

**32ND**

**ANNUAL REPORT  
2006-2007**

**QUALITY SYNTHETIC INDUSTRIES  
LIMITED**

# QUALITY SYNTHETIC INDUSTRIES LIMITED

## Notice

Notice is hereby given that the 32nd Annual General Meeting of the Members of Quality Synthetic Industries Limited will be held on Saturday the 25<sup>th</sup> August, 2007 at 2.30 P.M. at the Registered Office of the Company at Anand Jyoti Building, Room No. 107, 1<sup>st</sup> Floor, 41, Netaji Subhas Road, Kolkata-700 001 to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Accounts and Balance Sheet for the year ended 31<sup>st</sup> March, 2007 and the Reports of the Directors and Auditors thereon.
2. To appoint director in place of Shri O. P. Bhardwaj, who retires under Article 134 of the Articles of Association of the Company and, being eligible, offers himself for re-appointment.
3. To appoint Auditors for the current year and fix their remuneration.

### SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification, if any, the following Resolution :-

As an Ordinary Resolution

"Resolved that Shri Preet Saraf, who vacates office as an Additional Director under Section 260 of the Companies Act, 1956 at this meeting be and is hereby appointed director of the company whose period of office will be liable to determination by retirement of directors by rotation."

By Order of the Board  
Quality Synthetic Industries Ltd.

- SD -

Akhil Kumar Sureka  
Managing Director

Room No.107, 1<sup>st</sup> Floor,  
Anand Jyoti Building,  
41, Netaji Subhas Road,  
Kolkata - 700 001

Date: 24<sup>th</sup> July, 2007

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself. The proxy need not be a member of the Company. A Proxy form is attached herewith.
2. The Register of members and share transfer books of the Company will remain closed from Tuesday the 21<sup>st</sup> August, 2007 to Saturday the 25<sup>th</sup> August, 2007. (both days inclusive)
3. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is attached.

## EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act 1956, attached to the notice dated 24<sup>th</sup> July, 2007 convening the 32nd Annual General Meeting)

### Special Business :-

#### Ordinary Resolution

Shri Puneet Saraf was appointed as an Additional Director of the company on 20<sup>th</sup> February, 2007 under Section 260 of the Companies Act, 1956 and he holds office till this Annual General Meeting but is eligible for re-appointment. The company has received notice alongwith a deposit of Rs.500/- as required under Section 257 of the Companies Act, 1956, from a member notifying his intention proposing candidature of Shri Puneet Saraf for the office of the director.

A brief resume of Shri Puneet Saraf as required under Clause 49 (vi) (A) of the Listing Agreement is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The directors recommend the appointment of Shri Puneet Saraf as director of the company. Except Shri Puneet Saraf, no other director is interested or concerned in the Resolution.

By Order of the Board  
Quality Synthetic Industries Ltd.

Room No. 107, 1<sup>st</sup> Floor,  
Anand Jyoti Building,  
41, Netaji Subhas Road,  
Kolkata - 700 001

Date: 24<sup>th</sup> July, 2007

- S.D. -

( Akhil Kumar Sursika )  
Managing Director

## QUALITY SYNTHETIC INDUSTRIES LIMITED

### REPORT OF DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY

Your Directors have the pleasure in presenting the 32nd Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2007.

#### FINANCIAL RESULTS

	Rs. in Lacs	
	2006 - 07	2005 - 06
Gross Sales & Other Income	3277.21	1153.13
Gross Profit before Depreciation	221.99	204.53
Less : Depreciation	4.25	3.20
<b>Profit before Tax</b>	<b>217.74</b>	<b>201.33</b>
<b>Less: Provision for Income Tax: Current Year</b>	<b>2.20</b>	<b>24.00</b>
Fringe Benefit Tax	0.07	0.08
Add:- Adjustment for Deferred Tax Assets	1.40	32.53
<b>Profit after Tax</b>	<b>216.88</b>	<b>209.77</b>
<b>Profit Available for Appropriation</b>	<b>216.88</b>	<b>209.77</b>
Transferred to RBI Reserve	45.00	45.00
Transferred to General Reserve	171.88	164.77

#### DIVIDEND

In order to conserve the financial resources of the Company, the Directors have not recommended any dividend for the year under review.

#### FIXED DEPOSITS

The company has not accepted any deposits from public and is not, therefore, required to furnish information in respect of outstanding Deposits as required under Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1988.

#### DIRECTORS

In pursuance of Article 114 of the Articles of Association of the Company, Shri O.P. Bhardwaj retires by rotation and, being eligible, offers himself for re-appointment.

After the conclusion of the 31st Annual General Meeting, Shri Puneet Saraf was appointed as Additional Director who would act as Additional Director till the ensuing Annual General Meeting wherein a resolution for his appointment as director would be placed for which a notice from a shareholder has been received.

Sarvashri V. K. Sureka and K. M. Pai ceased to be directors of the company w.e.f. 20<sup>th</sup> February, 2007 and the Board of Directors do place on record their appreciation for the valuable services rendered by them during their tenure.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required Under Section 217(2AA) of the Companies Act, 1956, it is hereby affirmed that:-

- a) in preparation of annual accounts, all applicable accounting standards have been followed.
- b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under report and of the profit and loss of the Company for that period.
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the annual accounts on a going concern basis.

### **MANAGEMENT DISCUSSION & ANALYSIS**

A Public Limited Company in the name of Quality Investments Limited was got incorporated on 5<sup>th</sup> April, 1975 with registration certificate issued by the Registrar of Companies West Bengal vide Registration Certificate No.29956 of 1975 with seven subscribers to the Memorandum of Association with the object of financing business. The Certificate of commencement of business was also granted by ROC to the company on 5<sup>th</sup> May, 1975. Subsequently, the name of the company was changed to Quality Synthetic Industries Limited and a fresh Certificate of Incorporation was obtained on 8<sup>th</sup> March, 1988 with the object of taking up the business of financing and manufacturing.

The Company is a non-banking financial Company and was got registered with the Reserve Bank of India on 23.03.1998.

The Company is listed on Calcutta Stock Exchange and Delhi Stock Exchange and the quoted price at Calcutta Stock Exchange was of Rs. 134.80 as on 31-03-2007.

The Company has started the business of real estate to purchase and sell the land and with this end in view, the Company has made an agreement to purchase the land. In this way, the company has diversified its activities from financing to development of real estate business.

It is a cash rich company and has earned substantial profits during the last three years. The management is hopeful that diversification in the real estate business will increase its profits substantially.

The recent growth in capital markets is expected to substantially enhance the value of the company's investment activity and its bottleneck/projects.

### **RISKS & CONCERNS**

At Quality Synthetic Industries Limited, all key functions and divisions are independently responsible to monitor risk associated within their respective areas of operation such as financing and real estate. Financing and real estate businesses are subject to change of the Government policies.

### **AUDITORS**

M/s. Salarpuria & Partners, Chartered Accountants, who retire at the conclusion of this Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Directors recommend that they may be re-appointed as Auditors of the Company for the Financial Year 2007-2008 on such remuneration as is fixed by the Shareholders.

Auditors' observations are explained in various notes on the Accounts and therefore do not call for any further comments.

### **CORPORATE GOVERNANCE**

A detailed Report on Corporate Governance is given in Annexure-A to this report. The Auditors' Certificate relating to compliance of the conditions of Corporate Governance, as stipulated in clause-49 of the Listing Agreement with the Calcutta Stock Exchange where the shares of the Company are listed, is also enclosed.

### **FOREIGN EXCHANGE EARNINGS AND OUT GO**

		Rs. in Lacs	
		2006 - 07	2005 - 06
a)	F.O.B. Value of Exports	Nil	Nil
b)	Earning in Foreign Exchange	Nil	Nil
c)	Foreign Exchange out go - Traveling	Nil	Nil

### **CONSERVATION OF ENERGY**

As the products manufactured by the Company do not fall in the list of industries announced by the Government of India, the information required to be furnished in the prescribed Form 'A' is not required to be given and as such the same is not furnished herewith.

## TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT

Particulars of Technology Absorption  
Research and Development in Form 'B'

Nil

### EMPLOYEES

As there have been no employees during the year under review who were paid remuneration of Rs. 24,00,000 per annum or more, if employed through out the year or Rs. 2,00,000/- per month and more, if employed for the part of the year, the information as required Under Section 217 (2A) of the Companies Act 1956 is thus not called for.

### ACKNOWLEDGEMENT

Your Directors wish to express their gratitude to the Banks, Employees as well as customers for their timely help in smooth functioning of your Company. Your Directors also extend their thanks to all the Shareholders of the Company for their trust and confidence in the Board of Directors of the Company.

By order of the Board of Directors  
QUALITY SYNTHETIC INDUSTRIES LIMITED

- SD -  
(A.K.SUREKA)  
MG. DIRECTOR

- SD -  
(YOGESH MATHUR)  
DIRECTOR

- SD -  
(O.P.BHARDWAJ)  
DIRECTOR

Room No. 107, 1<sup>st</sup> Floor,  
Anand Jyoti Building,  
41, Netaji Subhas Road,  
KOLKATA - 700 001

Dated : 24<sup>th</sup> July, 2007

# QUALITY SYNTHETIC INDUSTRIES LIMITED

## REPORT ON CORPORATE GOVERNANCE

### 1. The Company's Philosophy on Corporate Governance

The Board of Directors and Management believe in adopting and practicing principles of good Corporate Governance with a view to:-

- Safeguard shareholders' interest through sound business decisions, prudent financial management and high standard of business ethics; and
- Achieve transparency, accountability and integrity in the dealings and transactions of the Company.

### 2. Board of Directors

#### (i) Composition:-

The Board of Directors comprises of five Directors as under:-

S.No.	Name of Director	Brief Particulars	Category
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#### Promoter Group

1.	Shri A. K. Sureka	He is in business having 9 years' working experience in Steel Industry and joined the Board as Promoter Director w.e.f. 1st December, 2003.	Managing Director
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#### Independent

2.	Shri Anand Gupta	He is in business having 39 years' working experience in Steel Industry and joined the Board as an independent Director w.o.f. 1st March, 1979.	Non-executive
3.	Shri O. P. Bhardwaj	He is B.Com. (Honours) and having 26 years' working experience in the Pipe Industry. He joined the Board as an independent Director w.e.f. 1 <sup>st</sup> December, 2003.	Non-executive
4.	Shri Puneet Surti	He is B.Com.(Honours) and is in service having 7 years' working experience in Textile Industry and joined the Board as an independent Director w.e.f. 20 <sup>th</sup> February, 2007.	Non-executive
5.	Shri Yogesh Mathur	He is M.Com. and is in service having 18 years' working experience in LPG Cylinders manufacturing Plant and joined the Board as an independent Director w.e.f. 10 <sup>th</sup> December, 2005.	Non-executive

#### (ii) Board Meetings and attendance:-

Fifteen Board Meetings were held during the financial year ended on 31<sup>st</sup> March, 2007 and the gap between two Board Meetings did not exceed four months.

The dates on which Board meetings were held are as follows:-

S.No.	Date of Meeting	Board Strength	Nos. Of Directors Present
01.	07.04.2006	6	3
02.	19.04.2006	6	3
03.	30.06.2006	6	3
04.	06.07.2006	6	3
05.	31.07.2006	6	3
06.	10.08.2006	6	3
07.	08.09.2006	6	3
08.	30.09.2006	6	3
09.	06.10.2006	6	3
10.	30.10.2006	6	3
11.	29.11.2006	6	3
12.	16.12.2006	6	3
13.	04.01.2007	6	2
14.	31.01.2007	6	4
15.	20.02.2007	5	3

(iii) Attendance of each Director at the Board meetings and last Annual General Meeting (AGM) and the number of Companies and committees where he is Director/Member:-

Name of Director	Category of Directorship	Number of Board Meetings Attended	Attendance at the last AGM held on 18.09.2006	Number of Directorships in other Public Limited Companies	Number of Committee positions held in other Companies
Shri A. K. Sureka	Executive	7	No	2	-
*Shri V.K. Sureka	Executive	5	No	3	-
Shri Anand Gupta	Non-Executive	2	No	-	-
Shri O.P. Bhardwaj	Non-Executive	15	Yes	2	2
*Shri K.M. Pai	Non-Executive	9	No	3	4
Shri Yogesh Mathur	Non-Executive	7	No	4	3
**Shri Puneet Saraf	Non-Executive	-	N.A.	2	3

\* Ceased to be director w.e.f. 20<sup>th</sup> February, 2007

\*\* Appointed director w.e.f. 20<sup>th</sup> February, 2007.

### 3. Audit Committee

The Audit Committee was constituted in accordance with the code of Corporate Governance which presently consists of three non-executive Directors namely Shri O. P. Bhardwaj, Shri Yogesh Mathur and Shri Puneet Saraf w.e.f. 20.02.2007 on cessation of Shri K. M. Pai as director, with Shri O. P. Bhardwaj as its Chairman.

(i) The terms of reference of the Audit Committee are as per the guidelines set out in clause no. 49 of the Listing agreement with the Calcutta Stock Exchange where the shares of the Company are listed.

(ii) The Audit Committee had Five Meetings during the financial year 2006-07 ended on 31<sup>st</sup> March, 2007 as per details thereof and the names of Directors who attended the said meetings, are as here-under:-

Details of the Audit Committee Meetings held during the financial year 2006-07 and attended by the Directors:-

Date of Meeting held	30.06.2006	31.07.2006	10.08.2006	30.10.2006	31.01.2007
Name of Director					
Shri O.P. Bhardwaj	Yes.	Yes.	Yes.	Yes.	Yes.
*Shri K.M. Pai	Yes.	Yes.	Yes.	Yes.	Yes.
Shri Yogesh Mathur	No	Yes.	Yes.	Yes.	Yes.
**Shri Puneet Saraf	N.A.	N.A.	N.A.	N.A.	N.A.

\* Ceased to be member w.e.f. 20.02.2007

\*\* Appointed as member w.e.f. 20.02.2007

#### 4. Remuneration Committee

The Board has not constituted a Remuneration Committee as it is not mandatory. The same will be constituted as and when the need will arise.

#### 5. Remuneration Policy

Sitting fees of Rs. 250/- for attending Board Meetings is paid to each of the Directors, who are not paid any remuneration.

Since Shri A.K. Sureka opted to be an Honorary Managing Director, no remuneration was paid to him during the financial year 2006-07 ended on 31<sup>st</sup> March, 2007.

(i) Sitting fees paid to Directors for meetings of the Board:-

Name of Director	Amount (Rupees)
Shri A.K. Sureka	1750/-
Shri V.K. Sureka	1250/-
Shri Anand Gupta	500/-
Shri O.P. Bhardwaj	1750/-
Shri K.M. Pai	2250/-
Shri Yogesh Mahur	1750/-
Total	11250/-

#### 6. Code of Conduct for the Directors & Senior Managerial Personnel

In compliance to the provisions of Clause 49 of the Listing Agreement, the Board has laid down a code of conduct for all the Board Members and Senior Managerial Personnel and all Board Members and Senior Managerial Personnel have affirmed compliance of code of conduct as on 31<sup>st</sup> March, 2007 and a declaration to that effect duly signed by the Managing Director is attached and forms part of this report.

#### 7. Investors' / Shareholders' Grievance Committee

This Committee, was constituted on 1<sup>st</sup> December, 2003, with a view to redress shareholders'/investors' complaints etc. relating to delay in transfer of shares, demat, non-receipt of annual accounts, delays in balance sheet, split, duplicate, transmission, etc. of the shares issued by the Company. This Committee consisted of two Non-executive Directors namely Shri K.M. Pai and Shri O.P. Bhardwaj with Shri K.M. Pai as Chairman till 20<sup>th</sup> February, 2007 as Shri Puneet Saraf took over from Shri K.M. Pai on that date.

Shri V.K. Sureka was nominated as the Compliance Officer.

Number of pending transfers	Nil
Number of Shareholders' Complaints received	Nil
Number of Complaints not solved.	Nil

#### 8. General Body Meetings

Details of Location and time of holding of last three Annual General Meetings:

AGM for the Financial Year Ended	Venue	Date	Time
2003-2004 29 <sup>th</sup> AGM	12, Dr.U.N.Brahmachari Street, Kolkata - 700 016.	30.09.2004	11.00 A.M.
2004-2005 30 <sup>th</sup> AGM	12, Dr.U.N.Brahmachari Street, Kolkata - 700 016.	29.09.2005	11.00 A.M.
2005-2006 31 <sup>st</sup> AGM	Room No. 107, 1 <sup>st</sup> Floor, Anand Jyoti Building, 41, Neraji Subhas Road, Kolkata- 700001	18.09.2006	11.30 A.M.

## 9. Brief Resume of Directors seeking re-appointment

### (i) Shri O. P. Bhardwaj:-

Shri O. P. Bhardwaj is B. Com.(Honours) and having 26 years' working experience in the Steel Industry. He was appointed as a Director of the Company on 1<sup>st</sup> December, 2003. He is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

### (ii) Shri Puneet Saraf:-

Shri Puneet Saraf is B. Com (Honours) and having 7 years working experience in Textile Industry. He was appointed as Additional Director on 20.02.2007 by the Board of Directors under the provisions of Article No. 119 of the Articles of Association of the company. Being an additional director, he holds office upto the date of the Annual General Meeting. The company has received a notice u/s 257 of the Companies Act, 1956 from a member, proposing his name as a director of the company.

## 10. Disclosure

### (a) Materially Significant related party transactions

During the period, no transaction of material nature had been entered into by the Company with the management or their relatives that may have potential conflict with the interests of the Company.

### (b) Details of non-compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There was no instance of penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority as well as non-compliance of any matter related to the Capital Markets during the last three years.

## 11. Means of Communication

The quarterly, half yearly and yearly results are published in English in widely circulating "The Financial Express" and in Bengali in "Kalantar" from Kolkata.

## 12. General Shareholder information

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• AGM: Date, Time & Venue	12 <sup>th</sup> AGM to be held on 25 <sup>th</sup> August, 2007 at 2.30 P.M. at Room No. 107, 1 <sup>st</sup> Floor, Anand Jyoti Building, 41, Netaji Subhas Road, Kolkata - 700 001.
• Financial Calendar (Tentative)	
Results for the quarter ending June 30, 2007	31 <sup>st</sup> Day of July, 2007
Results for the quarter ending September 30, 2007	Last week of October, 2007
Results for the quarter ending December 31, 2007	Last week of January, 2008
Results for the quarter ending March 31, 2008	Last week of April, 2008
• Date of Book Closure	21 <sup>st</sup> August, 2007 to 25 <sup>th</sup> August, 2007 (both days inclusive)
• Stock Code - Physical Domat. ISIN Number for NSDL and CDSL.	27005 on Calcutta Stock Exchange INE062F01011
• High/Low of Market price of the Company's	The Shares were traded during the Financial Year

Shares traded on the Stock Exchange during the financial year ended 31<sup>st</sup> March, 2007.

2005-2006 as per transactions on Calcutta Stock Exchange at Rs. 134.70 being the lowest price and Rs. 155.45 being the highest price respectively.

• Registrar & Transfer Agents

M/s MCMC Share Registry Pvt. Ltd.  
1515, (1<sup>st</sup> Floor), Bhishm Piranab Marg,  
Korla Mubarakpur, Near South Extension,  
New Delhi - 110 049.  
Phone No. 24692346, 24601017  
Fax No. 24692345, 22156821

• Share Transfer System

All the transfers received are processed by the Registrar and Share Transfer Agent. Share Transfers are registered and returned within maximum of 30 days from the date of lodgment if documents are complete in all respect. In case the Shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.

• Share holding pattern as on 31.03.2007

Category	Nos. of Shares	Percentage
Promoters	14,74,965	26.82
Persons acting in concert	-	-
Mutual Funds & UTI	-	-
Banks, Financial Institution & Insurance Companies	-	-
FII's	-	-
Private Corporate Bodies	28,72,680	52.23
Indian Public	11,52,355	20.95
NRI's/OCBs	-	-
<b>Total</b>	<b>55,00,000</b>	<b>100.00</b>

• Distribution of shareholding as on 31<sup>st</sup> March, 2007

NO. OF SHARES FROM - TO	FOLIO		AMOUNT	
	Number	% to Total	Rs.	% to Total
(1)	(2)	(3)	(4)	(5)
00001 - 00500	434	62.72	2,22,650	0.40
00501 - 01000	12	1.73	1,01,420	0.18
01001 - 02000	54	7.80	6,91,310	1.26
02001 - 03000	15	2.17	4,26,310	0.78
03001 - 04000	20	2.89	7,31,050	1.33
04001 - 05000	11	1.59	5,31,890	0.97
05001 - 10000	53	7.66	44,61,360	8.11
10001 to above	93	13.41	4,78,34,010	86.97
<b>Total</b>	<b>692</b>	<b>100.00</b>	<b>5,50,00,000</b>	<b>100.00</b>

# Salarpuria & Partners

CHARTERED ACCOUNTANTS

## ANNEXURE TO THE REPORT OF THE DIRECTORS CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

ANNEXURE-A

To the Shareholders of the **Quality Synthetic Industries Limited**.

We have examined the compliance of conditions of Corporate Governance by **Quality Synthetic Industries Limited** for the period ended on 31<sup>st</sup> March, 2007, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and in the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances is pending for a period exceeding one month against the company as per the records maintained by the Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR SALARPURIA & PARTNERS  
CHARTERED ACCOUNTANTS

- SD -

(KAMAL KUMAR GUPTA)  
PARTNER

PLACE : NEW DELHI  
DATED : 30<sup>th</sup> June, 2007

**SALARPURIA & PARTNERS**  
**CHARTERED ACCOUNTANTS**

**AUDITOR'S REPORT**

1. We have audited the attached Balance Sheet of Quality Synthetics Industries Limited as at 31<sup>st</sup> March, 2007 and the related Profit and 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.
2. We have 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the Books and records of the company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report 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 31<sup>st</sup> March, 2007, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

# SALARPURIA & PARTNERS

## CHARTERED ACCOUNTANTS

(vi) In our opinion and to the best of our information and according to the explanation given to us, the said financial statements together with the Notes thereon appearing in Schedule - 15 attached to the Balance Sheet give in the prescribed manner the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2007,
- (b) in the case of Profit and Loss Account, of the Profit for the year ended on that date, and
- (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For SALARPURIA & PARTNERS  
CHARTERED ACCOUNTANTS

Place: 1008, Chiranjiv Tower  
43, Nehru Place,  
New Delhi-110019

Date: 30<sup>th</sup> June, 2007

- SD -  
(KAMAL KUMAR GUPTA)  
PARTNER  
M. No. 89190

# SALARPURIA & PARTNERS

## CHARTERED ACCOUNTANTS

### ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph (3) of our report of even date)

- i.
  - a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. As informed, no material discrepancies were noticed on such verification.
  - c. During the year, the Company has disposed off Fixed assets of its Sikandrabad Unit.
- ii.
  - a. The inventories of the company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the Company.
- iii.
  - a. The Company has given loan to 5 (Five) parties covered under the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2248.28 Lacs and the balance outstanding at the close of the year is Rs. 706.26 Lacs.
  - b. In our opinion the rate of interest, wherever applicable and other terms and conditions of such loans given by the company are prima facie not prejudicial to the interests of the company.
  - c. The loans given are recovered as stipulated.
  - d. There is no over due amount of loans given to companies, firms or other parties listed in the register maintained U/s.301 of the Companies Act, 1956.
  - e. The Company has taken unsecured loans from one party covered under the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1155.69 Lacs and the balance outstanding at the close of the year is Nil.
  - f. In our opinion the rate of interest, wherever applicable and other terms and conditions of unsecured loans taken by the company are prima facie not prejudicial to the interests of the company.
  - g. The company is regular in repayment of loans & interest thereon wherever applicable.

# SALARPURIA & PARTNERS

## CHARTERED ACCOUNTANTS

- 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 for the purchases of inventory, fixed assets and for the sale of goods & services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
- v. a. According to the information and explanations given to us, the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- vii. In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government of India has not prescribed the maintenance of Cost Records under Clause (d) of Sub-Section (1) of the Section 209 of the Companies Act, 1956.
- ix. a. Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth tax, Customs Duty, Excise Duty, Service Tax and cess have generally been regularly deposited with the appropriate authorities though there has been slight delay in few cases. Except Interest Tax dues amounting to Rs.86,304 which have not been paid till date.
- b. As at 31<sup>st</sup> March, 2007, according to the records of the Company, there are no disputed dues on account of sales tax, income tax, custom duty, wealth tax, excise duty, Service Tax and cess that have not been deposited at the close of the year under report. Except Deferred Credit Under UP Trade Tax shown as unsecured Loan Rs.46.16 Lacs.
- x. The Company has no accumulated losses as at 31<sup>st</sup> March, 2007 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given by management, we are of the opinion that the company has not defaulted in repayment of its dues to any financial institution, bank during the year.

# SALARPURIA & PARTNERS

## CHARTERED ACCOUNTANTS

- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute for Chit Fund and Nidhi Companies as specified under clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- xiv. In respect of dealing/trading in shares, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares and other securities have been held by the Company in its own risk.
- xv. According to the information and explanations given to us, keeping in view the strategic investments the guarantees given by the company for loan taken by others from any Bank or Financial Institutions are prima-facie not prejudicial to the interests of the company.
- xvi. The Company has not taken any term loan during the year.
- xvii. Based on 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 a short term basis which have been used 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 parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report.
- xx. During the period covered by our audit report, the Company has not raised any money by public issue.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For SALARPURIA & PARTNERS  
CHARTERED ACCOUNTANTS

- S.D. -

(KAMAL KUMAR GUPTA)  
PARTNER  
M. No. 89190

1008, Chiranjiv Tower  
43, Nehru Place  
New Delhi-110019  
Date : 30<sup>th</sup> June, 2007

## BALANCE SHEET AS AT 31ST MARCH 2007

	Schedule s	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDER'S FUNDS:</b>			
Share Capital	1	55,000,000	55,000,000
Reserves and Surplus	2	<u>204,290,977</u>	<u>182,803,436</u>
		259,290,977	237,803,436
<b>LOANS FUNDS:</b>			
Secured Loans	3	2,812,179	-
Unsecured Loans		<u>4,616,113</u>	<u>4,818,113</u>
		7,428,292	
		<u>266,719,269</u>	<u>242,219,549</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	10,930,647	8,321,647
Less: Depreciation Net Block		<u>3,426,311</u>	<u>5,001,214</u>
		7,504,336	5,320,633
<b>INVESTMENTS</b>			
	5		87,522,690
		117,286,063	
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>			
Inventories	6	14,897,276	19,443,909
Sundry Debtors		28,036,737	25,308,220
Cash & Bank Balances		14,570,255	9,511,932
Loans & Advances		<u>110,109,539</u>	<u>142,108,229</u>
		167,613,807	156,472,290
Less:			
<b>CURRENT LIABILITIES &amp; PROVISIONS:</b>			
Current Liabilities	7	23,064,351	54,066,922
Provisions		<u>1,436,889</u>	<u>3,615,669</u>
		24,501,240	57,682,591
<b>NET CURRENT ASSETS</b>		141,213,789	138,769,699
<b>MISCELLANEOUS EXPENDITURE</b>			
Deferred Tax Assets (Net)	8	56,620	70,775
		658,262	515,782
		<u>266,719,269</u>	<u>242,219,549</u>
<b>ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>	15	(0)	

Schedules referred herein above form an integral part of the Balance Sheet.

As per our report attached,  
For Salarpuris & Partners  
Chartered Accountants

-SD-

(KAMAL KUMAR GUPTA)  
PARTNER  
M.No. 89190  
Place : New Delhi  
Date : 30th June, 2007

-SD-

(A. K. SUREKA)  
MANAGING DIRECTOR

-SD-

(YOGESH MATHUR)  
DIRECTOR

-SD-

(O. P. BHARDWAJ)  
DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007

	Year Ended 31st March, 2007	Year Ended 31st March, 2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and extraordinary items	21,774,206	20,132,572
Adjustment for:		
Depreciation	425,097	320,023
Profit on Sale of Investments	1,575,544	-
Profit on Sale of Fixed Assets	-	(3,899,069)
Interest	2,353,750	208,450
<b>Operating Profit before Working Capital Changes</b>	<b>26,128,596</b>	<b>16,761,976</b>
Adjustments for:		
Trade and other receivables	31,937,824	(61,584,883)
Inventories	4,546,632	54,090,895
Trade payable	(31,002,571)	53,558,917
<b>CASH GENERATED FROM OPERATIONS</b>	<b>31,610,480</b>	<b>62,824,905</b>
Interest paid	(2,353,750)	(208,450)
Interest received on Trade Deposit	(6,096,099)	(3,899,851)
Dividend received	(18,169,797)	(11,830,579)
Direct Tax paid (Net)	(2,803,991)	843,055
<b>CASH FLOW BEFORE EXTRA-ORDINARY ACTIVITIES</b>	<b>1,186,843</b>	<b>46,029,080</b>
Miscellaneous Expenditure written off	14,156	14,155
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,200,999</b>	<b>46,043,235</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,608,700)	-
Sales of Fixed Assets	-	21,348,940
Purchase / Sale of Investments	(19,765,703)	(76,300,004)
Interest Received	6,096,099	3,689,851
Dividend Received	18,169,797	11,830,579
<b>NET CASH FLOW FROM / USED IN INVESTING ACTIVITIES</b>	<b>2,891,494</b>	<b>(39,422,834)</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Borrowings	2,812,179	(1,770,010)
<b>NET CASH FLOW from FINANCING ACTIVITIES</b>	<b>2,812,179</b>	<b>(1,770,010)</b>
<b>INCREASE IN CASH OR CASH EQUIVALENTS (A+B+C)</b>	<b>6,904,671</b>	<b>6,850,591</b>
Cash and Cash Equivalents as at (Opening Balance)	9,611,932	2,761,341
Cash and Cash Equivalents as at (Closing Balance)	<b>14,670,255</b>	<b>9,611,932</b>

As per our report attached  
For **Salarpuria & Partners**  
Chartered Accountants

-SD-

(KAMAL KUMAR GUPTA)  
PARTNER  
M.No. 09190  
Date : 30th June, 2007

-SD-

(A. K. SUREKA)  
DIRECTOR

-SD-

(YOGESH MATHUR)  
DIRECTOR

-SD-

(O. P. BHARDWAJ)  
DIRECTOR

**QUALITY SYNTHETIC INDUSTRIES LTD.**

	As at 31st March, 2007	As at 31st March, 2006
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**SCHEDULE - 1 : SHARE CAPITAL**

	As at 31st March, 2007	As at 31st March, 2006
<b>AUTHORISED</b>		
5,500,000 (55,50,000) Equity Shares of Rs. 10/- each	<u>55,500,000</u>	<u>55,500,000</u>
<b>Issued, subscribed and paid up</b>		
5,500,000 (55,50,000) Equity Shares of Rs. 10/- each fully paid up in Cash	<u>55,000,000</u>	<u>55,000,000</u>
	<u>55,000,000</u>	<u>55,000,000</u>

**SCHEDULE - 2 : RESERVES & SURPLUS**

<b>GENERAL RESERVE</b>				
Balance brought forward	79,605,046		63,127,990	
Add: Transfer from Profit & Loss Account	<u>17,187,542</u>	<u>96,792,566</u>	<u>18,477,057</u>	79,605,047
<b>SHARE PREMIUM ACCOUNT</b>				
Balance brought forward		88,917,389		88,917,389
<b>RBI RESERVE FUND for NBFC</b>				
Balance brought forward	14,081,000		9,561,000	
Transfer from Profit & Loss Account	<u>4,500,000</u>	<u>18,581,000</u>	<u>4,500,000</u>	14,081,000
		<u>204,290,977</u>		<u>182,603,436</u>

**SCHEDULE - 3 : LOANS**

<b>Secured</b>			
From Life Insurance Corporation of India (Secured against Key man Policies taken by the Company and Personal guarantee of one of the Director )		2,649,250	-
Interest accrued & due		<u>182,929</u>	-
		<u>2,812,179</u>	-
<b>Unsecured</b>			
Deferred Uttar Pradesh Trade Tax		4,616,113	4,616,113
		<u>4,616,113</u>	<u>4,616,113</u>

QUALITY SYNTHETIC INDUSTRIES LTD.

SCHEDULE - 4: FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION WRITTEN OFF			NET BLOCK		
	AS ON 31.03.2007	ADDITIONS DURING THE YEAR	DURING THE YEAR	AS ON 31.03.2007	UP TO 31.03.2007	FOR THE YEAR	ADJUSTED ON SALES	UP TO 31.03.2007	AS ON 31.03.2007	AS ON 31.03.2007
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	30,000	-	-	30,000	-	-	-	30,000	30,000	30,000
OT-BEHAL HOUSE	354,137	-	-	354,137	11,313	-	-	342,824	193,251	1,77,371
OWNERSHIP DEED	2,00,000	2,00,000	-	4,00,000	2,500	-	-	3,97,500	1,73,000	2,24,500
FURNITURE & FIXTURES	17,100	-	-	17,100	2,415	-	-	14,685	8,200	6,485
CUTTER FOR REVENUE	22,000	-	-	22,000	18,750	-	-	3,250	3,250	-
COMPUTERS	24,200	-	-	24,200	8,501	-	-	15,699	8,701	16,300
AIR CONDIT CHESSE & FAN	112,000	-	-	112,000	2,300	-	-	109,700	48,300	61,400
VEHICLES	151,750	-	-	151,750	7,000	-	-	144,750	20,100	24,650
PIPE FITTING EQUIPMENTS	88,000	-	-	88,000	5,000	-	-	83,000	31,100	51,900
	8,821,847	7,911,700	(1,097,700)	15,635,847	62,007	(1,200,160)	(153,900)	15,421,847	7,984,206	7,437,641
	(1,00,000)	-	-	(1,00,000)	-	-	-	(1,00,000)	(1,00,000)	(1,00,000)
	8,721,847	7,911,700	(1,097,700)	15,535,847	62,007	(1,200,160)	(153,900)	15,321,847	7,884,206	7,337,641

Schedule - 5: INVESTMENTS - LONG TERM (AT COST)

NAME OF THE COMPANY	FACE VALUE	PAID UP VALUE	NUMBER OF SHARES		COST		ACQUIRED / UNACQUIRED
			AS ON 31.03.2007	AS ON 31.03.2006	AS ON 31.03.2007	AS ON 31.03.2006	
Rs.	Rs.	Rs.	Shs.	Shs.	Rs.	Rs.	
<b>SHARES AND SECURITIES:-</b>							
SARAJI METAL WORKS PRIVATE LIMITED	100	100	100	100	2,000,000	2,000,000	UNACQUIRED
AAK STEEL & ENERGY (INDIA) LTD.	100	100	100	100	10,000,000	10,000,000	UNACQUIRED
V. L. ESTATES PVT. LTD.	100	100	100	100	4,000,000	4,000,000	UNACQUIRED
HEALTH SPANTRYCO LIMITED	100	100	100	100	4,000,000	4,000,000	UNACQUIRED
SARINAKA V. V. & BIRAJARACHANDRA LTD.	100	100	100	100	1,000,000	8,910,458	UNACQUIRED
ACTIVATED STEEL & TUBES LTD.	100	100	100	100	16,500,000	16,500,000	UNACQUIRED
KUZYAND ENTERPRISES	100	100	100	100	38,833	38,833	UNACQUIRED
CONCRETE PRODUCTS PVT. LTD.	100	100	100	100	1,000,000	1,000,000	UNACQUIRED
VEE EM INFO CHEMIE LTD. LTD.	100	100	100	100	1,000,000	1,000,000	UNACQUIRED
<b>MUTUAL FUNDS:-</b>							
-SEBI CREDIT GUARANTEE					20,000,000	20,000,000	MUTUAL
INDIAN SECURITIES FUND					85,775,408	85,775,408	MUTUAL
SUNDARAM SELECT FUND					21,117,410	11,031,075	MUTUAL
SHANKAR APPLICATION MONEY					5,000,000	5,000,000	UNACQUIRED
TRIKSUN EQUITIES PVT. LIMITED					17,000,000	17,000,000	UNACQUIRED
BIHARU BANKY INVEST & SERVICES LTD.					317,200,000	317,200,000	UNACQUIRED
<b>Grand Total</b>					6,811,010	67,10,628	6,811,010

Market Value of Quoted Investments : Rs. 12,651,900  
 Book Value of Quoted Investments : Rs. 13,803,200

Market Value of Quoted Mutual Fund : Rs. 11,42,57,559  
 Book Value of Quoted Mutual Fund : Rs. 70,300,630

(Rs. 71,07,740)  
 (Rs. 62,28,061)

(Rs. 1,01,39,642)  
 (Rs. 6,06,11,000)

QUALITY SYNTHETIC INDUSTRIES LTD.

	As at 31st March, 2007	As at 31st March, 2006
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**SCHEDULE - 8 : CURRENT ASSETS, LOANS AND ADVANCES**

**A. CURRENT ASSETS**

**INVENTORIES**

(As per Inventory Statement, valued and certified by the Management)  
(As per Detail Statement attached)

14,897,278	19,448,938
<u>14,897,278</u>	<u>19,448,938</u>

**SUNDRY DEBTORS**

(Unsecured, considered good unless otherwise stated)  
Outstanding for more than six months  
- Considered Good

26,036,737	25,009,220
<u>26,036,737</u>	<u>25,009,220</u>

**CASH AND BANK BALANCES**

**Cash In Hand**

(as per Banks & Certified)

215,222	243,149
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**Balances with Scheduled Banks**

In Current Accounts

14,455,000	9,658,783
	270,000

In Margin Money Accounts

<u>14,670,255</u>	<u>9,911,632</u>
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**B. LOANS AND ADVANCES**

(Unsecured, considered good unless otherwise stated)

**Loans -**

- Considered Good

77,463,633	74,081,299
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- Considered Doubtful

340,000	340,000
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- Provision for Doubtful Loans

<u>(340,000)</u>	<u>(340,000)</u>	74,081,299
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**Advances -**

(Recoverable in Cash or in kind or for value to be received)

- For Capital Goods

29,733,181	65,539,746
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- To Others

<u>530</u>	<u>172,901</u>	65,711,647
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Foreign Bill Tax

700	1,351
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Securities Transaction Tax

69,452	69,452
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Income Tax Payments & Tax Deducted at Source

<u>2,189,665</u>	<u>2,259,895</u>	1,592,174	1,652,577
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Security & Other Deposits

852,400	652,400
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<u>110,109,339</u>	<u>142,109,225</u>
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<u>163,713,808</u>	<u>182,079,116</u>
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**SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS**

**A. CURRENT LIABILITIES**

**Sundry Creditors**

39,141	63,568
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Advances & Deposits

22,900,000	54,000,300
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Tax Deducted at Source

483,943	3,257
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Interest accrued but not paid on Loans

41,267	-
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<u>23,064,351</u>	<u>57,666,922</u>
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**B. PROVISIONS**

For Income Tax

1,349,365	8,529,365
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For Interest Tax

86,304	60,304
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<u>1,435,669</u>	<u>8,589,669</u>
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## PART OF SCHEDULE - 6 : DETAILS OF STOCK IN TRADE AS AT 31ST MARCH, 2007

NAME OF COMPANY	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
<b>A. QUOTED SHARES</b>								
Aravali Sec & Fin Ltd.	8,500	11,000	-	-	-	-	8,500	11,000
Adhuni Synthetics Ltd.	400	400	-	-	-	-	400	400
Bharti Tele venture Ltd.	500	170,000	-	-	500	218,120	-	-
Bharati In Ltd	16,500	28,350	-	-	-	-	16,500	28,350
Chamblo Fertilizers Ltd.	-	-	14,150	520,720	-	-	14,150	442,658
Escorts Ltd.	2,500	227,750	-	-	2,000	210,502	500	45,650
Global Foods Int.	200	1,000	-	-	-	-	200	1,000
Great East Shipping Ltd.	-	-	1,872	497,735	-	-	1,872	379,735
Great Offshore Ltd.	-	-	445	124,001	-	-	445	332,700
Gujrat Namada Valley Fert Ltd.	-	-	7,839	775,354	-	-	7,839	728,150
Indo Rama Synthetics (India) Ltd.	-	-	4,632	265,516	-	-	4,632	244,741
Infomedica Synthetics Ltd.	-	-	3,249	651,192	-	-	3,249	651,192
Jai Parabolic Spring Ltd.	-	-	8,305	260,507	-	-	8,305	185,052
Jai Prakash Associates Ltd.	3,000	608,054	500	206,772	1,500	657,271	2,000	828,814
Jelindre Steel & Tubes Ltd.	439,800	679,600	-	-	-	-	439,800	679,600
Kanheycin Synthetics Ltd.	94,400	1,170,560	-	-	-	-	94,400	1,170,560
Kollman Products Ltd.	-	-	652	337,638	-	-	652	337,638
Mauna Udyog Ltd.	326,000	1,141,000	78,750	275,625	-	-	404,750	1,214,250
Orrey Silk Mills Ltd.	65	183	-	-	-	-	65	183
Ranbaxy Laboratories Ltd.	1,250	509,500	-	-	-	-	1,250	440,750
Reliance Emergencies Ltd.	3	132	-	-	-	-	3	132
State Bank of India	500	436,250	-	-	500	481,848.06	-	-
Shree Ram Mills Ltd.	-	-	2,000	1,050,299	-	-	2,000	520,800
Tata (ex) Commercial Ltd.	110,400	170,640	-	-	-	-	110,400	170,640
Tata Chemicals Ltd.	-	-	12,082	2,495,231	-	-	12,082	2,495,231
Tata Investment Corporation Ltd.	-	-	3,640	1,445,630	-	-	3,640	1,445,630
United Paper Mills Ltd.	12,872	12,872	-	-	-	-	12,872	12,872
Western Spring India Ltd.	-	-	5,000	23,350	-	-	5,000	23,350
<b>STOCK-IN-TRADE WITH PORT FOLIO MANAGEMENT SCHEME</b>								
Am Granite Industries Ltd.	15,356	554,301	-	-	15,356	1,787,406	-	-
Chamblo Fertilizers Ltd.	14,150	515,340	-	-	14,150	520,720	-	-
Compucam Software Ltd.	4,244	295,154	3,408	252,817	7,800	508,187	-	-
Consolidated Financial Holdings Ltd.	9,324	385,387	-	-	9,324	241,000	-	-
Federal Bank Ltd.	1,572	281,503	-	-	1,572	330,087	-	-
First Leasing Company of India Ltd.	21,446	1,046,065	-	-	21,446	1,054,034	-	-
Great Eastern Shipping Company Ltd.	2,840	612,049	-	-	2,840	622,205	-	-
Gujrat Namada Valley Fertilizer Co Ltd.	7,839	615,870	-	-	7,839	775,354	-	-
Indo Rama Synthetics (India) Ltd.	4,632	255,712	-	-	4,632	255,516	-	-
Infomedica Synthetics Ltd.	-	-	3,249	794,780	3,249	651,192	-	-
Jai Parabolic Spring Ltd.	8,305	238,529	-	-	8,305	260,507	-	-
Kollman Products Ltd.	672	217,501	-	-	672	337,500	-	-

## PART OF SCHEDULE - 6 : LIST OF SHARES AND SECURITIES HELD AS STOCK IN TRADE AS AT 31ST MARCH, 2007

NAME OF COMPANY	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Pioneer Embroideries Ltd	8,577	761,050	3,225	577,593	14,752	1,011,306	-	-
PNE OGB Ltd.	101,248	1,951,373	-	-	101,348	1,654,351	-	-
Rajasthan Global Wire Ltd	4,450	452,302	3,590	476,020	9,340	823,889	-	-
Tata Investment Corporation Ltd	5,640	1,551,354	-	-	3,548	1,449,930	-	-
Tata Sponge Iron Ltd.	1,423	199,295	-	-	1,423	232,396	-	-
Tata Chemicals Ltd	9,053	1,754,875	2,102	501,433	12,052	2,504,388	-	-
Tata Steel	1,017	417,575	-	-	1,017	675,086	-	-
Viscotech Tech Ltd	334	102,051	-	-	304	126,250	-	-
Western Inco Shipyard Ltd	5,000	25,000	-	-	5,000	22,350	-	-
<b>B MUTUAL FUNDS QUOTED</b>								
ELCaram BNP Paribas Money Fund-Growth	-	-	1,322,375	20,000,000	1,322,375	20,034,217	-	-
ELMFA eCOM Fund	101,420	528,397	-	-	-	-	101,420	528,397
<b>C UNQUOTED SHARES</b>								
Bihar Hancey Fiber & Finance Ltd	240,000	608,500	45,400	65,338	-	-	285,400	608,500
Deepak Hotala Pvt Ltd.	-	-	82,150	200,150,172	52,150	9,215,000	-	-
Suzuka Tubes (Ind.) Ltd. Pvt. Ltd.	-	-	7,500	750,000	-	-	7,500	750,000
Kumarchub Engineering Works Ltd	1,090	436	-	-	-	-	1,090	436
V.K. Fibre Pvt. Ltd.	-	-	7,500	750,000	-	-	7,500	750,000
<b>D LAND</b>								
Land of Bhikharpur (Haryana)	-	-	35 Bight 5 Para	37,500,000	35 Bight 5 Para	135,837,500	-	-
Land of Haurang Pur (Haryana)	-	-	61 Kanta 61 Para	22,500,000	61 Kanta 61 Para	117,094,887	-	-

**QUALITY SYNTHETIC INDUSTRIES LTD.**

As at 31st	As at 31st
March, 2008	March, 2007

Schedule - 8 : MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

**PRELIMINARY EXPENSES**

Balances brought Forward  
Loss: Written off during the year

70,775	70,775
14,155	14,155
84,930	84,930
70,775	70,775
56,620	56,620
70,775	70,775
56,620	56,620

**Schedule - 14 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1 SIGNIFICANT ACCOUNTING POLICIES:****a) BASIS OF ACCOUNTING:**

The accounts of the company have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and applicable accounting standards as adopted consistently by the company. The company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis on going concern concept dividend income and interest on "Kisan Vikas Patra" which are accounted for on receipt basis.

**b) FIXED ASSETS:**

Fixed assets are stated at cost less depreciation

**c) DEPRECIATION:**

Depreciation on fixed assets have been provided on written down method at the rates & basis, prescribed in Schedule XIV to the Companies Act, 1956.

**(d) INVESTMENTS:**

- i) Investments are stated at cost.
- ii) Mutual fund which are laying as Stock-in-Trade, now transferred to Investment.

**(e) VALUATION OF INVENTORIES:**

RAW MATERIALS, STORES & SPARES,	LOWER OF COST OR NET REALISABLE VALUE
SCRAP	AT ESTIMATED REALISABLE VALUE

Note: Cost of Raw Materials and Stores and Spares comprises of purchase price (net of Modvat wherever applicable), freight and handling etc. and is worked out on weighted average method.

Cost of Finished Goods and Work In Process are ascertained on weighted average basis.

**(f) FOREIGN CURRENCY TRANSACTIONS:**

Transactions in foreign currency has been translated into Indian Rupees at the exchange rates prevailing at the date of transaction, any variation in receipt or payment has been adjusted in exchange gain/loss account. Liabilities outstanding as at year end are converted into the Indian Rupees at year end exchange rates.

**(g) EXCISE DUTY:**

Liability for Excise Duty in respect of finished goods and scrap not cleared from factory premises for sale is accounted for at the time of clearance from the factory premises. The policy has however, no impact on operating results and net current assets of the Company.

**(h) CONTINGENT LIABILITIES:**

Disputed liabilities including claims by Taxation Authorities pending in appeals are treated as Contingent liabilities and are shown by way of notes.

**(i) RETIREMENT BENEFITS:**

Contributions are made to Recognised Provident Fund, Employees State Insurance Schemes and charged to revenue accounts, other benefits like Gratuity are not applicable to the Company as none of the employees has completed 5 years of continuous service.

**(j) TAX ON INCOME :**

Tax expenses for the relevant period comprises of current tax and deferred tax. Deferred Tax is recognized, subject to consideration of prudence, on all timing difference between taxable income and accounting income that originate in one period and are capable of being reversed in one or more subsequent periods. The accumulated deferred tax liability is adjusted by applying the tax rates and tax laws applicable at the year-end.

2 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

	Amount Unascertained	Amount Unascertained
(i) Claims against the Company not acknowledged as debts.		
(ii) Letter of Guarantee issued by bank	Rs. 8,20,000	Rs. 8,20,000

3 All investments are long-term investments and have been valued at cost. The market value of quoted investments in certain shares has eroded due to the prevailing depressed market conditions, being temporary in nature, therefore, no provision has been made in the Books of Accounts.

4 Estimated value of capital commitments remaining to be executed and not provided for Rs. ....  
Lacs (Rs. 1,155.39 Lacs) advance paid against the same Rs. 297.33 Lacs (Rs. 655.39 Lacs)

5 i) The Fixed assets in respect of Sikandrabad unit which was acquired by the company during the financial 2000-2001 from M/s. JCL International Limited (JCL), on "Slump Sale basis" and as Going Concern on "as is where is basis", has been sold/disclosed off during the year.

ii) M/s JCL International Ltd (JCL) had made an application for deferment of sales Tax under U.P. Trade Tax Act. The final sanction of deferment is still pending. On the basis of legal opinion obtained, JCL has not made payment of U.P. Trade Tax collected from December, 1999 to March, 2000 amounting to Rs. 25,52,774 for which exemption is expected, after which the amount of deferment will be converted into interest free Loan payable after 10 years. Therefore, as per the terms and conditions of the "Agreement to Sell dated 06-05-2001" with JCL, the aforesaid Liability has been accounted for in the Books of Company. However under an Interest waiver scheme of the UP State Government the company has been settled for Rs. 15,24,074 the liability for the financial year 1999-2000 during the year. The Balance amount will be adjusted after settlement of the dues for subsequent years

iii) Similarly, U.P. Trade Tax collected from 19.04.2000 onwards has also been treated as Deferment Liability of U.P. Trade Tax and shown under "Unsecured Loan". The permission from U.P. Trade Tax Authorities is yet to be obtained. The liability for subsequent year are still pending

6 One ownership flat each at Mumbai, Delhi & Kolkata and building are yet to be registered in the name of the Company.

7 Security deposit include Kisan Vikas Patra of Rs. 5000/- deposited with sales Tax Department.

8 In the opinion of the management, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated. The balances of Sundry Debtors, Sundry Creditors and Loans and Advances are however, subject to confirmations and adjustments, if any.

9 (a) Sundry Creditors include Rs. Nil (Rs. NIL) payable to Small Scale Industrial Undertakings to the extent such parties are identified from the available information.

(b) There are no Small Scale Industrial undertakings to whom the Company owes any sum as on the balance sheet date.

**10 RELATED PARTY DISCLOSURE (AS IDENTIFIED BY THE MANAGEMENT), AS REQUIRED BY ACCOUNTING STANDARD 'AS-18' ARE GIVEN BELOW:**

**i) LIST OF RELATED PARTY:**

**(a) Where control exists:-**

- |  |  |
|--|--|
| (i) Jolindra Steel & Tubes Ltd.              | (xiii) Sureka Tube Industries Pvt. Ltd.      |
| (ii) Quality Synthetic Industries Ltd        | (xiv) Vaishnodevi Properties Pvt. Ltd.       |
| (iii) J.S.T. Engineering Services Ltd.       | (xv) V.K. Flats Pvt. Ltd.                    |
| (iv) Aakshi Exports (P) Ltd.                 | (xvi) Dwarkadish Construction Pvt. Ltd.      |
| (v) Bihariji Ispat Udyog Limited             | (xvii) Srinarayan Raj Kumar Merchants Ltd.   |
| (vi) Saroj Metal Works Private Ltd.          | (xviii) Bihariji Fancy Fibers & Fabrics Ltd. |
| (vii) Chakra Exports (P) Ltd.                | (xix) Bhama Properties (P) Ltd.              |
| (viii) Ram Forgings Pvt. Ltd.                | (xx) P.D. Metal Industries (P) Ltd.          |
| (ix) Radha Estates (P) Ltd                   | (xxi) Udayanchal Leasing Exports (P) Ltd.    |
| (x) Subhaxmi Properties (P) Ltd.             | (xxii) Vee Kay Surgicals Pvt. Ltd            |
| (xi) V L Estates (P) Ltd.                    | (xxiii) Vee Emm Infocenter Pvt. Ltd.         |
| (xii) Sri Narayan Steel Industries Pvt. Ltd. | (xxiv) Bilasrji Cylinders Pvt. Ltd.          |

**(b) Key Management Personnel** : A.K. Sureka (Managing Director)  
V.K. Sureka (Director)

**(c) Relative of key Management Personnel (with whom transaction have taken place during the year).** : Nil

**(d) Other related parties** : Nil

**ii) TRANSACTION WITH RELATED PARTIES**

TYPE OF RELATED PARTY	DESCRIPTION OF THE TRANSACTION	VOLUME OF TRANSACTIONS		AMOUNT OUTSTANDING AS ON 31-03-2007	
		2006-07	2005-06	RECEIVABLE	PAYABLE
	Interest Received	1,329,960	1,588,831	-	-
	Rent Received	405,648	405,648	-	-
	Loan, Advances and Deposits Received	146,485,000	56,300,000	70,626,104	-
	Loan taken Repaid	146,485,000	56,300,000	-	-
	Loan Given	311,522,827	71,050,000	224,827,817	115,568,566
	Loan given Received back	268,074,827	47,620,000	-	-
	Share Application Money	13,060,000	19,950,000	-	-
	Sale of goods Fixed Assets / Scrap	4,715,000	5,384,293	-	-
	Purchase of Shares	57,029,056	1,000,000	-	-
Key Management Personnel	Sale of goods	2,000,000			
	Purchase of Shares	123,556			
	Salary		30,000		
Relative of Key Management Personnel	Sale of goods	1,495,000			
	Purchase of Shares	123,054			
Other Related Parties	Nil				

**NOTE :**

- In respect of above parties, there is no provision for doubtful debts As on 31<sup>st</sup> March, 2007 and no amount has been written off or written back during the year in respect of debts due from them.
- Out of above certain transaction requires approval from members and Central Government, which is yet to be taken.

11 SEGMENT REPORTING

	Current year	Previous year
<b>1 Segment Revenue</b> (Net Sales / Income from each segment should be disclosed under this head)		
a) Segment – A (Investment & Finance)	3,004.74	916.13
b) Segment – B (LPG Cylinder Unit)	Nil	29.73
c) Segment – C	Nil	-
d) Others	272.47	207.27
<b>Total</b>	<b>3,277.21</b>	<b>1,153.13</b>
Less: Inter Segment Revenue	NIL	NIL
<b>Net Sales / Income from operations</b>	<b>3,277.21</b>	<b>1,153.13</b>
<b>2 Segment Results Profit (+) / Loss (-) before</b>		
a) Segment – A (Investment & Finance)	24.35	11.88
b) Segment – B (LPG Cylinder Unit)	Nil	(15.75)
c) Segment – C	Nil	Nil
d) Others	216.93	207.27
<b>Total</b>	<b>241.28</b>	<b>203.40</b>
Less: i) Interest**	23.54	2.08
ii) Other Un-allocable expenditure net of un-		
<b>Total Income before Tax</b>	<b>217.74</b>	<b>201.32</b>
* Profit / Loss before Tax and after interest in case of segments having operations which are primarily of financial nature.		
** Other than the interest pertaining to the segments having operations, which are primarily of financial nature.		
<b>3 Capital Employed * (Segment Assets – Segment Liabilities)</b>		
a) Segment – A (Investment & Finance)	2,483.22	2,254.17
b) Segment – B (LPG Cylinder Unit)	183.97	169.03
c) Segment – C	Nil	Nil
d) Others	Nil	Nil
<b>Total</b>	<b>2,667.19</b>	<b>2,422.20</b>

12 The provision for deferred tax Liability / (Assets) has been made for adjustment for timing difference as detailed here under:-

Particulars	Balance as on 01.04.2006	Adjustment for the year	Balance as on 31.03.2007
Depreciation	(515,782)	140,480	(656,262)

13 Earning per share : -

	Current year	Previous year
Net Profit as per Profit & Loss Account (Rs.)	21,887,542	20,977,057
Average No. of Equity Shares during the year	5,500,000	5,500,000
Earning per share in Rupees	3.94	3.81

14 Comparative figures for the previous year have been re-grouped, re-cast and re-arranged wherever necessary and figures in brackets represent previous year figures.

**QUALITY SYNTHETIC INDUSTRIES LTD.**

**15 Additional Information**

(i) Quantitative Details:

NAME OF THE PRODUCT MANUFACTURED / TRADED	UNITS	OPENING STOCKS		PRODUCTION		PURCHASES		SALES LESS DISCOUNTS		CLOSING STOCKS	
		QUANTITY	AMOUNT Rs.	QUANTITY	AMOUNT Rs.	QUANTITY	AMOUNT Rs.	QUANTITY	AMOUNT Rs.	QUANTITY	AMOUNT Rs.
LPG CYLINDERS	Nos.	(590)	(269,750)	(-)	(-)	(-)	(-)	(130)	(91,000)	(450)	(-)
SCRAP	MT	(-)	(1,156)	(-)	(-)	(-)	(-)	(-)	(237,782)	(-)	(-)
SHARES & SECURITIES	Nos.	1,582,971	18,443,905	(-)	(-)	1,004,914	233,480,321	1,631,395	47,467,484	1,586,500	14,897,278
		(4,842,070)	(75,018,514)	(-)	(-)	(508,342)	(34,182,321)	(3,707,441)	(91,613,227)	(1,582,571)	(19,442,900)
REAL ESTATES		(-)	(-)	(-)	(-)	(-)	50,000,000	(-)	258,032,487	(-)	(-)
STEEL/STEEL TUBES @	MT	(-)	(-)	(-)	(-)	(90,12)	(2,636,799)	(30,12)	(2,643,580)	(-)	(-)
			19,443,909 (73,319,384)				293,493,321 (36,718,119)		300,473,974 (94,494,909)		14,097,278 (73,288,214)

@ Includes steel tubes made during the year out of steels in opening stock held as finished goods.

\* Note: Due to numerous various parameters the details of properties are not given. 450 nos. Cylinders Scrap During the year

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
(i) C. I. F. Value of Imports	Nil	(Nil)
(ii) F. O. B. Value of Exports	Nil	(Nil)
(iii) Earning in Foreign Exchange	Nil	(Nil)
(iv) Expenditure in Foreign Currency	Nil	(Nil)
(v) Remittance on account of Dividend in Foreign Currency	Nil	(Nil)

**QUALITY SYNTHETIC INDUSTRIES LTD.**

**16 BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE**

a) **REGISTRATION DETAILS**

Registration No. : 29956 State Code : 21  
 Balance Sheet Date : 31.03.2007

b) **CAPITAL RAISED DURING THE YEAR (RUPEES IN THOUSANDS)**

Public Issue : Nil Right Issue : Nil  
 Bonus Issue : Nil Private Placement : Nil

c) **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES IN THOUSANDS)**

**Total Liabilities** : 266,719 **Total Assets** : 266,719

**Source of Funds:**  
 Paid-up Capital : 55,000 Reserves & surplus : 204,291  
 Secured Loans : Nil Unsecured Loans : 4,816

**Application of Funds:**  
 Net Fixed Assets : 7,504 Investments : 117,288  
 Net Current Assets : 165,714 Misc. Expenditure : 57  
 Accumulated Losses : Nil

d) **PERFORMANCE OF THE COMPANY**

Turnover/Receipts : 327,721 Total Expenditure : 301,400  
 Profit before Tax : 21,774 Profit After Tax : 21,688  
 Earning per Share in : 3.94 Dividend Rate : Nil

e) **GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY**

ITEM CODE (ITC CODE)	PRODUCT DESCRIPTION
N.A.	SHARES & SECURITIES

Signature to Schedules 1 to 15  
 As per our report of even date

**For SALARPURIA & PARTNERS**  
 CHARTERED ACCOUNTANTS

*- SP -*  
 (KAMAL KUMAR GUPTA)  
 PARTNER  
 M.No. 88190  
 Place : New Delhi  
 Date : 30th June, 2007

*- SD -*  
 (A. K. SUREKA)  
 MANAGING DIRECTOR

*- SP -*  
 (YOGESH MATHUR)  
 DIRECTOR

*- SD -*  
 (O.P. BHARDWAJ)  
 DIRECTOR

**QUALITY SYNTHETIC INDUSTRIES LIMITED**

**Schedule to the balance sheet of a non-banking financial company as required in terms of paragraph 9ba of non banking financial companies prudential norms (reserve bank) directions, 1998**

SL NO	PARTICULARS	(RS. IN LACS)	
		AMOUNT OUTSTANDING	AMOUNT OVERDUE
	<b>LIABILITIES SIDE :</b>		
1	<b>Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
	(a) DEBENTURES		
	Secured	Nil	Nil
	Unsecured	Nil	Nil
	(Other than falling within the meaning of public deposits)*		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter-corporate Loans and Borrowing	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) Public Deposits*	Nil	Nil
	(g) Other Loans (Specify Nature)- Deferred Sales Tax	46.16	Nil
	* Please see Note 1 below		
2	<b>Break up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
	(a) In the form of Unsecured debentures	Nil	Nil
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
	(c) Other public deposits	Nil	Nil
	*Please see Note 1 below		
	<b>ASSETS SIDE :</b>		<b>AMOUNT OUTSTANDING</b>
3	<b>Break up of Loans and Advances including bills receivables (other than those included in (4) below):</b>		
	(a) Secured		Nil
	(b) Unsecured		778.04
4	<b>Break up of Leased Assets and stock on hire and hypothecation loan counting towards EL/HP activities:</b>		
	(i) Lease assets including lease rentals under		
	(a) Financial Lease		Nil
	(b) Operating Lease		Nil
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on Hire		Nil
	(b) Repossessed Assets		Nil
	(iii) Hypothecation loans counting towards EL/HP activities		
	(a) Loan where assets have been		Nil
	(b) Loan other than (a) above		Nil
5	<b>Break up of Investments :</b>		
	<b>Current Investments</b>		
	1. Quoted:		
	(i) Shares : (a) Equity		122.62
	(b) Preference		Nil
	(ii) Debentures and Bonds		Nil
	(iii) Units of Mutual Funds		5.28
	(iv) Government Securities		Nil
	(v) Others (please specify)		Nil

**QUALITY SYNTHETIC INDUSTRIES LIMITED**

SL NO	PARTICULARS	(RS. IN LACS)		
	<b>ASSETS SIDE :</b>	<b>AMOUNT OUTSTANDING</b>		
2.	Unquoted:	21.07		
	(i) Shares : (a) Equity	Nil		
	(b) Preference	Nil		
	(ii) Debentures and Bonds	Nil		
	(iii) Units of Mutual Funds	Nil		
	(iv) Government Securities	Nil		
	(v) Others (please specify)	Nil		
	<b>Long Term Investments</b>			
1.	Quoted:	13.03		
	(i) Shares : (a) Equity	Nil		
	(b) Preference	Nil		
	(ii) Debentures and Bonds	Nil		
	(iii) Units of Mutual Funds	Nil		
	(iv) Government Securities	Nil		
	(v) Others (please specify)	Nil		
2.	Unquoted:	160.00		
	(i) Shares : (a) Equity	Nil		
	(b) Preference	Nil		
	(ii) Debentures and Bonds	Nil		
	(iii) Units of Mutual Funds	Nil		
	(iv) Government Securities	Nil		
	(v) Others (please specify)	Nil		
6	<b>Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:</b> Please see Note 2 below			
	<b>Category</b>	<b>Amount net of provisions</b>		
		<b>Secured      Unsecured      Total</b>		
1.	Related Parties **			
	(a) Subsidiaries	Nil      Nil      Nil		
	(b) Companies in the same group	Nil      Nil      Nil		
	(c) Other related parties	Nil      265.89      265.89		
2	Other than related parties	Nil      508.75      508.75		
	Total	Nil      774.64      774.64		
7	<b>Investor group-wise classification of all investments (Current and long term) in shares and securities (both quoted and unquoted):</b> Please see Note 3 below			
	<b>Category</b>	<b>Market Value</b>	<b>Break up Value or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
1.	Related Parties **			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	78.50	80.00	138.50
	(c) Other related parties	Nil	Nil	Nil
2	Other than related parties	1083.36	100.00	1183.36
	Total	1161.85	160.00	1321.86
	** As per Accounting Standard of ICAI ( Please See)			
	* Cost or market value whichever is lower.			

**QUALITY SYNTHETIC INDUSTRIES LIMITED**

SL. NO	PARTICULARS	(RS. IN LACS)
<b>B</b>	<b>Other Information</b>	<b>AMOUNT OUTSTANDING</b>
	i) Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	Nil
	ii) Net Non-performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	Nil
	iii) Assets acquired in satisfaction of debt	Nil

**Notes:**

- 1 As defined in Paragraph 2(f) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- 2 Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- 3 All accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and breakup/ fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

As per our report attached.

For **Salarpura & Partners**  
Chartered Accountants

- SD -

(KAMAL KUMAR GUPTA)  
PARTNER  
M.No. 89190

Place : New Delhi  
Date : 30th June, 2007