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Shah Gupta & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of JSW Natural Resource Bengal Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of JSW Natural Resource Bengal Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following Notes to the Financial Statements

Notes no. 15 (i) & 15 (j) regarding the project activities at Icchapur Coal Block being put on hold due to cancellation of the allotment of the said Coal Block. However, in view of the new Policy of GoI on allocation of Coal Blocks and Coal linkages from Coal India Ltd, the Company is hopeful of establishing fresh coal linkages with support of Gov. of West Bengal. The management estimates development and pre-operative expenses amounting to Rs. 61.24 crores incurred up to 31-03-2014 as recoverable from WBMTDC. Accordingly, the decline in value investment and impairment of assets as per AS 13 and AS 28 is not considered necessary by the Management.

The financial statements of the Company have been prepared on a going concern basis for the reasons stated in the Notes 15 (i) & 15 (j).

Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

1. The Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) The aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) The going concern matter described under the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

   (f) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) With respect to the adequacy of the Internal financial controls over financial reporting the Company and operative effectiveness of such controls, refer to our separate report in "Annexure B"; and

   (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed impact of the pending litigation on its financial position in its financial statements (Refer Note 15 (a) to the Financial Statements);

ii. The Company did not have any outstanding long-term contracts including derivative contracts as at March 31, 2016 for which there were any material foreseeable losses; and

iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund by the Company.

For **SHAH GUPTA & CO.,**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K Choksi
Partner
M. No.37606

Place: Kolkata
Date : April 29, 2016

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) As the Company does not have inventory, the Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) According to the information and explanations provided by the management, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, sub-clause (a), (b) and (c) are not applicable.

(iv) The Company has not made any investments, advances or loans during the year. Accordingly, clause (iv) of paragraph 3 of the Order is not applicable.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Act.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues which were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

(b) According to the records of the Company, there are no dues of Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Income tax and Interest	2,22,36,270	Assessment year 2013 - 2014	The company is in process of filling appeal before the authority.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, clause (viii) of paragraph 3 of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause (ix) of paragraph 3 of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company has not paid managerial remuneration during the year. Accordingly, clause (xi) of paragraph 3 of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause (xii) of paragraph 3 of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **SHAH GUPTA & CO**
Chartered Accountants
FRN - 109574W

Vipul K. Choksi
Partner
M. No.37606
Place: Kolkata
Date : April 29, 2016

Annexure - B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of JSW Natural Resource Bengal Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SHAH GUPTA & CO**
Chartered Accountants
FRN - 109574W

Vipul K. Choksi
Partner
M. No.37606
Place: Kolkata
Date : April 29, 2016

JSW NATURAL RESOURCES BENGAL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2016

(In Rupees)

	Particulars	Note No	As at 31.03.2016	As at 31.03.2015
I.	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' Funds**			
(a)	Share Capital	2	6342,90,000	6336,90,000
(b)	Reserves and Surplus	3	(242,25,342)	(183,35,259)
			6100,64,658	**6153,54,741**
(2)	**Current Liabilities**			
	Other Current Liabilities	4	2,39,208	6,27,754
			2,39,208	**6,27,754**
	TOTAL		**6103,03,866**	**6159,82,495**
II	**ASSETS**			
(1)	**Non-Current Assets**			
(a)	Fixed Assets	5		
	(i) Tangible assets		321,71,396	333,80,363
	(ii) Intangible assets		25,196	1,09,705
			321,96,591	**334,90,068**
(b)	Long-Term Loans and Advances	6	5756,41,311	5801,46,123
			6078,37,902	**6136,36,191**
(2)	**Current Assets**			
(a)	Cash and Bank Balances	7	22,84,513	5,46,887
(b)	Short-Term Loans and Advances	8	1,81,452	4,99,417
(c)	Other Current Assets	9	-	13,00,000
			24,65,965	**23,46,304**
	TOTAL		**6103,03,866**	**6159,82,495**
	Significant Accounting Policies & Other Notes	1 & 15		

The notes referred herein are an integral part of the financial statements

As per our attached report of even date
For Shah Gupta & Co.
Chartered Accountants
Firm Registration No. 109574W

Vipul K. Choksi
Partner
M. No. 37606

SHAH GUPTA & CO. MUMBAI FRN : 109574W CHARTERED ACCOUNTANTS

Place : Kolkata
Date:29/04/2016

For and on behalf of the Board of Directors

Biswadip Gupta
Director

Aloke Bhattacharya
Whole-time Director

Tushar Kanti Kar
Chief Financial Officer

Nitu Goel Dubey
Company Secretary

Place : Kolkata
Date:29/04/2016

JSW NATURAL RESOURCES BENGAL LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(In Rupees)

	Particulars	Note No.	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
			(In Rupees)	(In Rupees)
I.	Other Income	12	996	-
II.	**Total Revenue**		996	-
III.	**Expenses:**			
	Depreciation and Amortisation Expense	10	5,70,279	8,62,273
	Depreciation on transition to schedule II of the Companies Act, 2013 on tangible fixed asset with NIL remaining useful life	11	-	8,01,723
	Other Expenses	13	53,20,799	53,50,016
	Total Expenses		58,91,078	70,14,012
IV.	**Profit/(Loss) Before Tax (II- III)**		(58,90,082)	(70,14,012)
III.	**Tax Expense:**			
	(1) Current Tax		-	-
	(2) Deferred Tax		-	-
V.	**Profit/(Loss) After Tax**		(58,90,082)	(70,14,012)
VI.	**Earnings Per Equity Share** [Nominal Value per Share of Rs 10 Each]			
	Basic & Diluted	15 (e)	(0.09)	(0.11)
	Significant Accounting Policies & Other Notes	1 & 15		

The notes referred herein are an integral part of the financial statements

As per our attached report of even date
For Shah Gupta & Co.
Chartered Accountants
Firm Registration No. 109574W

Vipul K. Choksi
Partner
M. No. 37606

SHAH GUPTA & CO. MUMBAI FRN : 109574W CHARTERED ACCOUNTANTS

Place : Kolkata
Date:29/04/2016

For and on behalf of the Board of Directors

Biswadip Gupta
Director

Aloke Bhattacharya
Whole-time Director

Tushar Kanti Kar
Chief Financial Officer

Nitu Goel Dubey
Company Secretary

Place : Kolkata
Date:29/04/2016

JSW NATURAL RESOURCES BENGAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(In Rupees)

	Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit / (Loss) before Tax	(58,90,082)	(70,14,012)
	Adjustment for :		
	Depreciation	5,70,279	8,62,273
	Operating Loss before Working Capital Changes	(53,19,803)	(61,51,739)
	Adjustment for:		
	(Increase)/Decrease in Short-Term Loans & Advances	3,05,053	(87,718)
	(Increase)/Decrease in Long-Term Loans & Advances	45,04,813	(247,20,384)
	Increase/(Decrease) in Current Liabilities	(3,88,546)	(11,03,983)
	Cash flow before taxation	(8,98,484)	(320,63,824)
	Direct Taxes (Paid) / Refund During the Year	(12,912)	(19,884.00)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	(8,85,572)	(320,43,940)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase/(Sale) of Fixed Assets and Capital Advances	7,23,198	240,51,681
	NET CASH USED IN INVESTING ACTIVITIES	7,23,198	240,51,681
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Issue of Equity Shares	6,00,000	79,40,000
	NET CASH GENERATED FROM FINANCING ACTIVITIES	6,00,000	79,40,000
	NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	4,37,626	(52,259)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	18,46,887	18,99,145
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note 7)	22,84,513	18,46,887

As per our attached report of even date
For Shah Gupta & Co.
Chartered Accountants
Firm Registration No. 109574W

SHAH GUPTA & CO. MUMBAI FRN : 109574W CHARTERED ACCOUNTANTS

Vipul K. Choksi
Partner
M. No. 37606

Place : Kolkata
Date:29/04/2016

For and on behalf of the Board of Directors

Biswadip Gupta
Director

Aloke Bhattacharya
Whole-time Director

Tushar Kanti Kar
Chief Financial Officer
Place : Kolkata
Date:29/04/2016

Nitu Goel Dubey
Company Secretary

JSW NATURAL RESOURCES BENGAL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(In Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
Note 2		
Share Capital		
Authorised :		
7,50,00,000 (Previous Year 7,50,00,000) Equity Shares of Rs. 10 Each	7500,00,000	7500,00,000
	7500,00,000	**7500,00,000**
Issued, Subscribed & Paid Up Capital		
6,34,29,000 (Previous Year 6,33,69,000) Equity Shares of Rs. 10 Each Fully Paid up	6342,90,000	6336,90,000
	6342,90,000	**6336,90,000**

a. **Reconciliation of Shares Outstanding at the beginning and at the end of the year**

Particulars	31.03.2016		31.03.2015	
	No of shares	Rs.	No of shares	Rs.
Shares outstanding at the Beginning of the Year	633,69,000	6336,90,000	625,75,000	6257,50,000
Shares issued during the year	60,000	6,00,000	7,94,000	79,40,000
Shares outstanding at the end of the year	634,29,000	6342,90,000	633,69,000	6336,90,000

b. **Terms / Rights attached to Equity Shares**

The Company has only one class of Equity shares having par value of Rs. 10 per share. Each holder of Equity Shares is entitled to one vote per Share.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to recieve remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholder.

c. **Shares held by Holding Company**

Particulars	31.03.2016		31.03.2015	
	No of shares	Rs.	No of shares	Rs.
JSW Energy(Bengal) Limited (the holding company, including shares held by nominee)	634,29,000	6342,90,000	633,69,000	6336,90,000

d. **Disclosure of Shareholders holding more than 5% of the aggregate shares in the company**

Particulars	31.03.2016		31.03.2015	
	No of shares	% of holding	No of shares	% of holding
JSW Energy(Bengal) Limited (the holding company, including shares held by nominee)	634,29,000	100%	633,69,000	100%

(In Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
Note 3		
Reserves and Surplus		
Surplus/(Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	(183,35,259)	(113,21,247)
Add: Profit/(Loss) for the period	(58,90,082)	(70,14,012)
Balance at the end of the year	(242,25,342)	(183,35,259)
Note 4		
Other Current Liabilities		
Loans & Advances from Related Parties [Refer Note 15 (d)]	-	2,707
Creditors for Capital Expenditure	1,49,183	1,20,079
Statutory Dues	15,025	26,033
Other Payables	75,000	4,78,935
	2,39,208	6,27,754

SHAH GUPTA & CO. MUMBAI FRN : 109574W CHARTERED ACCOUNTANTS

Note : 5

FIXED ASSETS

(In Rupees)

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	Balance as at 01.04.2015	Additions	Deductions/ Other Adjustments	Balance as at 31.03.2016	Balance as at 01.04.2015	Depreciation for the period	Deductions/ Other Adjustments	Balance as at 31.03.2016	Balance as at 31.03.2016	Balance as at 31.03.2015
Tangible assets										
Freehold Land	320,62,982	-	-	320,62,982	-	-	-	-	320,62,982	320,62,982
Plant and Equipment										
Computers	21,33,709			21,33,709	21,25,033	8,676		21,33,709	-	8,676
Electrical Installation	6,04,986	-	5,11,386	93,600	1,80,183	68,833	2,09,301	39,716	53,884	4,24,803
AC & Refrigerators	3,05,332	-	3,05,332	-	91,520	33,928	1,25,448	0	(0)	2,13,812
Furniture and Fixtures	3,91,272	-	3,91,272.00	-	1,35,351	35,712	1,71,064	(0)	0	2,55,921
Interior Decoration	8,34,171	-	8,34,171.00	-	8,18,688	(2,739)	8,15,949	0	(0)	15,483
Office Equipment	10,21,360		55,960.00	9,65,400	6,22,674	3,41,359	53,162	9,10,870	54,530	3,98,686
Total (A)	**373,53,812**	**-**	**20,98,121**	**352,55,691**	**39,73,449**	**4,85,769**	13,74,923	**30,84,295**	**321,71,396**	**333,80,363**
Previous Year	-			373,37,812	-			39,73,449	333,80,363	-
Intangible assets										
Computer Software	10,54,109	-	-	10,54,109	9,44,404	84,510	-	10,28,914	25,195	1,09,705
Total (B)	**10,54,109**	-	-	**10,54,109**	**9,44,404**	**84,510**	-	**10,28,914**	**25,195**	**1,09,705**
Previous Year	-		-	10,54,109	-		-	9,44,404	1,09,705	
Total (A + B)	**384,07,921**	-	20,98,121	**363,09,800**	**49,17,853**	**5,70,278**	13,74,923	**41,13,209**	**321,96,591**	**334,90,068**
Previous Year Total	-	-	-	383,91,921	-	-	-	49,17,853	334,90,068	-

SHAH GUPTA & CO. MUMBAI FRN : 109574W CHARTERED ACCOUNTANTS

JSW NATURAL RESOURCES BENGAL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(In Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
Note 6		
Long-Term Loans and Advances		
[Unsecured, considered good]		
Capital Advances	1150,00,000	1150,00,000
Security Deposits [Refer Note 15 (i)]	187,70,000	189,50,000
Expenditure Incurred on behalf of WBMDTC [Refer Note 15 (j)]	4418,71,311	4458,94,617
Prepaid Expenses	-	3,01,506
	5756,41,311	5801,46,123
Note 7		
Cash and Bank Balances		
Cash & Cash Equivalents:		
a) Balances with banks in Current Accounts	22,83,873	5,40,220
b) Cash in hand	640	6,667
Other Bank Balances [Refer note 09]		
a) Margin Money Deposit	-	13,00,000
Less: Amount disclosed under other assets	-	(13,00,000)
	22,84,513	5,46,887
Note 8		
Short Term Loans & Advances		
[Unsecured, considered good]		
Loans and advnaces to other than related parties:		
Prepaid Expenses	-	1,28,465
Tax Deducted at Source (Net)	12,912	19,884
Other Advances	1,68,540	3,51,069
	1,81,452	4,99,417
Note 9		
Other Current Assets		
Amount held as margin money deposits [Refer note 7]	-	13,00,000
	-	13,00,000
Note 10		
Depreciation and Amortisation Expense		
Depreciation on Tangible Assets	4,85,769	6,51,451
Amortisation on Intangible Assets	84,510	2,10,822
	5,70,279	8,62,273
Note 11		
Depreciation on transition to schedule II of the Companies Act, 2013 on tangible fixed asset	-	8,01,723
with NIL remaining useful life	-	8,01,723
Note 12		
Other Income		
Other Interest Income	996	-
Note 13		
Other Expenses		
Auditors' Remuneration [Refer note 15 (f)]	88,779	76,686
Technical Consultancy Charges	2,028	-
Director Sitting Fees	1,36,458	-
Bank charges	4,42,961	1,83,950
Guest House Expenses	-	1,23,832
Salary	38,65,386	44,07,680
Rent Office	44,000	1,32,000
Office maintanance exp	20,000	45,003
Rates and Taxes	2,500	2,500
Electricity Expenses	3,656	2,441
Travelling expenses	-	2,32,679
Repairs & Maintainence-others	22,000	60,387
Miscellaneous Expenses	8,196	38,084
Printing&Stationary	-	37,090
Fax/ Telephone expenses	546	13,731
Legal and Professional Fees	2,75,324	1,17,230
Loss on Sale of FA	5,38,085	-
Less: Interest income on Margin Money Deposit	(1,29,120)	(1,23,277)
	53,20,799	53,50,016
Note 14		
Capital Work in Progress		
Pre-operative Expenses		
Opening Balance : Pre-Ops	(0)	232,65,958
Less: Opening Balance Transfer to WBMDTCL	-	(232,65,958)
Total	(0)	(0)

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Note 15
Other Notes to Accounts

a. **Contingent Liabilities**

Contingent Liabilities not provided for in respect of Disputed claims/levies (excluding interest ,if any) in respect of Income Tax - Rs 2,22,36,270.00 (Previous Year:- Nil)

b. **Capital Commitments**
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 261,859,243/- (Previous Year Rs.262,485,729/-)

c. **Segment Reporting**
The Company's activities during the year revolve around exploring possibilities of resourcing longterm coal linkages for the proposed Integrated Steel Plant of its Holding Company at Salboni,West Bengal. Considering the nature of Company's business or operations, there are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting', issued by the Institute of Chartered Accountants of India.

d. **Related Party Disclosures as per Accounting Standard 18 (AS - 18)**

(1) List of Related Parties:

i. Parent Holding Company:
JSW Bengal Steel Ltd

ii. Holding Company:
JSW Energy (Bengal) Ltd

iii. Enterprise over which Key Management Personnel & Relatives of Such Persons Exercise Significant Influence:
JSW Natural Resources India Limited

iv.Key Managerial personnel
Aloke Bhattacharjee (Whole Time Director)
Tushar Kanti Kar (Chief Financial Officer)
Ronak Gupta(Company Secretary)

(In Rupees)

	As at 31.03.2016	As at 31.03.2015
(2) Transactions with Related Parties:		
i). Issue of Equity Shares		
JSW Bengal Steel Limited	6,00,000	79,40,000
	6,00,000	79,40,000
ii). Repayment of Advances		
JSW Energy(Bengal) Limited	3,00,000	1,00,000
JSW Bengal Steel Limited	38,65,800	47,00,761
	41,65,800	48,00,761
iii). Advance Received		
JSW Bengal Steel Limited	38,66,673	46,99,888
JSW Energy(Bengal) Limited	3,00,000	1,00,000
	41,66,673	47,99,888
(3) Closing Balances:-		
i) Advances Payable		
JSW Bengal Steel Limited	-	(873)
JSW Energy(Bengal) Limited	-	-
	-	(873)

e. **Earnings Per Share [Nominal Value per Equity Share is Rs.10/-]**

Loss after Tax for Calculating Basic & Diluted EPS	(58,90,082)	(70,14,012)
Weighted average number of Equity shares for calculating Basic EPS & Diluted EPS	633,69,000	628,69,367
Earnings Per Share - (Basic & Diluted)	(0.09)	(0.11)

f. **Auditors' Remuneration:**

(In Rupees)

	As at 31.03.2016	As at 31.03.2015
Statutory audit fees	75,000	75,000
Out of pocket expense	4,509	1,686
Total:	79,509	76,686

g. **Income Taxes**

The Company has Incurred a loss in the current year and accordingly no provisions for current tax has been made. Further, the company has carried forward tax losses. Deferred taxes are recognised only if there is virtual certainty Supported by convincing evidence that they can be realised against future taxable profits. The company has not recognised any deferred tax assets on the loss incurred

h. **Details due to MSE as defined under MSMED Act, 2006**
The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable as required under the said act have not been given.

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i. The Company has been in the process of setting up coal mine project at Ichhapur coal block in West Bengal, under Sole and exclusive Coal raising agreement (agreement) entered with West Bengal Mineral Development Trading Corporation Ltd. (WBMDTC),a public sector undertaking of Government of West Bengal (GOWB),dated March 31, 2010, for raising the coal to be "exclusively used in Power Plant Complex of its Holding Company JSW Energy(Bengal) Ltd) at Salboni of district Paschim Medinipur in West Bengal", being set up by its Holding Company. However, since the allotment of this coal block has been cancelled by order of Supreme Court read with Schedule I of The Coal Mines (Special Provisions) Act 2015, the above mentioned agreement would no longer be valid. The Company , is in the process of exploring certain alternatives to resource the long term coal supply linkages and has also taken up with GOWB to resource long term coal supply linkages as per its commitment in the Development Agreement dated 11th Jan 2007 signed for the Project.In view of the new Policy of GoI on allocation of Coal Blocks and Coal linkages from Coal India Ltd ,the Company is hopeful of establishing fresh coal linkages with support of Govt of West Bengal. In view of given circumstances,at this juncture, there is no necessity of impairing the assets and investments as per provisions of AS-28 & AS-13." Pursuant to clause V(1) of the said agreement, the Company has paid interest free Security Deposit of Rs. 18,750,000 - (Previous Year Rs. 18,750,000 for WBMDTC) and the same is included in Long-term loans and advances.However since the allotment of this coal block has been cancelled by order of the Supreme Court,the Agreement for mining of coal from Icchapur Coal Block is no more valid and the deposit is due for refund.The company has taken up with WBMDTC to refund the same and it is under active consideration.

j. **Amount Recoverable from West Bengal Mineral Development & Trading Corporation Limited (WBMDTC)**

In terms of the agreement, amount was to be recovered from WBMDTC against the coal raising cost, but due to cancellation of the coal block allotment as per the Supreme Court order, the said amount becomes due for recovery.Accordingly, expenses incurred after March 31, 2014 have been charged to the Statement of Profit and Loss for the year. Pursuant to the terms of the agreement and also, based on the legal opinion held, the Management estimates the amount recoverable from WBMDTC (including development and pre-operative expenses incurred up to March 31, 2014) Is as detailed below:-

(In Rupees)

	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
1	**GR Preparation**		
	Surveying work	34,48,758	34,48,758
	Consultancy charge for preparation of GR	19,10,966	19,10,966
	3 D HRSS for exploration work	1051,43,352	1051,43,352
	Analysis of Core and Coal Analysis at CIMFR	346,76,794	346,76,794
	Exploration Drilling work	2149,58,714	2149,58,714
	Project review cost by external agency	4,75,692	4,75,692
	Geophysical Logging	121,39,408	121,39,408
	Hydrogeological study	31,65,881	31,65,881
	Crop Compensation for drilling work	185,73,583	185,73,583
	GSI Report Cost	7,74,070	7,74,070
	TOTAL-1	**3952,67,218**	**3952,67,218**
2	Preparation of Reports and getting approval for MP, EIA, Railways, Forest Clerances, etc	**72,65,681**	72,65,681
	TOTAL-2	**72,65,681**	**72,65,681**
3	**Mine development cost**		
	Detailed Mine Design and Planning (part)	289,94,432	289,94,432
	Crop Compensation for Examination drilling work	2,38,222	2,38,222
	Surveying work for examination borehole	29,779	29,779
	Eaxamination borehole drilling	60,93,748	60,93,748
	Consultancy fee for Railway siding	3,42,138	3,42,138
	Codal Charge paid to Railways with DPR for siding	20,55,350	20,55,350
	Total-3	**377,53,670**	**377,53,670**
4	Assets/ Land		
	Land	320,62,982	320,62,982
	Movable assets	63,25,789	63,25,789
	Land awaiting Registration	1150,00,000	1150,00,000
	Total-4	**1533,88,771**	**1533,88,771**
5	**Security Deposit to WBMDTC**	**187,50,000**	**189,51,850**
6	**Deposit submitted to WBSEDCL on behalf of WBMDTC**	**-**	**40,23,306**
	TOTAL(1+2+3+4+5+6)	**6124,25,340**	**6166,50,496**

k. Other Payables in Current Liabilities include amount of Rs.1,36,844 (Previous Year Rs.1,19,244) are amounts payable for development of Ichhapur Coal Mines. Rs 13,000,000 BG submitted to WBMDTC, as back to back BG as per the Coal Raising agreement, has been realsed by WBMDTC.

l. The Company is yet to receive balance confirmations in respect of Loans & Advances given and other current liabilities . The management does not expect any material difference affecting the current year's financial statements due to the same.

m. In the opinion of the Management the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of what is required.

n. **Subsequent Events:-**

No Significant event has occurred after the Balance Sheet date which may have material effect on the company's financial statement.

o. Additional Information Pursuant to the Schedule III of the Companies Act, 2013 is either Nil or Not Applicable.

p. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

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