

AUDITORS' REPORT

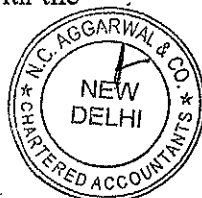
To
The Members of Quality Iron and Steel Ltd.

We have audited the attached Balance Sheet of **Quality Iron and Steel Ltd.** as at 31st March, 2012 together with annexed Profit & Loss Account and Cash Flow statement for the year 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.

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.

We report that:

- A) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's 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, 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.
- B) Further to our comments in Annexure referred to in paragraph (A) above, we also report that:-
- 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.
 - In our opinion, the company has kept proper books of accounts as required by law so far as appears from our examination of those books.
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the company.
 - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with this report complies with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - Based on representation made by all the directors of the company to the board and the information and explanations as made available to us by the company, none of the directors of the company is disqualified as on March 31, 2012 from being appointed as a director of the company as referred to in clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Act in the manner so required and give a true and a fair view in conformity with the accounting principles generally accepted in India.




- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012,
- ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date, and
- iii) In the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

Place : New Delhi
Date : 25th May, 2012

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

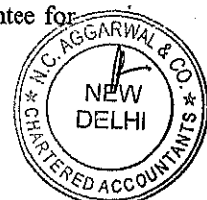



(G.K.AGGARWAL)
Partner
M.No. 086622

ANNEXURE TO AUDITOR'S REPORT

REFERRED TO IN PARAGRAPH (A) IN OUR REPORT OF EVEN DATE FOR THE YEAR ENDED 31.03.2012

- (i) The Company, during the year, does not own any fixed assets. Accordingly, paragraphs (i) (a),(b) and (c) of the Order are not applicable.
- (ii) (a) 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)(a),(b),(c) and (d) of the Order, are not applicable.
- (e) The Company has not taken any loans from parties listed under the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs (iii)(f) and (g) of the Order are not applicable.
- (iv) There are no purchase of fixed assets, inventories and sale of services during the year. Accordingly, paragraph (iv) of the Order is not applicable.
- (v) (a) According to the information and explanations provided by the management, during the year, no contracts or arrangements with the parties referred to in section 301 of the Act have been entered into. Accordingly, paragraphs (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 year, 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 prescribed limit.
- (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, no statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess were arise during the year. Accordingly, paragraphs (ix)(b) and (c) of the Order are not applicable.
- (x) The Company has been registered for a period less than five year , and this is being the fifth financial year of the company , Paragraph (x) of the order in , therefore, not applicable.
- (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.
- (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.
- (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 year, 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, during the year, 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 has 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) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company, during the year, has not issued any debenture.

(xx) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company, during the year, has not raised money by way of public issue.

(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
M.No. 086622

Place: New Delhi
Dated: 25th May, 2012


QUALITY IRON AND STEEL LIMITED

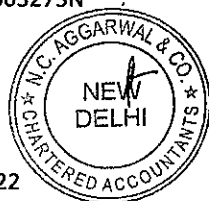
Balance Sheet as at 31st March, 2012

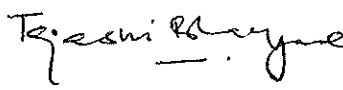
| Particulars | Note No | As at 31st March, 2012 (Rs.) | As at 31st March, 2011 (Rs.) |
|---|---------|---------------------------------|---------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 1 | 500,000 | 100,000 |
| (b) Reserves and Surplus | 2 | (89,721) | (37,671) |
| (2) Current Liabilities | | | |
| (b) Other current liabilities | 3 | 44,104 | 37,362 |
| Total | | 454,383 | 99,691 |
| II. ASSETS | | | |
| (3) Non-current assets | | | |
| (a) Other non-current assets | 4 | 23,100 | 23,100 |
| (4) Current assets | | | |
| (a) Cash and cash Equivalents | 5 | 431,283 | 76,591 |
| Total | | 454,383 | 99,691 |
| Significant accounting policies and notes to the financial statements | 7-8 | | |

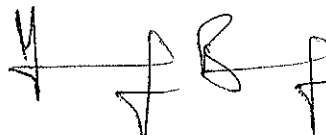
As per our report of even date attached.

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


G.K. Aggarwal
Partner
Membership No. 086622
Place : New Delhi
Date : 25th May, 2012




Tejasvi Bhargava
Director


Tapasvi Bhargava
Director


QUALITY IRON AND STEEL LIMITED

Statement of Profit and Loss for the year ended 31st March, 2012

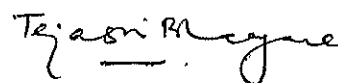
| Particulars | Note No | Year Ended 31st March, 2012 | Year Ended 31st March, 2011 |
|--|------------|--------------------------------|--------------------------------|
| | | (Rs.) | (Rs.) |
| I. Other Income | | - | - |
| Total Revenue | | - | - |
| II. Expenses: | | | |
| Other expenses | 6 | 52,050 | 15,602 |
| Total Expenses | | 52,050 | 15,602 |
| III. Profit before exceptional and extraordinary items and tax (I-II) | | (52,050) | (15,602) |
| IV. Exceptional Items | | - | - |
| V. Profit before extraordinary items and tax (III-IV) | | (52,050) | (15,602) |
| VI. Extraordinary Items | | - | - |
| VII. Profit before tax (V - VI) | | (52,050) | (15,602) |
| VIII. Tax expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax | | - | - |
| | | - | - |
| IX. Profit(Loss) from the period from continuing operations (VII -VIII) | | (52,050) | (15,602) |
| X. Profit/(Loss) from discontinuing operations | | - | - |
| XI. Tax expense of discounting operations | | - | - |
| XII. Profit/(Loss) from Discontinuing operations | | - | - |
| XIII. Profit/(Loss) for the period | | (52,050) | (15,602) |
| XIV. Earning per equity share: | | | |
| Basic & Diluted | | (1.04) | (1.56) |
| Significant accounting policies and notes to the financial statements | 7-8 | | |

As per our report of even date attached.

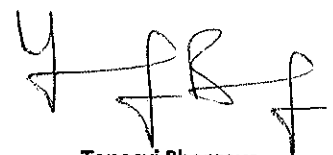
For **N.C. Aggarwal & Co.**
Chartered Accountants
Firm Registration No. 003273N


G.K. Aggarwal
Partner
Membership No. 086622
Place : New Delhi
Date : 25th May, 2012





Tejasvi Bhargava
Director



Tapasvi Bhargava
Director

QUALITY IRON AND STEEL LIMITED


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| PARTICULARS | | Year Ended 31.03.2012 (Rs.) | Year Ended 31.03.2011 (Rs.) |
|-------------|--|-----------------------------------|-----------------------------------|
| A) | CASH INFLOW / (OUTFLOW) FROM THE OPERATING ACTIVITIES | | |
| | Net Profit / (Loss) before tax and extra ordinary items | (52,050) | (15,602) |
| | Operating Profit (Loss) before working capital changes | (52,050) | (15,602) |
| | Adjustment for :- | | |
| | Current liabilities | 6,742 | 6,618 |
| | Cash inflow (outflow) from operating activities | 6,742 | 6,618 |
| B) | CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES | | |
| | Increase in share capital | 400,000 | - |
| | Cash inflow (outflow) from financing activities | 400,000 | - |
| | Net changes in cash and cash equivalent | 354,692 | (8,984) |
| | Cash and Cash equivalent as at 31.03.2011 (Opening) | 76,591 | 85,575 |
| | Cash and Cash equivalent as at 31.03.2012 (Closing) | 431,283 | 76,591 |

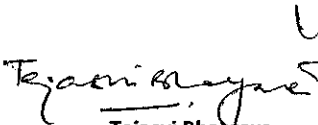
Note : - Previous year's figures have been regrouped wherever considered necessary.


As per our report of even date attached.

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


G.K. AGGARWAL
Partner
M.No. 086622
Place : New Delhi
Date : 25th May, 2012




Tejasvi Bhargava
Director


Tapasvi Bhargava
Director

QUALITY IRON AND STEEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

| Particulars | AS at 31st March, 2012 | As at 31st March, 2011 |
|---|---------------------------|---------------------------|
| 1.SHARE CAPITAL | | |
| Authorized | | |
| 5000000 (previous year 10000) Equity Shares of Rs. 10/- each | 50,000,000 | 100,000 |
| | 50,000,000 | 100,000 |
| Issued, Subscribed & Fully Paid-Up | | |
| 50000 (previous year 10000) Equity Shares of Rs. 10/-each | 500,000 | 100,000 |
| Total Share Capital | 500,000 | 100,000 |
| (a)Reconciliation of the number of shares: | | |
| Equity Shares | | |
| Shares outstanding as at the beginning of the year | 10,000 | 10,000 |
| Add: Fresh issue of shares | 40,000 | - |
| Shares outstanding as at the end of the year | 50,000 | 10,000 |
| (b)Details of shareholders holding more than 5% shares in the company: | | |
| | % of holding as at | % of holding as at |
| Name of Shareholders | 31.3.2012 | 31.3.2011 |
| Jindal Saw Ltd. | 51% | - |
| Shri. P.R. Jindal | 10% | 50% |
| Smt. Arti Jindal | 10% | 50% |
| Shri Tejasvi Bhargava | 8% | - |
| Shri Tapasvi Bhargava | 8% | - |
| Smt. Anshu Bhargava | 7% | - |
| Smt. Preet Bhargava | 6% | - |
| Total | 100% | 100% |
| 2.RESERVES AND SURPLUS | | |
| Balance as per last financial statements | (37,671) | (22,069) |
| Add: Loss transferred from Statement of profit and Loss | (52,050) | (15,602) |
| Balance in Profit and Loss Account Carried Forward | (89,721) | (37,671) |



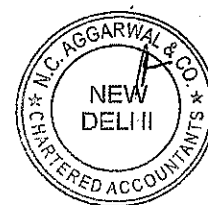
QUALITY IRON AND STEEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

| Particulars | AS at 31st March, 2012 | As at 31st March, 2011 |
|---|------------------------|------------------------|
| 3. OTHER CURRENT LIABILITIES | | |
| Others | 44,104 | 37,362 |
| Total Other Current Liabilities | 44,104 | 37,362 |
| NON-CURRENT ASSETS | | |
| 4. Other Non-Current Assets | | |
| Preliminary expenses (To the extent not written off or adjusted) | 23,100 | 23,100 |
| Total Other non-current assets | 23,100 | 23,100 |
| 5. CASH AND BANK BALANCES | | |
| Cash And Cash Equivalents | | |
| Banances with Banks | | |
| On current accounts | 431,283 | 76,591 |
| Total Cash and Bank balances | 431,283 | 76,591 |



QUALITY IRON AND STEEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

| Particulars | For the Year Ended 31st March, 2012 | For the Year Ended 31st March, 2011 |
|---------------------------------|--|--|
| 6. OTHER EXPENSES | | |
| Administrative & Other Expenses | | |
| Legal and professional Fees | 32,000 | - |
| Printing and Stationery | 300 | - |
| Auditors' Remuneration | 6,742 | 6,618 |
| Filing Fees | 13,008 | 8,984 |
| Total Other Expenses | 52,050 | 15,602 |



QUALITY IRON AND STEEL LIMITED.

NOTES TO THE FINANCIAL STATEMENTS

7. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

Quality Iron & Steel Limited is a Company incorporated on 16th May,2007 with the main object to carry on the business of mining activities and steel manufacturing.

i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act,1956 as adopted consistently by the company. All income & expenditure items having a material bearing on the financial statements are recognized on accrual basis.

ii) MISCELLANEOUS EXPENDITURE

Preliminary Expenses i.e. Share issue expenses will be amortized in five years after commencement of business.

8. NOTES TO THE ACCOUNTS

i) Contingent Liabilities - Nil

ii) Basic and Diluted Earnings per share.

| | Year Ended <u>31.03.12</u> | Year Ended <u>31.03.11</u> |
|---|-------------------------------|-------------------------------|
| Net Loss for the year | 52050 | 15602 |
| No. of Shares outstanding for Basic and Diluted EPS | 50000 | 10000 |
| Earning Per Share | -1.04 | -1.56 |



QUALITY IRON AND STEEL LIMITED.

NOTES TO THE FINANCIAL STATEMENTS

iii) RELATED PARTY TRANSACTIONS:-

List of Related Parties and Relationship

A) Holding Company

1 .Jindal Saw Ltd.

B) Key Management Personnel

1.Sh.Tejasvi Bhargava Director
2.Sh.Tapasvi Bhargava Director
3.Sh. Sanjiv Garg Director

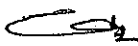
Transaction :

| S. No. | Particulars | Relationship with the company | Nature of transaction | Current Year March,31st, 2012 | Previous Year March,31st, 2011 |
|--------|-----------------|-------------------------------|-----------------------|-------------------------------|--------------------------------|
| 1 | Jindal Saw Ltd. | Holding company | Investment in equity | 255000 | - |

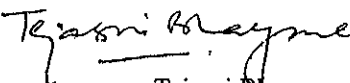
iv) Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March,2012 have been prepared under Revised Schedule VI. Accordingly the previous year's figures have been regrouped / reclassified as per revised schedule VI.

As per our report of even date .

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


G.K. Aggarwal
Partner
M.No. 086622




Tejasvi Bhargava
Director


Tapasvi Bhargava
Director

Place: NEW DELHI
Dated : 25th May, 2012