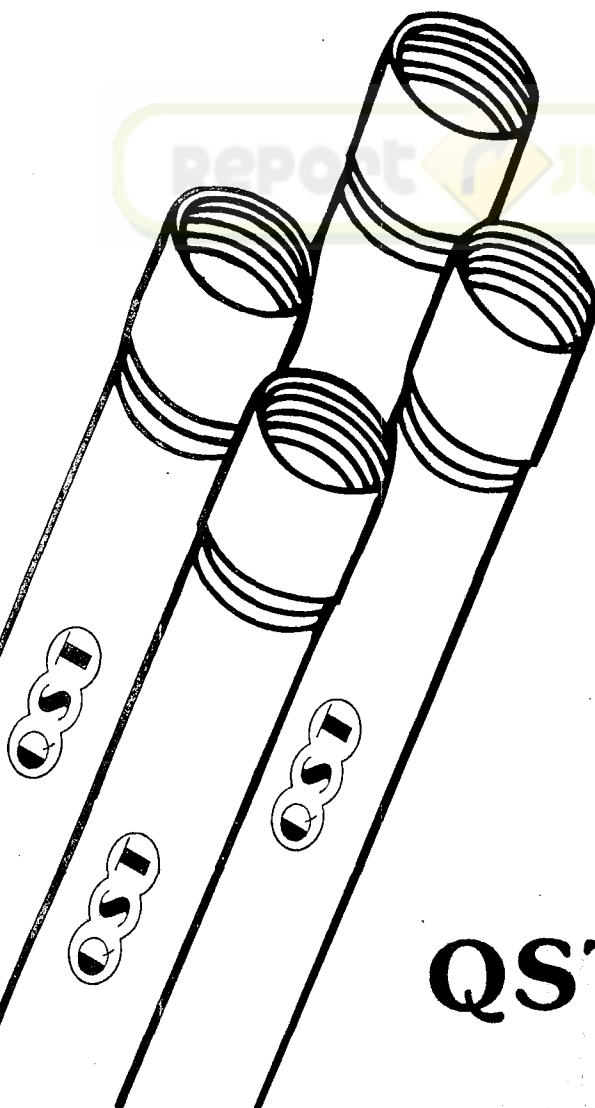


ANNUAL REPORT

1997-98

MD	✓	BKC	✓
CS	NA	DPY	NA
RO	✓	DIV	NA
TRA	✓	C	✓
AGM	✓	SHI	✓
YE	✓		✓



QST LIMITED



QST LIMITED**ANNUAL REPORT
1997-98****BOARD OF DIRECTORS :*****Managing Directors***

SHRI PAWAN KUMAR JAIN

SHRI SHYAM SUNDER AGRAWAL

Directors

SHRI RAJ KUMAR JAIN

SHRI RADHA KISHAN AGRAWAL

SHRI ASHOK KUMAR JAIN

SHRI JAI KISHAN AGRAWAL

SHRI SATYA NARAIN SINGH

AUDITORS :M/s. C. L. KANODIA & Co.
*Chartered Accountants***BANKERS :**PUNJAB NATIONAL BANK
THE BENARES STATE BANK LIMITED**REGISTERED OFFICE :**Agarwala Building,
The Mall, Kanpur - 208 004**WORKS :**Bindki Road,
Distt. Fatehpur (U.P.)**CONTENTS**

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23rd Annual General Meeting
Saturday, 26th day of September, 1998 at 11 A.M. at Agarwala Building, The Mall, Kanpur.

Shareholders are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting, as copies of the Report will not be distributed at the meeting.

QST LIMITED

NOTICE

NOTICE is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the members of QST LIMITED will be held on Saturday, the 26th day of September, 1998 at 11.00 A.M. at the Registered Office of the Company at Agarwala Building, The Mall, Kanpur to transact the following business :-

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1998, the Balance Sheet as at that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri P.K. Jain, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri J.K. Agrawal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

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 and the proxy need not be member of the Company.

Proxy in order to be effective must be deposited at the Registered Office of the Company, at least forty eight hours before the commencement of the meeting.

2. The Register of the Members and Share Transfer Book of the Company will remain closed from 16.09.98 to 26.09.98 (both days inclusive).
3. Members desirous of any information on the Accounts are requested to send their queries at least ten days before the Meeting to enable the Management to keep the information ready.

By Order of the Board

Place : Kanpur

P.K. Jain

Dated : 26.08.98

Managing Director

QST LIMITED

DIRECTORS' REPORT

To
The Members of
QST Limited

Your Directors have pleasure in presenting herewith the Twenty Third Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1998. Your Company has made tremendous progress both in physical and financial terms as summarised below:

FINANCIAL RESULTS :

	1997-98 (Rs. in Lacs)	1996-97 (Rs. in Lacs)
Sales and Other Income	9365.08	7086.96
Profit before Depreciation	162.14	126.90
Less : Depreciation	31.72	29.82
Profit before tax	130.42	97.08
Less : Provision for taxation	50.00	38.00
Profit after tax	80.42	59.08
Prior period adjustments	34.35	—
Add : Balance brought forward from previous year	305.65	246.57
Balance carried forward	420.42	305.65

DIVIDEND :

In order to conserve financial resources for the operations and also to meet the Working Capital requirements as desired by the Banks, the Board of Directors consider it in the Company's interest not to recommend any dividend for the year under review.

OPERATIONS :

An outstanding increase of 31% in turnover in the recessionary phase of Steel Industry is the highlight of the working during the year. Your Company has achieved turnover of Rs. 9062.10 lacs as compared to Rs. 6894.23 lacs achieved during the last year. Export turnover however faced a setback during the year due to the unstable foreign exchange rates. Export turnover during the year amounted to Rs. 566.41 lacs.

CURRENT SITUATION :

The Management is putting its sincere efforts to maintain the momentum of performing better and better. The Company also expects to achieve higher export turnover during the current year.

DIRECTORS :

Shri P.K. Jain and Shri J.K. Agarwal, Directors of the Company retire from the Board by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS :

M/s. C.L. Kanodia & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES :

There was no employee during the year in respect of whom provisions of Section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended were applicable.

AUDITORS' REPORT :

The observations in the Auditors' Report as referred to therein are self explanatory and do not call for any further explanation.

INDUSTRIAL RELATIONS :

Your Directors would like to appreciate the co-operation extended by the officers, staff and workers of the Company in sharing the additional burden of increased working.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO :

Particulars with respect to Conservation of Energy etc. as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure forming part of this report.

ACKNOWLEDGEMENTS :

Your Directors place on record their sincere thanks to the Company's Bankers, shareholders, customers, dealers, and business constituents for their support and co-operation and are grateful to you for the trust and confidence reposed in the Company.

For and on Behalf of the Board

P.K. Jain
Managing Director
S.S. Agrawal
Managing Director

Place : Kanpur
Dated : 26.08.1998

QST LIMITED

Annexure to Directors' Report for the Year Ended 31st March, 1998

ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

(A) CONSERVATION OF ENERGY :

(a) *Energy conservation measures taken*

- (i) The Company continues to lay great emphasis on conservation of energy. The Company has adopted various measures to optimise furnace oil utilisation in Zinc melting bath.
- (ii) Power consumption was reduced in welders, Motors and Tube Mills by replacement of critical components with newly designed ones.

(b) *Additional investments and proposals, if any, being implemented for reduction of consumption of energy.*

Additional investments will be made as and when required.

(c) *Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.*

Measures outlined above have resulted in significant reduction of electricity consumption in HF Welders and considerable savings.

(d) *Total energy consumption per unit of production as per Form A of the Annexure in respect of specified industries.*

NOT APPLICABLE

(B) TECHNOLOGY ABSORPTION :

(e) *Efforts made in technology absorption.*

As per Form B of the Annexure

QST LIMITED

FORM - B**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION****(I) RESEARCH AND DEVELOPMENT (R&D)**

- | | |
|--|--|
| 1. Specific areas in which R&D carried out by the Company. | a. Quality of Steel Tubes
b. Break down time of Plant and Machinery.
c. Galvanising of Steel Tubes. |
| 2. Benefits derived as a result of the above R&D. | a. Due to improvement in quality of products, the marketability has been better.
b. Due to decrease in break down time, efficiency of Plant & Machinery has improved.
c. Some process changes were made in galvanising due to which cost reduction was achieved. |
| 3. Future plan of action. | Further improvement in production of Black and Galvanised Steel Tubes. |
| 4. Expenditure on R & D | |
| (a) Capital | Nil |
| (b) Recurring | Normal Running expenses. |
| (c) Total | ---- |
| (d) Total expenditure as a percentage of total turnover. | ---- |

QST LIMITED

(II) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :

1. *Efforts in brief, made towards technology absorption, adaptation and innovation.*

Continuous efforts are made in new product developments as well as in improvement to existing production methodology. Introduction of energy and labour efficient processes for improvement in productivity and quality are part of these efforts.

2. *Benefits derived as a result of the above efforts.*

Efforts in these areas have helped the Company to develop, monitor and constantly keep abreast of changing technology and at all times to produce quality products.

3. *Details of Imported Technology.*

No new technology imported during the last five years.

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(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

- (f) *Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.*

The satisfactory response from the existing markets has encouraged the Company to go in for search of new export markets.

- (g) *Total foreign exchange used and earned.*

Foreign exchange earned :

Rs. 566.41 Lacs

Foreign exchange outgo :

Rs. 4.36 Lacs

For and on behalf of the Board of Directors

P.K. Jain
Managing Director

S.S. Agrawal
Managing Director

Place : Kanpur
Dated : 26.08.1998

QST LIMITED

AUDITORS' REPORT

To The Shareholders of
QST LIMITED

We have audited the attached Balance Sheet of **QST LIMITED** as at 31st March, 1998 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report that :—

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in the paragraphs 4 & 5 of the said order.
2. Further to our Comments in the Annexure referred to in paragraph 1 above, we report that :—
 - (a) 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.
 - (b) 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 the books.
 - (c) The Balance Sheet and Profit and Loss Account, referred to in this report are in agreement with the books of account.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes thereon and subject to Note Nos. 6, 7 & 8 regarding Income Tax Demands, Trade/Sales Tax Demands and Damages under the E.S.I. Act, 1948 respectively, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 1998, and
 - (ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date.

Place : Kanpur
Dated : 26.08.1998

For C. L. KANODIA & CO.
Chartered Accountants

C. L. KANODIA
Proprietor

QST LIMITED