

**Annual Report**  
**2009 - 2010**



**QST LIMITED**

**QST LIMITED**  
**ANNUAL REPORT**  
**2009-2010**

**BOARD OF DIRECTORS :**

Shri Ajay Kumar Jain  
Shri Vinay Kumar Jain  
Shri Amit Kumar Jain  
Shri Arun Kumar Jain

**AUDITORS :**

M/s. C. L. Kanodia & Co  
Chartered Accountants

**BANKERS :**

State Bank of India  
ICICI Bank  
Union Bank of India  
Bank of Baroda  
Canara Bank

**REGISTERED OFFICE :**

Agarwala Building  
The Mall, Kanpur - 208 004

**WORKS :**

Bindki Road  
Distt. Fatehpur (U.P.)

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**35th Annual General Meeting**

Tuesday 28th Day of September 2010 at 11.00 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

**Notice :**

Notice is hereby given that the THIRTY FIFTH Annual General Meeting of the members of **QST LIMITED** will be held on Tuesday the 28th Day of September, 2010 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 Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Vinay Kumar Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Amit Kumar Jain 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 untill the conclusion of next Annual General Meeting of the Company and to authorize the Board to fix their remuneration.

**5. SPECIAL BUSINESS :**

To consider and if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution:

**" RESOLVED THAT** subject to the approval of the members and pursuant to the provisions of section 198, 269, 309, 310 and 311 read with schedule XIII of the Companies Act, 1956 and pursuant to Articles of Association of the Company and other applicable provisions, if any, of the Companies Act, 1956 ( including any statutory modification or re-enactment thereof for the time being in force), consent of the Company be and is hereby given to the appointment of Mr. Ajay Kumar Jain as a Managing Director on a remuneration in a scale of Rs. 50,000-10,000-80,000/- per month for a period of three years effective from 1st August 2010.

**RESOLVED FURTHER THAT** in case of inadequate profit or no profit in any financial year, Mr. Ajay Kumar Jain will be entitled to the aforesaid remuneration as minimum remuneration.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts, deeds, things and take such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution, as an Ordinary Resolution:

**" RESOLVED THAT** subject to the approval of the members and pursuant to the provisions of section 198, 269, 309, 310, 311 read with schedule XIII of the Companies Act, 1956 and pursuant to Articles of Association of the Company and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for time being in force), consent of the Company be and is hereby given to the appointment of Mr. Vinay Kumar Jain as a Whole Time Director on a remuneration in a scale of Rs. 50,000- 10,000-80,000/- per month for a period of three years effective from 1st August 2010.

**RESOLVED FURTHER THAT** in case of inadequate profit or no profit in any financial year, Mr. Vinay Kumar Jain will be entitled to the aforesaid remuneration as minimum remuneration.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts, deeds, things and take such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To consider and if thought fit, to pass, with or without modification(s) the following resolution, as an Ordinary Resolution:

**" RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Satish Kumar Garg, who was appointed as an Additional Director pursuant to provisions of Section 260 of the Companies the Act, 1956 and Article 91 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board,

Place : Kanpur  
Date : 03.09.2010

(Ajay Kumar Jain)  
Director

**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 a proxy need not be a member of the Company. The proxy in order to be effective must be deposited at the Registered Office of the Company, not less than forty eight hours before the commencement of the meeting.
2. Members desirous of any information on the accounts are requested to send their queries atleast ten days before the meeting to enable the management to keep the information ready.
3. The Company will observe the Record Date on 28th September, 2010 instead of Book Closure.
4. An explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of Special Business under Item no. 5, Item no. 6, Item no. 7 as set out above is annexed hereto.
5. The addresses of Stock Exchanges where Company's shares are listed are :-
  - (a) The U. P. Stock Exchange Association Ltd. Padam Tower, 14/113, Civil Lines, Kanpur.
  - (b) Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
  - (c) The Delhi Stock Exchange, Association Ltd. DSE House, 3/1, Asaf Ali Road, New Delhi- 110 002.
6. The Company has appointed M/s. Skyline Financial Services (P) Ltd. as Registrar and Share Transfer Agent of the Company. Any query in this regard shall be entertained by :  
**M/s. Skyline Financial Services (P) Limited**  
 D-153/A, 1st Floor Okhla Industrial Area Phase-1,  
 New Delhi - 110 020.

**Explanatory Statement**

(Pursuant to Section 173 (2) of the Companies Act, 1956)  
**Item No. 5 :**

According to the provisions of section 198, 269, 309,310, and 311 read with Schedule XIII and other applicable provision, if any of the Companies Act, 1956, Shri Ajay Kumar Jain is appointed as Managing Director of the Company by the unanimous consent of the Board of

Directors at its meeting held on 31st July, 2010 to hold office for a period of 3 years w.e.f. 1st August,2010 on a remuneration in a scale of Rs. 50,000-10,000-80,000/- per month. According to the above stated provisions the appointment is subject to the approval of Shareholders in general meeting.

The Board recommends the resolution appearing at item no. 5 of the accompanying Notice seeking your approval to the appointment of Shri Ajay Kumar Jain as a Managing Director of the Company.

Mr. Ajay Kumar Jain himself, Mr. Amit Kumar Jain, Mr. Vinay Kumar Jain and Mr. Arun Kumar Jain, being relatives of Mr. Ajay Kumar Jain may be deemed to be concerned or interested in this resolution. None of the other directors are interested in the resolution.

This may be treated as an abstract of the terms of appointment of Mr. Ajay Kumar Jain as Managing Director pursuant to the provisions of Section 302 of the Companies Act, 1956.

**Item No. 6 :**

According to the provisions of section 198, 269, 309,310, and 311 read with Schedule XIII and other applicable provision, if any of the Companies Act, 1956, Shri Vinay Kumar Jain is appointed as Whole Time Director of the Company by the Board of Directors at its meeting held on 31st July, 2010 to hold office for a period of 3 years w.e.f. 1st August, 2010 on a remuneration in a scale of Rs. 50,000 - 10,000 - 80,000/- per month. According to the above stated provisions the appointment is subject to the approval of Shareholders in general meeting.

The Board recommends the resolution appearing at item no. 6 of the accompanying Notice seeking your approval to the appointment of Shri Vinay Kumar Jain as a Whole Time Director of the Company.

Mr. Vinay Kumar Jain himself, Mr. Ajay Kumar Jain, Mr. Amit Kumar Jain and Mr. Arun Kumar Jain, being relatives of Mr. Vinay Kumar Jain may be deemed to be concerned or interested in this resolution. None of the other directors are interested in the resolution.

This may be treated as an abstract of the terms of appointment of Mr. Vinay Kumar Jain as Whole Time Director pursuant to the provisions of Section 302 of the Companies Act, 1956.

**Item No. 7 :**

The Board of Directors of the Company, at its meeting held on 31st July, 2010 appointed Shri Satish Kumar Garg as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 91 of the Article of Association of the Company.

In terms of the provisions of Sections 260 of the Act, Shri Satish Kumar Garg would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith deposit of Rs. 500/- for proposing the candidature of Shri Satish Kumar Garg for the office of Director of the Company under the provisions of Section 257 of the Act.

Shri Satish Kumar Garg is not disqualified from being appointed as Director in terms of Section 274(1) (g) of the Act. The Company has received the consent confirming his eligibility for such appointment.

None of the Directors of the Company other than the appointee himself is interested or concerned in the above resolution.

The Board recommends that the above resolutions may be passed as an ordinary resolution.

By Order of the Board,

Place : Kanpur  
Date : 03.09.2010

(Ajay Kumar Jain)  
Director

## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting herewith the **THIRTY FIFTH ANNUAL REPORT** and the Audited Accounts of the Company for the year ended 31st March, 2010.

The financial figures are summarized below :

### FINANCIAL RESULTS :

Particulars	2009-10 (Rs. in Lacs)	2008-09 (Rs. in Lacs)
Sales and other Income	2108.63	1313.06
Profit/ (Loss) before Depreciation	379.05	1076.39
Depreciation	28.91	25.39
Profit / (Loss) before Tax	350.14	1051
Less : Provision for taxation	-	(0.64)
Profit / (Loss) after Tax	350.14	1050.36
Balance brought forward from previous year	57.63	(992.72)
Transfer from General Reserve	NIL	NIL
Income Tax of Earlier Year	NIL	NIL
Balance Carried forward	407.77	57.63

### DIVIDEND

In view of the little work of the Company, the Board does not recommend any dividend for the year 2009-2010.

### FINANCIAL PERFORMANCE

The Company has achieved the sales and other Income of Rs. 2108.63 lacs against Rs. 1313.06 lacs reported last year. The Profit after tax was Rs. 350.14 lacs during the year.

### OPERATION AND ACTIVITIES :

Your Company has come out from BIFR and has settled dues of Bank of Baroda. Your Company has also started its manufacturing as well as trading activity. It is hoping that your company will soon come under its normal working and once again it will earn its fame. After the date of balance sheet and before the Annual General Meeting, your Company has achieved a turnover of Rs. 10 lacs through its export activity.

### MANAGEMENT DISCUSSION ANALYSIS :

The Report as required by clause-49 of the Listing Agreement is annexed hereto and form part of the report.

### DIRECTORS :

Shri Vinay Kumar Jain and Shri Amit Kumar Jain, Directors of the Company retire from the Board by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Shri Ajay Kumar Jain has been appointed as Managing Director of the Company on remuneration for a period of three year effective from 1st August 2010. Shri Vinay Kumar Jain has been appointed as Whole Time Director of the Company on remuneration for a period of three year effective from 1st August 2010. Shri Satish Kumar Garg has been appointed as an Additional and Independent Director w.e.f. 31.07.2010. He will hold the office upto the date of ensuing Annual General Meeting. The Board has also received a notice from a shareholder for appointment of Mr. Satish Kumar Garg as a regular Director.

### AUDITOR'S :

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.

### AUDITOR'S REPORT :

The observation in the Auditors Report are self-explanatory and do not call for any further explanation.

### COMPLIANCE CERTIFICATE :

As per the provisions of Section 383A of the Companies Act, 1956, the Company has obtained Compliance Certificate from M/s K. N. Shridhar & Associates, a firm of Practicing Company Secretaries for the Financial Year 2009-2010.

### COST AUDIT :

The Central Government vide its Order No. 52/86 CAB- 1991 dated 16th April, 1991 has directed the Company to carry out audit of the Cost Accounts maintained by the Company in respect of Steel Tubes and Pipes. Your Board has appointed Mr. Rakesh Mishra, Cost Accountant to carry out the Cost Audit for this purpose. This appointment has to be made in the beginning of each financial year and an application has already been forwarded to the Central Government to renew the appointment for the current financial year.

**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.

**INDUSTRIAL RELATIONS :**

Your Directors would like to appreciate the co-operation extended by the Officers, Staff and Workers of the Company in sharing the burden of working in the adverse circumstances.

**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.

**DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm :-

- i) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have 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 31st March, 2010, and the Profit of the Company for the year ended on that date;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for

preventing and detecting fraud & other irregularities.

- iv) that the Directors have prepared the annual accounts on a going concern basis.

**LISTING AGREEMENT :**

Company's shares are listed / quoted at the following Stock Exchanges :-

1. The U. P. Stock Exchange Association Limited, Padam Tower 14/113, Civil Lines, Kanpur.
2. Bombay Stock Exchange Limited, Floor 25, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai.
3. The Delhi Stock Exchange Association Limited, DSE House, 3/1 Afaf Ali Road, New Delhi.

**CORPORATE GOVERNANCE :**

A report on Corporate Governance is given separately. Company appointed Mr. Satish Kumar Garg as an Additional Director in the Independent Category w.e.f 31.07.2010.

**ACKNOWLEDGEMENT :**

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.

By Order of the Board

Kanpur  
03.09.2010

(Ajay Kumar Jain) (Vinay Kumar Jain)  
(Director) (Director)

**ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010**

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 furnace oil consumption during the year was 41.940 KL.  |
| (b) Additional Investments and proposal, if any, being implemented for reduction of consumption of energy.                              | (ii) Power consumption was reduced in Welders, Motors and Tube Mills by replacement of critical components with the newly designed ones for job work<br>No additional investment has been made during the year. |
| (c) Impact of measures of (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. | The Company is relying on existing arrangements for energy conservation.  |
| (d) Total energy consumption per unit of production as per Annexure A of the Annexure in respect of specified Industries.               | Not applicable.   |

**(B) TECHNOLOGY ABSORPTION :**

- |  |                               |
|--|-------------------------------|
| (c) Efforts made in technology absorption. | As per Form B of the Annexure |
|--|-------------------------------|

**(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 exports plans. | NIL |
| (g) Total Foreign Exchange used and earned Foreign Exchange outgo.  | NIL |

By Order of the Board

Place: Kanpur

Date: 03.09.2010

(Ajay Kumar Jain)	(Vinay Kumar Jain)
(Director)	(Director)

## FORM - B

## FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

## (I) RESEARCH AND DEVELOPMENT (R &amp; D):

1. Specific areas in which R &amp; D carried out.

No such research activity carried out by the Company

2. Benefits derived as a result of the above R &amp; D

NIL

3. Future Plan of action.

To manufacture higher dia pipes i.e. 12", 14" and 16" which are used for Gas and Sewerage purpose.

4. Expenditure on R &amp; D

(a) Capital

NIL

(b) Recurring

NIL

(c) Total

NIL

(d) Expenditure as a percentage of total turnover.

NIL

## (II) TECHNOLOGY ABSORPTION, ADAPTATION &amp; INNOVATION :

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

No new technology was required to be observed.

2. Benefits derived as a result of the efforts.

Not applicable

3. Details of Imported Technology.

No new technology imported during the last five year.

## MANAGEMENT DISCUSSION AND ANALYSIS

Your Company is no more Sick, the Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 20.07.2010 discharged the Company from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) as the networth of the Company has turned positive as on 31.03.2010 and still the networth of the Company is positive. After stepping out from BIFR your Company has also started manufacturing and trading activities and due to the extended co-operation and co-ordination by employees, your company has also undertaken its export activity successfully. The comparison between the financial year 2008-2009 and 2009-2010 showed that after paying off its debts, your Company has earned profit of Rs. 350.14 lacs.

The summarized financial performance during the year is as under :-

	(Rs. in lacs)	
	2008-09	2009-10
Sales	-	889.98
Other Income	1078.48	1218.65
PBT	1050.99	350.14
PAT	1050.35	350.14
Paid up Capital	355.00	355.00
Reserves & Surplus	326.89	661.31
Net Worth	526.80	876.94
Earning per share	29.60	9.86

The Company is planning to expand its business by focusing on the manufacturing of the new products along with the routine one. At present we are producing pipes dia 1/2" to 10" and have achieved gross sales of Rs. 1189.56 lacs up to 31st July, 2010.

QST Limited was very well known for its product of ERW Steel Pipes & Tubes in the market for the last 35 years. Therefore marketing of the finished product will not be tedious jobs in State Govt., Central Govt., private projects and markets. We are planning for manufacturing Steel Tubular Electric Poles used in UPPCL and KESA and other Govt. Sectors for electrification alongwith Hollow Rectangular and Square Section, used for fabrication and structural work in open market. We are also planning to manufacture higher dia pipes i.e. 12", 14" and 16" which are used for Gas and Sewerage purpose.

Statement in the Management Discussion and Analysis may be 'forward-looking statement' within the meaning of applicable securities laws and regulations. Further, the performance of the company is also dependent on domestic and global economic conditions, government and regulatory policies on which company is not having any control.