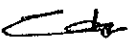


## AUDITORS' REPORT

To  
The Members of JINDAL FITTINGS LIMITED

1. We have audited the attached Balance Sheet and Cash Flow Statement of JINDAL FITTINGS LIMITED as at 31<sup>st</sup> March, 2012 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.
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 and Cash Flow Statement dealt with by this report is in agreement with the books of accounts;
  - iv) In our opinion, the Balance Sheet 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 31<sup>st</sup> March 2012.
    - b) In the case of cash flow statement of the cash flow of the Company for the year ended 31<sup>st</sup> March, 2012.

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

  
G. K. Aggarwal  
Partner  
Membership No. 086622  
New Delhi  
Date: 28<sup>th</sup> May, 2012

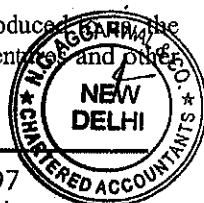


**N.C. AGGARWAL & CO.**  
**CHARTERED ACCOUNTANTS**

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

**Re :JINDAL FITTINGS LIMITED**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and we are informed that no serious discrepancies have been noticed by the management on such verification.
- (c) No fixed assets were disposed off during the year.
- (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) (b), (c) and (d) of the Order, are not applicable.
- (b) 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) In our opinion and according to information and explanations given to us, having regard 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 the nature of its business with regard to purchases of inventories, fixed assets and with regard to the sale of goods and services. During the course of 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 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, the Company is regular in depositing with the appropriate authorities all 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 etc. where there is applicable. There are no arrears as at 31<sup>st</sup> 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's accumulated losses at the year end, i.e. as at March 31, 2012 is not more than fifty per cent of its net worth. Since the operational activity of the Company has not been commenced and hence no profit and loss account is prepared. Consequently no cash loss has been incurred during the financial year ended March 31, 2012 and in the immediately preceding financial year i.e. March 31, 2011..
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to the bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



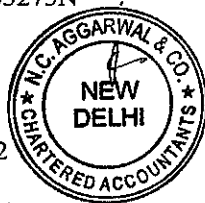
**N.C. AGGARWAL & CO.**  
**CHARTERED ACCOUNTANTS**

- (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 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) According to the information and explanation furnished to us, the term loan taken from bank have been applied for the purpose for which they were received, other than temporary deployment pending application.
- (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 year; 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.*

G. K. Aggarwal  
Partner  
Membership No. 086622  
New Delhi  
Date: 28<sup>th</sup> May, 2012



**Jindal Fittings Limited**  
**Balance Sheet as at 31st March, 2012**

Particulars		Note No	As at 31st March 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a)	Share Capital	1	500,000
(2)	Share Application money pending allotment	2	17,323,023
<b>(3) Non-current liabilities</b>			
(a)	Long-term provisions	3	223,854
<b>(4) Current liabilities</b>			
(a)	Trade payables	4	532,274
(b)	Other current liabilities	5	1,603,066
(c)	Short-term provisions	6	37,881
<b>Total Equity and Liabilities</b>			<b>20,220,098</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed Assets</b>			
(i)	Tangible assets		10,885,849
(ii)	Capital work-in-progress		8,047,565
<b>(2) Current assets</b>			
(a)	Cash and Cash Equivalents	8	984,701
(b)	Short-term loans and advances	9	(9,210)
(c)	Other current assets	10	311,194
<b>Total Assets</b>			<b>20,220,098</b>

See accompanying notes to the financial statements

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In terms of our report of even date annexed hereto

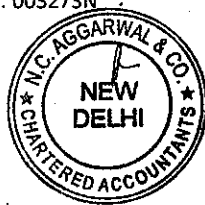
For N.C. AGGARWAL & CO.  
Chartered Accountants  
Firm Registration No. 003273N

  
G.K. AGGARWAL  
Partner

M.No.086622

Place: New Delhi

Dated: 28th May,2012



For and on behalf of the Board Of Directors of  
Jindal Fittings Limited

MANEESH KUMAR  
Director

RAJEEV BANSAL  
Director



Jindal Fittings Limited  
Cash Flow Statement for the Period ended March 31, 2012

For the Period ended  
March 31,  
2012

**A. CASH FLOW FROM OPERATING ACTIVITIES:**

Net Profit/(loss) Before Income taxes	-
Adjustment for:	
Depreciation	4,327
<b>Operating profit before working capital changes</b>	<b>4,327</b>
Adjustment for:	
Other current assets	(301,984)
Sundry Creditor	794,009
Current Liabilities	1,603,066
<b>Cash earned from operations</b>	<b>2,095,091</b>
Direct taxes paid	-
<b>Net cash earned from operating activities</b>	<b>2,099,418</b>

**B. CASH FLOW FROM INVESTING ACTIVITIES:**

Purchase of fixed assets(net)	(18,937,741)
<b>Net cash (used in) investing activities</b>	<b>(18,937,741)</b>

**C. CASH FLOW FROM FINANCING ACTIVITIES:**

Proceeds from Issue of Shares	500,000
Share Application money	17,323,023
<b>Net cash from financing activities</b>	<b>17,823,023</b>

<b>Net increase in cash and cash equivalents</b>	<b>984,701</b>
--	----------------

Cash and cash equivalents (opening balance)

-


Cash and cash equivalents (closing balance)

984,701

984,701

As per our report of even date

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

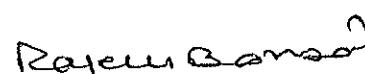
  
G.K.AGGARWAL  
Partner  
M.No.086622

Place: New Delhi  
Dated: 28th May, 2012



For and on behalf of the Board Of Directors of  
Jindal Fittings Limited

  
MANEESH KUMAR  
Director

  
RAJEEV BANSAL  
Director



# Jindal Fittings Limited

## Notes forming part of Balance sheet

	DESCRIPTION	As at 31st March 2012
<b>1</b>	<b>SHARE CAPITAL</b>	
(a)	<b>AUTHORISED SHARE CAPITAL</b> 2000000 Equity Shares of Rs.10/- each	20,000,000
(b)	<b>ISSUED CAPITAL, SUBSCRIBED AND FULLY PAID-UP</b> 50000 Equity Shares of Rs.10/- each	500,000
(c)	<b>RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR</b> Shares outstanding at the beginning of the year Add: Shares issued during the year	- 50,000
	<b>Shares outstanding at the end of the year</b>	<b>50,000</b>

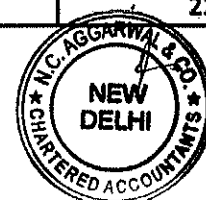
(e)	SHARE OF THE COMPANY HELD BY :-	No of Shares
	Jindal Saw Limited	25,500

(f)	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	
	Jindal Saw Limited	25,500	51.00	
	Aion Industries Pvt. Ltd.	17,000	34.00	
	Sigma Commercial Products Limited	7,500	15.00	
		<b>50,000</b>	<b>100.00</b>	

(g)	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.

<b>2</b>	<b>SHARE APPLICATION MONEY PENDING ALLOTMENT</b> (1732302 Equity shares to be issued at par of Rs.10/- till the end of next year. The Company has sufficient authorised capital to issue the shares )	<b>17,323,023</b>
----------	--	-------------------

	DESCRIPTION	As at 31st March 2012
<b>3</b>	<b>LONG TERM PROVISIONS</b> For Employee Benefits Gratuity (unfunded) Leave Encashment (unfunded)	45,979 177,875
	<b>Total Long Term Provisions</b>	<b>223,854</b>



**Jindal Fittings Limited****Notes forming part of Balance sheet**

	<b>DESCRIPTION</b>	<b>As at 31st March 2012</b>
<b>4</b>	<b>TRADE PAYABLES*</b>	
	Trade Payable	
	Dues to other than Micro and Small enterprises	532,274
	<b>Total Trade Payables</b>	<b>532,274</b>

\*There are no Micro and Small Enterprises, to whom the Company owes dues which are outstanding for more than 45 days as at 31st March 2012. This Information as Required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 has been Determined to the extent such Parties have been Identified

	<b>DESCRIPTION</b>	<b>As at 31st March 2012</b>
<b>5</b>	<b>OTHER CURRENT LIABILITIES</b>	
	Other Payables	
	Statutory Dues	293,427
	Due to Employees	545,518
	Others	764,121
	<b>Total Other Current Liabilities</b>	<b>1,603,066</b>

	<b>DESCRIPTION</b>	<b>As at 31st March 2012</b>
<b>6</b>	<b>SHORT TERM PROVISIONS</b>	
	For Employee Benefits	
	Gratuity (unfunded)	119
	Leave Encashment (unfunded)	37,762
	<b>Total Short Term Provisions</b>	<b>37,881</b>



**Jindal Fittings Limited**

**Notes forming part of Balance sheet and Statement of Profit and Loss**

**Note-7**

**Fixed Assets**

	(Amount in Rs.)					
	Gross Block		Accumulated Depreciation		Net Block	
Fixed Assets	Balance as at 1st April 2011	Balance as at 31st March 2012	Balance as at 1st April 2011	Depreciation charge for the year	Balance as at 31st March 2012	Balance as at 31st March 2011
<b>A</b>						
<b>Tangible Assets</b>						
Leasehold Land	-	9,931,180	-	-	9,931,180	-
Building	-	549,375	-	736	548,639	-
Furniture and Fixtures	-	15,412	-	580	14,832	-
Office equipment	-	10,000	-	97	9,903	-
Computers	-	384,209	-	2,915	381,294	-
<b>Total</b>	-	<b>10,890,176</b>	-	<b>4,327</b>	<b>10,885,849</b>	-
<b>B</b>						
<b>Capital Work in Progress</b>	-	8,047,565	-	-	8,047,565	-
<b>Total</b>	-	<b>8,047,565</b>	-	-	<b>8,047,565</b>	-



**Jindal Fittings Limited****Notes forming part of Balance sheet**

	<u>DESCRIPTION</u>	As at 31st March 2012
8	<b>Cash and Cash Equivalents</b>	
A.	<b>Cash and Cash Equivalents</b>	
	Balances with Banks	
	-In current Accounts	983,891
	Cash on Hand	810
	<b>Total Cash and Cash Equivalents</b>	<b>984,701</b>

	<u>DESCRIPTION</u>	As at 31st March 2012
9	<b>Short-term loans and advances</b>	
(A)	<b>Other</b>	
	Unsecured, Considered good	
	Advance to Employees	(9,210)
	<b>Total -Short Term Loans and Advances</b>	<b>(9,210)</b>

	<u>DESCRIPTION</u>	As at 31st March 2012
10	<b>Other Current Assets</b>	
(a)	Prepaid Expenses	19,354
(b)	Security Deposits	291,840
	<b>Total Other Current Assets (a+b)</b>	<b>311,194</b>



# JINDAL FITTINGS LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

### NOTE:11

#### 1. 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

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and attributable cost of bringing the asset to its working condition for its intended use. All revenue expenditure direct and indirect inclusive of borrowing costs incurred till the date of completion of the project is carried to the pre-operative expenditure.

##### (c) Foreign Exchange Transactions

Foreign currency transaction during the year recorded at the rate of exchange prevailing at the date of transaction. Current assets, loan other than for financing fixed assets and current liabilities in foreign currency, outstanding at the year end are translated at the rate of exchange prevailing at the close of the year and resultant gains/losses are recognized in profit and loss account of the year except (a) in cases where they are covered by specific forward foreign exchange contracts in which cases these are translated at contracted rate of exchange and resultant gains/losses recognized in profit and loss account over the life of contract.

Gain or loss on reinstatement on the forward exchange transaction or on cancellation of forward exchange contracts, if any, is reflected in the profit and loss account.

##### (d) Retirement Benefits

(i) Liabilities in respect of gratuity to the employees are accounted for on for on actuarial valuation basis as per determined at the Year end.

(ii) Liabilities in respect of accumulated earn leaves to the credit of employees are accounted for on actuarial valuation basis as per determined at the year end.

##### (f) Taxation

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

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

#### 2. Related Parties Transactions

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

###### Holding Company

Jindal Saw Limited ( Direct Holding)

###### Fellow Subsidiary Companies

- Jindal ITF Limited
- JITF Water Infrastructure Limited
- JITF Urban Infrastructure Services Limited
- JITF Urban Infrastructure Limited
- JITF Shipyard Limited
- Jindal Rail Infrastructure Limited
- JITF Infralogistics Limited
- Jindal Intellicom Limited
- JITF ESIPL CETP (Sitarganj) Limited
- Timarpur-Okhla Waste Management Company Private Limited
- JITF Water Infra (Naya Raipur) Limited
- JITF Coal Logistics Limited
- Jindal ITF Kobelco Eco Limited
- JITF Global Water Holding Pte. Ltd



**JINDAL FITTINGS LIMITED**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**  
**NOTE:11**

- JITF Water Infra (Rajkot) Limited
- JITF Urban Waste Management (Bathinda ) Limited
- JITF Urban Waste Management (Ferozepur ) Limited
- JITF Urban Waste Management (Jalandhar ) Limited
- JITF Manila Water Dev. Company Limited
- IUP Jindal Metals & Alloys Limited
- SV Trading Limited
- Jindal Saw USA, LLC
- Jindal Saw Holding FZE
- Jindal Saw Middle East FZC
- Jindal Saw Gulf LLC
- Intellicom Insurance Advisors Limited
- Ralael Holding Limited
- Jindal Saw Italia S.P.A
- Quality Iron & steel Ltd.
- Green Ray Holdings
- Derwant Sand SARL

**Key Management Personnel**

1. MR. RAJEEV BANSAL
2. MR. MANEESH KUMAR

3.

**Pre operative expenses Pending allocation**

<b>Detail of Pre-operative Expenses</b>	<b>AS AT 31.03.2012 Rs.</b>
<b>Opening Balance</b>	-
Legal & Professional	20,15,754
Travelling and Conveyance Exp.	9,80,041
Workman & Staff Welfare	8,380
Depreciation	4,228
Rates and Taxes	60,810
Rent	2,00,646
Salary, Wages & Other Benefits	31,02,810
Audit Fees	20,225
Bank Charges	5,090
Power and Fuel	2,630
Miscellaneous Expenses	11,57,618
<b>Total</b>	<b>75,58,332</b>



**JINDAL FITTINGS LIMITED**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**  
**NOTE:11**

- 4 The disclosure regarding employee benefits as per AS-15 on "Employee Benefits" (Revised 2005) are as under:-

**Defined Contribution Plan:**

Company's contribution to Provident Fund Rs. 165770/-

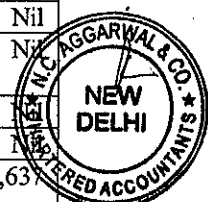
**Defined Benefits Plan:**

**Gratuity and leave encashment**

Actuarial Assumptions	Gratuity (Funded)	Leave Encashment (Non-Funded)
	Current Year	Current Year
Discount Rate (per annum)	0.1000	0.1000
Future salary increase	0.0875	0.0875
Expect return on plan assets	0.1050	0.1050
Mortality rate	LIC (1994-96) Ultimate Mortality Table	LIC (1994-96) Ultimate Mortality Table

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Reconciliation of present value of obligation	Gratuity (Funded)	Leave Encashment (Non-Funded)
	Current Year	Current Year
	(Amount in Rs.)	(Amount in Rs.)
Present value of Gratuity obligation at the beginning of the Year	Nil	Nil
Current Service Cost	46,098	2,15,637
Interest Cost	Nil	Nil
Past Service Cost	Nil	Nil
Actuarial (gain)/ loss	Nil	Nil
Benefits paid	Nil	Nil
Present value of obligation at the end of the Year	46,098	2,15,637
Net (Asset)/Liability recognized in the Balance Sheet as at Year end	Gratuity (Funded)	Leave Encashment (Non-Funded)
	(Amount in Rs.)	(Amount in Rs.)
Present value of obligation at the end of the Year	46,098	2,15,637
Fair value of plan assets at end of the Year	Nil	Nil
Funded Status/Difference	(46,098)	(2,15,637)
Excess of actual over estimated	Nil	Nil
Net present value of funded obligation recognized as (asset)/liability in the Balance Sheet	(46,098)	(2,15,637)
Expenses recognised in the Profit and Loss Account	Gratuity (Funded)	Leave Encashment (Non-Funded)
	(Amount in Rs.)	(Amount in Rs.)
Current Service Cost	46,098	2,15,637
Interest Cost	Nil	Nil
Actual return on plan assets	Nil	Nil
Actuarial (gain)/loss recognised in the year	Nil	Nil
Past Service Cost	Nil	Nil
Benefit Paid	Nil	Nil
Total expenses recognised in the Profit and Loss Account for the Year	46,098	2,15,637



**JINDAL FITTINGS LIMITED**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**  
**NOTE:11**

5. Since this is the first year of incorporation of company (12<sup>th</sup> May, 2011) Hence, there are no previous year figures.  
The Company has not yet commenced operations, hence there is no Profit and Loss Account.

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: 28<sup>th</sup> May, 2012

For and on behalf of the Board of Directors of  
Jindal Fittings Limited



**MANEESH KUMAR**  
Director

**RAJEEV BANSAL**  
Director

