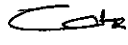


AUDITORS' REPORT

To
The Members of JITF Urban Waste Management (Jalandhar) Limited

1. We have audited the attached Balance Sheet of JITF URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED as at 31st March, 2012 and Statement of Profit and Loss , and Cash Flow Statement for the period ended on that date annexed thereto. 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, so far as applicable to the company.
4. Further as required under section 227(4A) of the Companies Act, 1956, we report as follows:-
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) 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;
 - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report is in agreement with the books of accounts;
 - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement complies with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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 a 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 2012.
 - b) In the case of the Statement of Profit and Loss, of the Loss of the Company for the period ended on that date
 - c) In the case of Cash Flow Statement, of the cash flows of the company for the period ended 31st March 2012.

For N.C. Aggarwal & Co.
Chartered Accountants
Firm Registration No. 003273N


G. K. Aggarwal
Partner
Membership No. 086622
New Delhi
Date: 15th May, 2012



Annexure referred to in paragraph 3 of our report of even date

Re: JITF Urban Waste Management (Jalandhar) Limited


- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- (c) The Company has not disposed any of fixed assets during the period .
- (ii) The Company does not hold any inventories of finished goods, stores, spare parts and raw materials. Accordingly, paragraphs (ii) (b) and (c) of the Order are not applicable.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraphs (iii) (b), (c) and (d) of the Order, are not applicable.
- (e) (i) As informed to us, the Company has taken unsecured loans (Debenture Application Money) from its holding company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of said companies and the year end balance of such loan is Rs.49,790,643
- (ii) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions on which aforesaid loan has been taken are not, prima facie, prejudicial to the interest of the company.
- (iii) In respect of aforesaid loan, the party is regular in repaying the principal and interest.
- (iv) In our opinion and according to information and explanations given to us, having regards to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchases of inventories, fixed assets and with regard to the sale of goods and services. During the course our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) According to the information and explanations provided by the management, during the period, no contracts or arrangements with the parties referred to in section 301 of the Act have been entered into. Accordingly, paragraph (v) (b) of the Order is not applicable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) To the best of our knowledge and as explained, the Company, during the period, is not required to have an internal audit system commensurate with the size and nature of its business, as the Capital and the turnover does not exceed the limit prescribed in this regard at the commencement of the financial period concerned.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) To the best of our knowledge and as explained, the Company is regular in depositing with the appropriate authorities all statutory dues including provident fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, Cess etc where there is applicable. There are no arrears as at 31st March, 2012 for a year of more than six months from the date they become payable.
- (b) According to the information and explanation given to us, there are no dues in respect of statutory dues, which have not been deposited on account of any dispute.
- (x) The company is in existence for less than five years. Hence Para (x) of the order is not applicable to the company.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not taken loans from banks and financial institutions or issued any debentures. Therefore, Para (xi) of the order with respect to default of repayment is not applicable to the company.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



N.C. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) According to the records of the Company examined by us and the information and explanations given to us, the Company, during the period, has not dealt with/traded in shares, securities and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, the Company has not taken any term loan.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on short term basis which have been used for long term investment.
- (xviii) 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) No Debentures have been issued during the period; hence clause (xix) of Order is not applicable.
- (xx) The company has not made any public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, and according to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For N.C. Aggarwal & Co.
Chartered Accountants
Firm Registration No. 003273N


G. K. Aggarwal
Partner
Membership No. 086622
New Delhi
Date: 15th May, 2012



JITF URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED**Balance Sheet as at 31st March, 2012**

(Amount in Rs.)

Particulars	Note No	As at 31st March 2012
I. EQUITY AND LIABILITIES		
(1) Shareholders' Funds		
(a) Share Capital	1	555,560
(b) Reserves and Surplus	2	(28,090)
(2) Non-current liabilities		
Long-term borrowings	3	49,790,643
(3) Current liabilities		
Other current liabilities	4	29,193
Total Equity and Liabilities		50,347,306
II. ASSETS		
(1) Non-current assets		
(a) Fixed Assets		
Capital work-in-progress	5	49,847,318
(b) Other non-current assets	6	18,523
(2) Current assets		
(a) Cash and Cash Equivalents	7	475,565
(b) Short-term loans and advances	8	5,900
Total Assets		50,347,306

See accompanying notes to the financial statements

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In terms of our report of even date annexed hereto

For N.C. AGGARWAL & CO.

Chartered Accountants

Firm Registration No. 003273N

G.K.AGGARWAL

Partner

M.No.086622

Place: New Delhi

Dated: 15th May,2012

For and on behalf of Board of Directors of
JITF Urban Waste Management (Jalandhar) Ltd.Anuj Kumar
DirectorA.K.Nayyar
Director

JITF URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED**Statement of Profit and Loss for the period ended 31st March, 2012**

(Amount in Rs.)

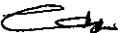
Particulars	Note No.	Period ended 31st March 2012
(I) Revenue from operations (Gross)		-
Total Revenue		-
(II) Expenses:		
Other Expenses	9	28,090
Total Expenses		28,090
(III) Profit before exceptional and extraordinary items and tax (I-II)		(28,090)
(IV) Profit Before Tax		(28,090)
(V) Tax expense:		
(1) Current tax		-
(2) Deferred tax		-
(VI) Profit (Loss) for the period from continuing operations (IV-V)		(28,090)
(VII) (Loss) for the period		(28,090)
(VIII) Earnings per equity share:		
Basic		(0.83)
Diluted		(0.83)

See accompanying notes to the financial statements

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In terms of our report of even date annexed hereto

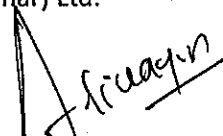
For N.C. AGGARWAL & CO.
Chartered Accountants
Firm Registration No. 003273N


G.K.AGGARWAL
Partner
M.No.086622
Place: New Delhi
Dated: 15th May,2012



For and on behalf of Board of Directors of
JITF Urban Waste Management (Jalandhar) Ltd.


Anuj Kumar
Director


A.K.Nayyar
Director

JITF URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED

Notes forming part of Balance sheet

	DESCRIPTION	As at 31st March 2012
1	SHARE CAPITAL	
(a)	AUTHORISED SHARE CAPITAL 100,000 Equity shares of Rs.10/- each.	1,000,000
(b)	ISSUED, SUBSCRIBED AND PAID UP CAPITAL 55,556 Equity shares of Rs. 10/- each	555,560
(c)	RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE PERIOD Shares outstanding at the beginning of the period Shares issued during the period	- 55,556
	Shares outstanding at the end of the year	55,556

(d)	SHARE OF THE COMPANY HELD BY :-	No of Shares
	JITF Urban Infrastructure Limited	50,000
	Ladurner Impianpi S.R.L Italia	5,556

(e)	SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES ARE AS UNDER:		
	Name of the Shareholder	As at 31st March 2012	
		No. of Shares Held	% of Holding
	JITF Urban Infrastructure Limited*	50,000	90%
	Ladurner Impianti S.R.L Italia	5,556	10%

* Including 6 Shares held by Person/Companies as nominees of JITF Urban Infrastructure Limited

(f)	Terms/Rights attached to Equity Shares
	The Company has only one class of equity shares having a par value of Rs.10/- per equity share. Each equity shareholder is entitled to one vote per share.

	DESCRIPTION	As at 31st March 2012
2	RESERVES AND SURPLUS	
	PROFIT AND LOSS ACCOUNT	
	Profit Brought Forward	-
	Add:-Loss for the year	(28,090)
	Total Reserve and surplus	(28,090)

	DESCRIPTION	As at 31st March 2012
3	LONG-TERM BORROWINGS	
	UNSECURED LONG TERM BORROWINGS	
	Optionally Convertible Debentures Application Money From Related Party -JITF Urban Infrastructure Limited	49,790,643
	Total Long Term borrowings	49,790,643

Zero Coupon optionally convertible debenture application money of face value of Rs. 1000/- each is convertible into 100 equity shares of Rs. 10 each for each debenture at the option of the debenture holder with in 5 years from the date of allotment as per the terms of offer.



JITF URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED**Notes forming part of Balance sheet**

	DESCRIPTION	As at 31st March 2012
4	<u>OTHER CURRENT LIABILITIES</u>	
	Other payable	
	Statutory Dues	1,103
	Audit Fee Payable	28,090
	Total Other Current Liabilities	29,193



JITE URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED

Notes forming part of Balance sheet.

Note-5

FIXED ASSETS

(Amount in Rs.)

	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1st April 2011	Additions/ (Disposals)	Balance as at 31st March 2012	Balance as at 1st April 2011	Depreciation charge for the year	On disposals	Balance as at 31st March 2012	Balance as at 31st March 2011
Capital Work In Progress								
Capital Work In Progress		48,001,370	48,001,370	-	-	-	48,001,370	-
Preoperative Expenditure (Pending allocation)		1,845,948	1,845,948				1,845,948	
Total	-	49,847,318	49,847,318	-	-	-	49,847,318	-



JITF URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED**Notes forming part of Balance sheet**

	DESCRIPTION	As at 31st March 2012
6	Other Non Current Assets	
	Miscellaneous Expenditure to the extent not written off	18,523
	Total Other Non Current Assets	18,523

	DESCRIPTION	As at 31st March 2012
7	Cash and Cash Equivalents	
	Balances with Banks	
	Current Accounts	444,280
	Cash on Hand	31,285
	Total Cash and Cash Equivalents	475,565

	DESCRIPTION	As at 31st March 2012
8	Short-term loans and advances	
	Other	
	Advance Recoverable in Cash or in kind Unsecured, Considered good	5,900
	Total Short Term Loans and Advances	5,900

	DESCRIPTION	Period ended 31st March 2012
9	Other Expenses	
	Auditor's Remuneration:	
	-As Audit Fee	28,090
	TOTAL	28,090



JITF URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF
ACCOUNTS

NOTE:10

1. Nature of Operations

JITF Urban Waste Management (Jalandhar) Limited is a Company incorporated on 23rd August, 2011 with the main object to develop and implement a viable and environmentally sustainable MSW management to scientifically manage the collection, transportation, processing and disposal of MSW and gainfully utilize it to produce compost, Refuse Derived Fuel ("RDF") and/or power, and dispose-off the residual matter in an environmentally benign manner by Developing, Constructing, Operating and Maintaining an Integrated Municipal Solid Waste Management Projects for Jalandhar Cluster in Punjab.

2. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956: The financial statements have been prepared under the historical cost convention on an accrual basis.

(b) Fixed Assets

(i) Valuation of Fixed Assets

Tangible Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Borrowing costs that are directly attributable to the acquisition / construction of the qualifying assets are capitalized as a part of the respective assets, up to the date of acquisition/ completion of construction.

(ii) Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher

(iii) Expenditure during construction period for new projects /expansion cum modernization projects

Expenditures which are directly attributable to identified assets and incurred during the construction period are included under capital work-in-progress, till the completion of the project. Expenditures which are not directly attributable to an identified asset forming part of a project, including interest on borrowed funds, are carried to pre-operative expenses, till the completion of the project. On completion of the project, capital work in progress along with pre-operative expenses is carried to respective fixed assets.

(c) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the Year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the Year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the Year attributable to equity shareholders and the weighted average number of shares outstanding during the Year are adjusted for the effects of all dilutive potential equity shares, if any.

(d) Miscellaneous Expenditure

Preliminary Expenses i.e. Initial Share issue expenses will be amortized in five years from the Commencement of Business.

(e) Taxation

Current tax provision is computed for income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws.



JITF URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF
ACCOUNTS

NOTE:10

Deferred tax is accounted at the current rate of tax to the extent of temporary timing differences that originate in one Year and are capable of reversal in one or more subsequent Years. However, no deferred tax asset is created where there is no virtual certainty as to the sufficient future taxable profit.

(f) Foreign Exchange Transaction

Foreign currency during the period is recorded at the rate of exchange prevailing at the date of transaction. Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at the period end rate. All exchange differences are dealt with in the Profit & Loss Account

3. Related Parties Transactions

List of Related Parties & Relationship (As identified by the Management)

(i). Holding Company

Jindal ITF Limited (Ultimate holding)

Jindal Saw Limited (Indirect holding through Jindal ITF Limited)

JITF Urban Infrastructure Ltd.(Direct holding)

(ii). Fellow Subsidiary Companies

- JITF Waterways Limited
- JITF Water Infrastructure Limited
- JITF Shipyards Limited (
- JITF Urban Infrastructure Limited
- JITF Coal Logistics Limited (w.e.f.16th Dec 2011)
- JITF ESIPL CETP (Sitarganj) Limited (Indirect)
- Jindal Rail Infrastructure Limited
- Jindal Intellicom Limited
- JITF Infralogistics Limited
- Jindal ITF Kobelco Eco Limited (Indirect) (w.e.f. 12th Sep 2011)
- Timarpur-Okhla Waste Management Company Private Limited (Indirect)
- JITF Shipping & Logistics (Singapore) Pte Ltd (Indirect) (w.e.f. 24th May 2011)
- JITF Global Water Holding Pte. Ltd (Indirect) (w.e.f.31st August 2011)
- JITF Water Infra (Rajkot) Limited (Indirect) (w.e.f. 23rd May 2011)
- JITF Urban Waste Management (Ferozepur) Limited (Indirect) (w.e.f.10th Oct 2011)
- JITF Urban Waste Management (Bathinda) Limited (Indirect) (w.e.f. 23rd August,2011)
- JITF Manila Water Dev. Company Limited (Indirect) (Subsidiary w.e.f.27th Feb 2012)
- JITF Water Infra (Naya Raipur) Limited (Indirect)
- JITF Urban Infrastructure Services Limited
- IUP Jindal Metals & Alloys Limited (Indirect)
- SV Trading Limited (Indirect)
- Jindal Saw USA, LLC (Indirect)
- Jindal Saw Holding FZE (Indirect)
- Jindal Saw Middle East FZC (Indirect)
- Jindal Saw Gulf LLC (Indirect)
- Intellicom Insurance Advisors Limited (Indirect)
- Ralael Holding Limited (Indirect)
- Jindal Saw Italia S.P.A(Indirect)
- Jindal Fittings Ltd. (w.e.f. 12th May 2011)
- Quality Iron & steel Ltd. (w.e.f. 24th June 2011)
- Green Ray Holdings(w.e.f.24th June 2011)
- Derwant Sand SARL(Indirect)(w.e.f.24th June 2011)



JITF URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF
ACCOUNTS

NOTE:10

(iii) Transactions

Description	Holding Company-JITF Urban Infrastructure Limited
	Current Period
Share Capital received during the period	5,00,000
Debenture application money received during the period	49,790,643
Balance as on 31.3.2012	
Share Capital	5,00,000
Debenture application money	49,790,643

4. Capital Work in progress includes following Pre operative expenses Pending allocation

Detail of Pre-operative Expenses	Period ended 31st March, 2012 (Rs.)
Legal & Professional Fee	713,128
Rates & Taxes	13,015
Rent	189,000
Bank Charges	902,526
Miscellaneous Expenses	28,279
Total	1,845,948



JITF URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF
ACCOUNTS

NOTE:10

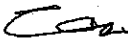
5. **Earning per share (EPS) :**

Description	Period ended 31st March, 2012
Basic and Diluted	
Loss For the Period after tax	(28,090)
No.of shares outstanding at the end of period	55,556
Weighted Average No of Shares outstanding for calculating Basic EPS	33,698
Weighted Average No of Shares outstanding for calculating Diluted EPS	33,698
Basic and Diluted Earning per share	(0.83)

6. Since this is the first year of incorporation of company (23rd August, 2011). There are no previous figures to be given, company has not yet commence operations. Profit and loss account is also for the period from 23rd August, 2011 to 31st March, 2012 .


As per our report of even date.

For N. C. Aggarwal & Co.
 Chartered Accountants
 Firm Registration No: 003273N


G. K. Aggarwal
 Partner
 Membership No. 086622
 Place: New Delhi
 Dated:15th May,2012



For and on behalf of the Board of Directors of
 JITF Urban Waste Management (Jalandhar)
 Limited


Anuj Kumar
 Director


A.K. Nayyar
 Director

JITF URBAN WASTE MANAGEMENT (JALANDHAR) LIMITED
Cash Flow Statement for the Period ended March 31, 2012

For the Period ended
 March 31,
 2012

A. CASH FLOWS FROM OPERATING ACTIVITIES:

Net Profit/(loss) Before Income taxes	(28,090)
Operating profit before working capital changes	
Adjustment for:	
Loans & advances	(5,900)
Other current assets	(18,523)
Current Liabilities	29,193
Cash earned from operations	<u>(23,320)</u>
Direct taxes paid	
Net cash earned from operating activities	<u>(23,320)</u>

B. CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets(net)	(49,847,318)
Net cash (used in) investing activities	<u>(49,847,318)</u>

C. CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from Issue of Shares	555,560
Proceeds from Debenture Application money	49,790,643
Net cash earned from financing activities	<u>50,346,203</u>


Net increase in cash and cash equivalents 475,565

Cash and cash equivalents (opening balance)

Cash and cash equivalents (closing balance) 475,565

As per our report of even date

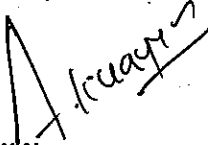
For N.C. AGGARWAL & CO.
 Chartered Accountants
 Firm Registration No. 003273N


G.K. Aggarwal
 Partner
 Membership No. 086622
 Place: New Delhi
 Dated: 15th May, 2012



For and on behalf of Board of Directors of
 JITF Urban Waste Management (Jalandhar) Ltd.


Anuj Kumar
 Director


A.K. Nayyar
 Director