B)	-		

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE - 29

(₹ in Lakhs)

PROVISIONS

	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
(A) PROVISION MADE FOR			
Doubtful debts	-		
Doubtful advances & Claims	-		
Foreign exchange Transaction	-		
Stores & Spares	-		
Reclamation of Land/Mine Closure Expenses	-		
Surveyed off Fixed Assets/Capital WIP	-		
Others	-	-	-
TOTAL (A)	-	-	-
(B) PROVISION WRITTEN BACK			
Doubtful debts	-	-	
Doubtful advances & Claims	-		
Foreign exchange Transaction	-		
Stores & Spares	-		
Reclamation of Land/Mine Closure Expenses	-		
Surveyed off Fixed Assets/Capital WIP	-		
Others/Loss of assets	-		
TOTAL (B)	-	-	-
TOTAL (A-B)	-	-	-

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE - 30

(' in Lakhs)

WRITE OFF

	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
Doubtful debts	-	-	-
Doubtful advances	-	-	-
Others	-	-	-
TOTAL		-	-

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE - 31

(' in Lakhs)

OTHER EXPENSES	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
Travelling expenses			
- Domestic	-		
- Foreign	-		
Training Expenses	-		
Telephone & Postage	-		
Advertisement & Publicity	-		
Freight Charges	-		
Demurrage	-		
Donation / Subscription	-		
Security Expenses	-		
Service Charges of CIL	-		
Hire Charges	-		
CMPDI Expenses	-		
Legal Expenses	-		
Bank Charges	-		
Guest House Expenses	-		
Consultancy Charges	-		
Under Loading Charges	-		
Loss on Sale/Discard/Surveyed of Assets	-		
Auditor's Remuneration & Expenses			
- For Audit Fees	-		
- For Taxation Matters	-		
- For Company Law Matters	-		
- For Management Services	-		
- For Other Services	-		
- For Reimbursement of Expenses	-		
Internal audit fees and expenses	-		
Rehabilitation Charges	-		
Royalty & Cess	-		
Central Excise Duty	-		
Rent	-		
Rates & Taxes	-		
Insurance	-		
Loss on Exchange Rate Variance	-		
Lease Rent	-		
Rescue/Safety Expenses	-		
Dead Rent/Surface Rent	-		
Siding Maintenance Charges	-		
Land/Crops Compensation	-		
Wealth Tax	-		
Miscellaneous Expenses	-		
TOTAL	-		

MJSJ COAL LIMITED
NOTES TO PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31.03.2013

NOTE -32

(' in Lakhs)

PRIOR PERIOD ADJUSTMENTS

	For the Year ended 31.03.2013	For the Year ended 31.03.2012	For the Year ended 31.03.2012
(A) Expenditure			
Sale of Coal	-	-	-
Stock of Coal	-	-	-
Other Income	-		
Consumption of Stores & Spares	-		
Employees Remuneration & Benefits	-		
Power & Fuel	-		
Welfare Expenses	-		
Repairs	-		
Contractual Expenses	-		
Other Expenditure	-		
Interest and other financial charges	-		
Depreciation	-	-	-
TOTAL (A)	-	-	-
(B) Income			
Sale of Coal	-		
Stock of Coal	-		
Other Income	-		
Consumption of Stores & Spares	-		
Employees Remuneration & Benefits	-		
Power & Fuel	-		
Welfare Expenses	-		
Repairs	-		
Contractual Expenses	-		
Other Expenditure	-		
Interest and other financial charges	-		
Depreciation	-		
TOTAL (B)	-	-	-
TOTAL (A-B)	-	-	-

MJSJ COAL LIMITED, ANGUL

NOTE - 33

A. **SIGNIFICANT ACCOUNTING POLICIES**

1.0 **Accounting Convention:**

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

2.0 **Subsidies / Grants from Government:**

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

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

3.0 **Fixed Assets:**

3.1 **Land:**

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

3.2 **Plant & Machinery:**

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

3.3 **Railway Siding:**

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

3.4 **Development:**

Expenses net of income of the projects / mines under development are booked to Development Account and grouped under Capital Work-in-Progress till the projects / mines are brought to revenue account. Except otherwise specifically stated in the project report to determine the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of constructions, projects and mines under development are brought to revenue considering the following criteria:

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

- Whichever event occurs first.

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

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

5.0 **Investments:**

Current investments are valued at the lower of cost and fair value as at the Balance Sheet date.
Investments in mutual fund are considered as current investments.
Non-Current investments are valued at cost.

6.0 **Inventories:**

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

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

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

6.2 Stores & Spares:

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

6.2.2 Stock of stores & spare parts at central & area stores are valued at cost calculated on the basis of weighted average method. The year-end inventory of stores & spare parts lying at collieries / sub-stores / drilling camps/ consuming centres, initially charged off, are valued at issue price of Area Stores, Cost / estimated cost. Workshop jobs including work-in-progress are valued at cost.

6.2.3 Stores & spare parts include loose tools.

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

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

7.0 **Depreciation:**

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

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

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

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

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

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

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

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

8.0 **Impairment of Asset:**

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

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

9.0 **Foreign Currency Transactions:**

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

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

10.0 **Retirement benefits / other employee benefits**:

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

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

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

11.0 **Recognition of Income and Expenditure:**

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

11.1 **Sales**

a) Revenue in respect of sales is recognised when the property in the goods with the risks and rewards of ownership are transferred to the buyer.

b) Sale of coal are net of statutory dues and accepted deduction made by customer on account of quality of coal.

c) The revenue recognition is done where there is reasonable certainty of collection. On the other hand, revenue recognition is postponed in case of uncertainty as assessed by management.

11.2 **Dividend**

Dividend income is recognised when right to receive is established.

12.0 **Borrowing Costs:**

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

13.0 **Taxation:**

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

14.0 **Provision:**

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

15 0 **Contingent Liability:**

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obliga tions or reliable estimate of the amount of the obligations can not be made.

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

16.0 **Overburden Removal (OBR) Expenses :**

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

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

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

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

17.0 **Prior Period Adjustments and Prepaid Expenses:**

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

MJSJ COAL LIMITED, ANGUL

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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 Metallics & Energy Ltd. (9% Share) & Jindal Stainless Ltd. (9% Share). This Company has been formed in respect of Gopalprasad OCP (Western part of Gopalprasad (W) and Utkal – A of Talcher Coalfield. The normative capacity of the project is 15.00MTY and peak capacity is 20.00 MTY. The project is located at south central part of Talcher Coalfield.

2.0 **SHARE CAPITAL:**

Authorized Capital- Rs 20000 Lakhs.
Issued capital – Rs. 9510 Lakhs.

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

3.0 The company has submitted a Bank Guarantee bearing No.47/03 issued by State Bank of India , Talcher , for an amount of Rs 111.24 Crores in favour of The President of India, acting through Ministry of Coal, Shastri Bhavan , New Delhi which has been renewed on 19.11.2012 vide no- 47/03 E2, and under protest, since MJSJ Coal Ltd. is a Government Company.

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(Satyaban Rout)	(S. Dutta)	(P.M.Prasad)	(K.Biswal)	(A.K.Tiwari)
Company Secretary/ Asst.Manager(Finance)	Chief Manager (F)	CEO, MJSJ Coal Ltd	Director	Chairman

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

Date: 20-04-2013
Place: Bhubaneswar

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

MJSJ COAL LIMITED, ANGUL

(Rs in Lakh)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registered No.	:	U10200OR2008GO1010250	State Code	:	15
Balance Sheet Date		31.03.2013			

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

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

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

Total Liabilities	:	9560.08	Total Assets	:	9560.08
Source of Funds	:		Reserve & Surplus (Preliminery Exp.)	:	(101.32)
Paid-up Capital	:	9510.00			
Secured Loans	:	Nil	Unsecured Loans	:	0.00
Deferred Tax Liability	:	Nil			
Application Funds	:				
Net Fixed Assets	:	4263.50	Investments	:	0.00
Net Current Assets	:	2204.24			
Accumulated Losses	:	Nil			

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

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

V. GENERIC NAMES OF PRINCIPAL PRODUCT OF COMPANY

Item Code No.	:	
Product Description	:	COAL

(Satyajan Rout)
Company Secretary /
Asst.Manager (Finance)

Place:Bbubaneswar
Date:20.04.2013