

Auditor's Report
To the Members of M/s. Chhattisgarh Energy Trading Company
Limited

We have audited the attached Balance Sheet of M/s Chhattisgarh Energy Trading Company Limited as at 31st March 2009 and also the Profit & Loss Account and Cash Flow statement for the Year ended on that date. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our Audit.

We conducted our Audit in accordance with 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 misstatement. 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.

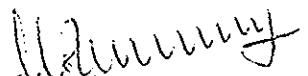
1. As required by the Companies (Auditor's Report) order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and according to information and explanation given to us during the course of audit and on the basis of such checks as we consider appropriate, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable.
2. 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, so far as appears from our examination of those books.
 - (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.



- (iv) In our opinion, the Balance Sheet and Profit & Loss account comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
- (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
- (b) In case of profit & Loss Account, of the profit for year ended on that date ;
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date;



For B. M. Chatrath & Co.,
Chartered Accountants


Umesh C. Pandey
Partner

Place: New Delhi
Dated: 18th May, 2009

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 3 of our Report of even date of accounts of M/s Chhattisgarh Energy Trading Company Limited for the year ended 31st March, 2009)

- i)
 - (a) The Company does not have fixed assets therefore maintenance of reasonable proper records showing particulars including quantitative details and situation of fixed assets are not applicable.
 - (b) As the Company does not have any fixed assets, hence physical verification to be done by the management during the year at reasonable interval is not applicable.
 - (c) According to information and explanation given to us, since the company does not have any fixed assets, hence Company has not disposed off substantial part of the fixed assets during the year.
- ii.
 - (a) The company does not have inventory, therefore physical verification during the year has not been done by the management.
 - (b) As the Company does not have Inventory, hence the applicability of procedures of physical verification of inventory followed by the management in relation to the size of the Company and the nature of its business does not arise.
 - (c) As the Company does not have Inventory, hence Company is not maintaining proper records of inventory and therefore no Discrepancies noticed on verification between physical stocks and the book records..
- iii In our opinion and according to the information and explanations give to us, the Company has not granted or taken unsecured loan to and from parties covered in the register maintained under section 301 of the Act.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weakness in internal controls.
- v. According to information and explanation given to us, we are of opinion that transactions that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered.



- vi. In our opinion and according to the information & explanations given to us, the company has not accepted deposits from the public. Hence Provisions of section 58A, 58AA or other relevant provisions of the companies Act 1956 and the companies (Acceptance of Deposit) Rules, 1975 with regards to the deposits accepted from the public is not applicable.
- vii. In our opinion and according to the information and explanation given to us, the company has an internal control system commensurate with the size and nature of its business.
- viii. According to the information and explanation given to us maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub section (1) of the section 209 of the Act.
- ix. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including the Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Cess and any other statutory dues applicable to it.
- (b) According to the information and explanation given to us no undisputed amount payable in respect of Income Tax, Sales Tax and Cess were in arrears as at 31st March 2009 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us no there are no dues of Sales Tax, Income Tax and Cess, which have not been deposited on account of any dispute.
- x. In our opinion the company does not have accumulated losses. The company has not incurred cash losses during the financial year covered by our audit.
- xi. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution or bank and or debenture holders.
- xii. In our opinion and according to the information and explanation given to us, the company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and others securities.
- xiii. In our opinion and according to the information and explanation given to us, the company is not a Chit Fund or a Nidhi Mutual Benefit Fund/ Society therefore the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.



- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xv. In our opinion the company has not given any guarantee for loan taken by others from bank or financial institutions, accordingly the provisions of clause 4 (xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xvi. The company has not obtained Term Loan during the year. Therefore, utilization for the purposes for which they were taken does not arise.
- xvii. According to the information and explanation given to us, no funds have been raised on short term basis and therefore have not been utilized for long term investment.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act.
- xix. According to the information and explanations given to us, the company has not issued debentures.
- xx. According to the information and explanations given to us, the company has not raised money by public issue.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

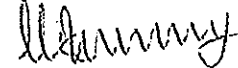

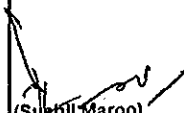

For B.M. CHATRATH & CO.
Chartered Accountants

PLACE: NEW DELHI
DATED: 18th May, 2009





Umesh C. Pandey
PARTNER

CHATTISGARH ENERGY TRADING COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH 2009

Particulars	Schedule No.	As at 31.03.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	1	76,000,000	76,000,000
Reserves & Surplus			
Profit & Loss Account		744,784	
TOTAL		76,744,784	76,000,000
APPLICATION OF FUNDS			
INVESTMENT	2	45,478	27,161,940
CURRENT ASSETS, LOANS & ADVANCES	3		
- Current Assets		27,583,668	3,468,656
- Loans & Advances		51,422,265	45,327,102
Total (A)		79,005,933	48,795,758
LESS: CURRENT LIABILITIES & PROVISIONS	4		
- Liabilities		2,027,991	32,140
- Provision for Tax		399,003	65,952
Total (B)		2,426,994	98,092
NET CURRENT ASSETS (A-B)		76,578,939	48,697,666
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	6		
- Pre-operative expenses		109,511	138,824
- Preliminary Expenses		10,856	13,570
TOTAL		76,744,784	76,000,000
Significant accounting policies & notes to accounts	6		
The accompanying schedules 1 to 6 form an integral part of this balance sheet.			
In terms of our report of even date FOR B.M. Chatrath & Co. Chartered Accountants			
 (Umash C. Pandey) Partner Membership No. : 55252		 (Sushil Maroo) Director	 (Sukhbir Singh) Director
PLACE : New Delhi DATED : 18 th May, 2009			

CHATTISGARH ENERGY TRADING COMPANY LIMITED
PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2009

	For the Year ended 31st March, 2009 (Amount in Rs.)	
INCOME		
Service Charge	62,000	
Interest Income	4,330,083	
Other Income	893,538	
TOTAL	5,285,621	
EXPENDITURE		
Bank Charges	13,571	
Bld Expenses	201,899	
Filing Fees	4,000	
Legal & Professional Fees	2,004,400	
Licence Fees	878,083	
Membership & Subscription	1,256,000	
Printing & Stationary	9,778	
Miscellaneous Expenditure	30,027	
Audit Fees	11,030	
TOTAL	4,207,786	
PROFIT/ (LOSS) BEFORE TAX	1,077,835	
LESS : PROVISION FOR TAX:		
-CURRENT TAX	333,051	
-DEFERRED TAX LIABILITIES/(ASSETS)	-	
ADD : EXCESS PROVISION WRITTEN BACK		
PROFIT/ (LOSS) AFTER TAX		
PROFIT/ (LOSS) BROUGHT FORWARD FROM LAST YEAR		
BALANCE CARRIED TO BALANCE SHEET	744,784	
<p>In terms of our report of even date FOR B.M. Chatrath & Co. Chartered Accountants</p> <p><i>(Signature)</i> (Umesh C. Pandey) Partner Membership No. : 55252</p> <p>PLACE : New Delhi DATED : 19th May, 2009</p>		<p><i>(Signature)</i> (Sushil Maroo) Director</p> <p><i>(Signature)</i> (Sukhbir Singh) Director</p>

CHATTISGARH ENERGY TRADING COMPANY LIMITED			
	As at 31.03.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)	
SCHEDULE 1			
SHARE CAPITAL			
AUTHORISED			
80,00,000 Equity Shares of Rs. 10/- each	80,000,000	80,000,000	
ISSUED SUBSCRIBED AND PAID UP			
76,00,000 Equity Shares of Rs.10/-each fully paid	76,000,000	76,000,000	
TOTAL	76,000,000	76,000,000	
Note: 60,30,000 Equity Shares are held by the Holding Company - M/s Jindal Steel & Power Ltd.			
SCHEDULE 2			
INVESTMENT - CURRENT, NON-TRADE (UNQUOTED) (at lower of cost or market value)			
2447.037 Units of LIC Mutual Fund - Liquid Fund- Growth Plan	35,478	27,141,940	
1000 Equity Shares of Jindal Power Limited	10,000	10,000	
Total	45,478	27,151,940	
SCHEDULE 3			
CURRENT ASSETS			
Cash & Bank Balances			
- Cash in Hand	1,000	1,000	
- Balance with Scheduled Banks in Current Account	27,582,668	3,467,656	
TOTAL	27,583,668	3,468,656	
Loans & Advances (Unsecured, Considered Good)			
- Advances recoverable in cash or in kind or for value to be received	49,902,829	45,156,959	
TDS - Recoverable	1,519,436	170,143	
TOTAL	51,422,265	45,327,102	
SCHEDULE 4			
CURRENT LIABILITIES & PROVISIONS			
Other Liabilities			
	2,027,991	32,140	
TOTAL	2,027,991	32,140	
Provision for Tax			
	399,003	65,952	
	399,003	65,952	



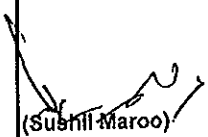

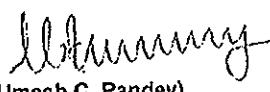

CHATTISGARH ENERGY TRADING COMPANY LIMITED

**SCHEDULE 5
MISCELLANEOUS EXPENDITURE**

	As at 31.03.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
Preoperative Expenditure		
Advertisement	-	259,728
Audit Fees	-	11,236
Bank Charges	-	5,950
Filing Fees	-	397,000.
Interest Paid	-	18,976
Legal & Professional Fees	-	3,685
Rate & Taxes	-	280
TOTAL (A)	-	696,855
Less:		
- Interest Received	-	750,860
- Profit on Investments	-	141,940
TOTAL (B)	-	892,790
TOTAL (A)-(B) = C	-	(195,935)
Add:		
Provision for Taxation:		
Income Tax	-	65,952
Expenditure incurred upto previous year	136,824	266,807
TOTAL	136,824	136,824
Less : Written off during the period	27,313	-
Balance	109,511	136,824
Preliminary Expenditure	13,570	13,570
Less : Written off during the period	2,714	-
Balance	10,856	13,570



CHATTISGARH ENERGY TRADING COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31TH MARCH 2009

PARTICULARS	For the year ended 31st March 2009	For the year ended 31st March 2008
	(Amt. In Rs.)	(Amt. In Rs.)
A CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	1,077,835	-
Preliminary expenses written off	30,027	-
Interest Received	(4,330,083)	-
Cash flow before working capital changes	(3,222,221)	-
Adjustments For :-		
Current Liabilities & Provisions	1,995,851	401
Tax Paid	(1,349,293)	-
	(2,575,663)	401
Cash outflow from Operating Activities		401
B CASH INFLOW / (OUTFLOW) FROM INVESTMENT ACTIVITIES		
Sale of Investment	27,106,462	-
Purchases of Investment	-	(27,141,940)
Profit on sale of Investment	-	141,940
Loans & Advances	(4,745,870)	(45,156,959)
Interest/ Dividend received on Investment	-	580,707
Additions to Preoperative Expenditure (pending amortisation)	-	(696,855)
Interest Received	4,330,083	-
	26,690,675	(72,273,107)
Cash outflow from Investing Activities		(72,273,107)
C CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	-	75,900,000
Repayment of Borrowings	-	(209,171)
Proceeds from Borrowings	-	-
	-	75,690,829
Net cash inflow/(outflow) from Financing Activities		75,690,829
NET CHANGES IN CASH & CASH EQUIVALENTS(A+B+C)	24,115,012	3,418,123
Cash & Cash equivalents (Opening Balance)	3,468,656	50,533
Cash & Cash equivalents (Closing Balance)	27,583,668	3,468,656
Note:		
1 Cash & Cash Equivalents represents Cash & Bank balances.		
In terms of our report of even date	For and on behalf of the Board	
FOR B.M. Chatrath & Co. Chartered Accountants	 (Sushil Maroo) Director	 (Sukhbir Singh) Director
 (Umesh C. Pandey) Partner Membership No. : 55252		
PLACE : New Delhi DATED : 18 th May, 2009		

SCHEDULE - 6

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES :

1. i) **Basis of Preparation of Financial Statements:**
The financial statement is prepared under the historical cost convention, on going concern concept and in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India. The company follows the Mercantile system of accounting and recognizes Income & Expenditure on an accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of incomes. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.
- ii) **Miscellaneous Expenditure:**
Preliminary Expenses and Pre-Operative Expenditure shown under Miscellaneous expenditure will be amortised over a period of 5 years from the date of commercial operation.
2. In opinion of the Board, Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.
3. The accounts for the current period have been prepared for the year ending 31 March, 2008.
4. **Detail of Pre-operative Expenditure:**

	<u>31.03.2009</u>	<u>31.03.2008</u>
	(Amount in Rs.)	(Amount in Rs.)
Advertisement	-	259,728
Audit Fees	-	11,236
Bank Charges	-	5,950
Filing Fees	-	397,000
Interest Paid	-	18,976
Legal & Professional Fees	-	3,685
Rates & Taxes	-	280
TOTAL (A)	-	<u>696,855</u>
Less:		
- Interest Received (Including TDS Rs.170143/-)	-	750,850
- Profit on Investments	-	141,940
TOTAL (B)	-	<u>892,790</u>
TOTAL (A)-(B) = C	-	<u>(195,935)</u>



Add:		
Provision for Taxation:		
Income Tax		65,952
Expenditure incurred upto previous year	<u>136,824</u>	<u>266,807</u>
TOTAL	136,824	-
Written off During the period	<u>27,365</u>	<u>-</u>
Balance	109,459	136,824

5. Previous year figures have been regrouped wherever necessary.

6. Related Party Disclosure as required by Accounting Standard - 18 issued by Institute of Chartered Accountants of India: -

A. List of Related Parties & Relationships

a) Holding Company:

1. Jindal Steel & Power Ltd.

b) Key Management Personnel :

1. Shri Sushil Maroo (Director)
2. Shri Sukhbir Singh (Director)
3. Shri S. P Anand (Director)

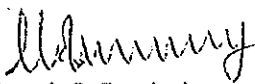
c) Enterprises over which Key Management Personnel and their relatives exercise significant influence with whom transactions have taken place during the year :

- Jindal Power Limited
- Minerals Management Services (India) Ltd.

B. Transactions with Related Parties

Nature of Transactions	Holding Company		Key Management Personnels		Associates	
	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year
Amount received against issue of Equity Shares Capital	Nil	75900000/-	Nil	Nil	Nil	Nil
Service Charge on sale of power (received)	Nil	Nil	Nil	Nil	60000/-	Nil

For **B.M. Chatrath & Co.**
Chartered Accountants,


(Umesh C. Pandey)
Partner
Membership No.

Place : New Delhi

Dated : 18th May, 2009


(SUSHIL MAROO)
Director


(SUKHBIR SINGH)
Director



**BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE PURSUANT
TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

I. Registration Details

Registration no.	U40102DL2004PLC128381	Code	State	5	5
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Balance Sheet Date

Date	3	1	0	3	0	9
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II. Capital Raised during the year (Amount in Rs.)

Public Issue	-----NIL-----	Rights Issue	-----NIL-----
Bonus Issue	-----NIL-----	Private Placement	0 0 0 0 0

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities	7 6 7 4 4 7 8 4	Total Assets	7 6 7 4 4 7 8 4
Sources of Funds		Reserve & Surplus	7 4 4 7 8 4
Paid-up Capital	7 6 0 0 0 0 0 0	Unsecured Loans	
Secured Loans		Investments	4 5 4 7 8
Application of Funds		Misc. Expenditure	1 2 0 3 6 7
Net Fixed Assets	N I L		
Net Current Assets	7 6 5 7 8 9 3 9		
Accumulated Losses	-----NIL-----		

IV. Performance of company (Amount in Rs. Thousands)

Turnover		Total Expenditure	
	- - -		- - -
+ - Profit / Loss Before Tax		+ - Profit / Loss After	
Tax	-		
	- - -		- - -

