

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 until 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.
- (ii) Power consumption was reduced in Welders, Motors and Tube Mills by replacement of critical components with the newly designed ones for job work
- (b) Additional Investments and proposal, if any, being implemented for reduction of consumption of energy. 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

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

Place : Kanpur
Date : 03.09.2010

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. | No such research activity carried out by the Company |
| 2. Benefits derived as a result of the above R & 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 & D | |
| (a) Capital | NIL |
| (b) Recurring | NIL |
| (c) Total | NIL |
| (d) Expenditure as a percentage of total turnover. | NIL |

(II) TECHNOLOGY ABSORPTION, ADAPTATION & 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)	
	<u>2008-09</u>	<u>2009-10</u>
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.

COMPLIANCE CERTIFICATE

Under Rule 3 of the Companies (Compliance Certificate) Rules, 2001

Name of the Company : **QST LIMITED**
Registration No. L22219UP1975PLC004105
Nominal Capital : Rs. 4.00 Crore

To,
The Members
QST Limited,
Agarwala Building, The Mall,
Kanpur.

I have examined the registers, records, books and papers of M/s QST Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Directors, Central Government, Company Law Board or other rules made thereunder wherever required.
3. The Company being a Public Company, the comments are not required.
4. The Board of Directors duly met 19 (nineteen) times on 01.04.09, 05.04.09, 08.04.09, 11.04.09, 24.04.09, 25.04.09, 30.04.09, 02.05.09, 16.05.09, 15.06.09, 01.07.09, 02.07.2010, 30.07.09, 03.08.09, 30.10.09, 28.12.09, 28.01.10, 01.02.10 and 22.03.10, in respect of which proper notices

were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

5. The Company has observed record date on 28th September, 2010 during the Financial Year.
6. The Annual General Meeting for the Financial Year ended on 31.03.09 was held on 2nd Sep. 09 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the Financial Year.
8. The Company has not advance any loans to directors, persons, companies or firm as referred under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make entries in the register maintained u/s 301 of the Act.
11. As there was no instance falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificate during the Financial Year.
13. The Company :
 - i. has delivered all the certificates on lodgment thereof for transfer / transmission any other purpose in accordance with the provisions of the Act, there was no allotment of shares during the year.

- ii. has not deposited any money in a separate Bank Account as no dividend was declared during the Financial Year.
 - iii. was not required to post warrant to any member of the Company as no dividend was declared during the Financial Year.
 - iv. has no unpaid, unclaimed dividend account, application money, matured deposits, matured debentures and the interest accrued thereon, due for payment, which have remained unclaimed or unpaid for a period of seven years required to be transferred to Investor Education and Protection Fund;
 - v. has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Directors, Alternate Directors and Directors to fill casual vacancy during the Financial Year.
15. There was no appointment of Managing Director/ Whole time Director during the Financial Year.
16. The Company has not appointed any Sole Selling Agent During the Financial Year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the Financial Year.
18. The Directors have disclosed their interest in other Firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued Equity Shares during the Financial Year.
20. The Company has not bought back any shares during the Financial Year.
21. There was no redemption of preference shares or debentures during the Financial Year as such there was none.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted deposits including any unsecured loans falling within the purview of Section 58A during the Financial Year.
24. The Company has not made any borrowings during the Financial Year.
25. The Company has not made any loans or advances or provided securities to and consequently no entries has been made in the register kept for the purpose.
26. The Company has not altered the provisions of Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to object of the Company during the year under scrutiny.
29. The Company has not altered of the provisions of Memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the Financial Year.

31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any punishment was imposed on the Company during the Financial Year, for the offences under the Act.

32. The Company has not received any money as security from its employees during the Financial Year.

33. The Company has deposited both employer's and employees contribution to Provident Fund with prescribed authorities under Provident Fund & Miscellaneous Provisions Act, 1952.

Place : Kanpur
Date : 27.08.2010

For K. N. Shridhar & Asso.
Company Secretaries

(K. N. Shridhar)
Prop.
C.P. No. 2612

Annexure 'A'

Registers as maintained by the Company

1. Register of Members Share Ledger
2. Register of Share Transfer
3. Register of Directors, Managing Director etc. u/s 303 of the Act.
4. Register of Directors shareholding
5. Register of Investment
6. Register of Charges
7. Register of Common Seal
8. Directors' Attendance Register
9. Members' Attendance Register

Annexure 'B'

Forms and Returns filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010 wherever applicable.

Sl. No.	Form No./ Return	Filed u/s	For	Date of filing	Whether filed within prescribed time Yes / No	If delay in filing whether requisite Additional Fee Paid Yes / No
1	23AC & 23ACA	220	Balance Sheet	25.09.09	YES	N.A.
2	66	383A	Compliance Report	03.10.09	YES	N.A.
3	20B	159	Annual Return	31.10.09	YES	N.A.
4	CAR	233B	Cost Audit	09.11.09	YES	N.A.

Note: Forms / Returns mentioned above were uploaded on MCA-21 portal, requisite fee were paid and receipts to these were available for inspection.

**Corporate Governance Report For the
1st April, 2009 to 31st March, 2010.**

A. COMPANY'S PHILOSOPHY :

At QST, we believe in philosophy of serving society through Industry. This philosophy is backed by principles of concern, commitment, ethics, excellence and learning in all its acts and relationships with shareholders, customers, associates and community at large which has always propelled the group towards higher horizons,

At QST, we continue to strive to transform the business environment in which we operate. We believe in the principles of trusteeship, fair and transparency in all our dealings. We endeavor to have a work culture, which is performance driven and conducive to improving discipline in all our personal and professional relationships.

The Company views Corporate Governance under the following major parameters :

1. Transparency in relation to appointments, remuneration, meetings of the Directors on the Board of the Company, responsibility and accountability of the Board of Directors.
2. Providing maximum possible information to the shareholders regarding the functioning and performance of the Company pertaining to financial and other non-financial matters.
3. Internal and External controls and audits.

2. BOARD OF DIRECTORS :

The Board of Directors comprises of 4 Non-Executive Directors.

Shri Vinay Kumar Jain shall retire by rotation at the ensuing Annual General Meeting. However, being eligible offers himself for re-election.

Shri Amit Kumar Jain shall retire by rotation at the ensuing Annual General Meeting. However, being eligible offers himself for re-election.

Further brief particulars of Directors of the Company are given below :

Shri Ajay Kumar Jain who is 43 Years of age is a Post Graduate in Commerce. He established M/s. Premier Alloys Limited as Rolling Mill whose production started in 1995-96. Thereafter seeing better prospects and market requirement he established another Rolling Mill named M/s. Premier Ispat Limited in Year 2000 and in the Year 2004, he again installed a Rolling Mill in the name of M/s. Premier Bars Private Limited.

Shri Vinay Kumar Jain is of 41 Years is a Bachelor of Engineering. He is also a Director of M/s. Premier Alloys Limited, Premier Ispat Limited and M/s. Premier Bars Private Limited. He has been associated with the Business for past many years and manages the Marketing of the product.

Shri Amit Kumar Jain is of 39 Years, is a Commerce Graduate. He is a young and energetic person and has been associated with the business for past many years. He is experienced in Manufacturing process and other aspects of the Business. He is also a Director of M/s. Premier Alloys Limited, M/s. Premier Ispat Limited and M/s. Premier Metcast Private Limited.

Shri Arun Kumar Jain who is 37 Years of age is a Commerce Graduate. He has been associated with the Manufacturing process in Iron and Steel Industries for past many years. He is aware of the Manufacturing process and other aspects of the Business. He is also a Director of M/s. Premier Alloys Limited, M/s. Premier Ispat Limited and M/s. Premier Metcast Private Limited.

During the year 19 Board Meetings were held. The dates of the meetings were as follows :

1st April 2009, 5th April 2009, 8th April 2009, 11th April 2009, 24th April 2009, 25th April 2009, 30th April 2009, 2nd May 2009, 16th May 2009, 15th June 2009, 1st July 2009, 2nd July 2009, 30th July 2009, 3rd August 2009, 30th October 2009, 28th Dec. 09, 28th January 2010, 1st February 2010 and 22nd March 2010.

The composition of the Board of Directors, attendance of each director at the Board of Directors' Meeting and at the last Annual General Meeting are as follows:

Name of Directors	Categories	No. of Board Meetings attended	Attendance at last AGM
Shri Ajay Kumar Jain	Non-Executive Director	19	Yes
Shri Amit Kumar Jain	Non-Executive Director	17	Yes
Shri Vinay Kumar Jain	Non-Executive Director	17	Yes
Shri Arun Kumar Jain	Non-Executive Director	11	Yes

3. CODE OF CONDUCT :

All the board members and senior management personnel have affirmed the compliance with the code of conduct.

4. AUDIT COMMITTEE :

Terms of reference of the Audit Committee include review of :

- Financial statements and draft audit report, including quarterly / half-yearly financial information;
- Management discussion and analysis of financial condition and results of operations;
- Reports relating to compliance with laws and to risk management;

d. Management letters / letters of internal control weakness issued by statutory/internal auditors; and

e. Records of related party transactions.

f. Any change in accounting policies and practices.

During the year, four meetings were held one of which was before finalization of accounts. The said meetings were held on 30th April 2009, 3rd August 2009, 30th October 2009 and 28th January 2010.

The constitution of the Audit Committee and attendance of each member of the Committee as on 31 st March, 2010 are given below:

Name	Category	Designation	No. of Meetings attended
Shri Ajay Kumar Jain	Non-Executive Director	Chairman	4
Shri Vinay Kumar Jain	Non-Executive Director	Member	4
Shri Amit Kumar Jain	Non-Executive Director	Member	4

5. WHISTLE BLOWER POLICY :

The Company has adopted a whistle blower policy in which all the employees of the Company are entitled to approach the audit committee (In respect of unethical or improper practice) without necessarily informing their supervisors. The Company has not denied any personal access to the audit committee of the Company and it has policy to provide protection to "Whistle Blowers" from unfair termination and other unfair or prejudicial employment practices.

6. REMUNERATION COMMITTEE :

The Company constituted a Remuneration Committee in the meeting of Board of Directors held on 16th May 2009 and this committee consists of Shri Amit Kumar Jain, Shri Arun Kumar Jain, as the members of the committee and Shri Vinay Kumar Jain, as Chairman of the Committee.

QST LIMITED (2009-2010)

Name	Category
Shri Vinay Kumar Jain	Non-Executive Director
Shri Amit Kumar Jain	Non-Executive Director
Shri Arun Kumar Jain	Non-Executive Director

7. SHAREHOLDERS COMMITTEE :

During the year four meetings were held. The said meetings were held on 16th May, 2009, 15th June, 2009, 30th October, 2009 and 22nd March, 2010. The Details of composition of Shareholders Committee / investors Grievances committee an attendance of each member of the Committee as on 31st March, 2010 are as under :

Name	Category	Designation	No. of Meetings attended
Shri Ajay Kumar Jain	Non-Executive Director	Chairman	2
Shri Amit Kumar Jain	Non-Executive Director	Member	2
Shri Arun Kumar Jain	Non-Executive Director	Member	2

The Board has designated Shri Ajay Kumar Jain, Director as Compliance Officer.

All complaints which the Company received during the year have been replied / redressed to the satisfaction of the shareholders. There are no pending complaint upto 31st March 2010.

8. GENERAL BODY MEETINGS :

A. Location date time of Annual General Meetings held during the preceding three years are as follows :

Year	Date and Time	Location
2006-07	Monday the 24th Sep. 2007 at 11:30 A.M.	Agarwala Building, The Mall, Kanpur
2007-08	Saturday the 20th Sep. 2008 at 11:30 A.M.	Agarwala Building, The Mall, Kanpur
2008-09	Wednesday the 2nd Sep. 2009 at 11:30 A.M.	Agarwala Building, The Mall, Kanpur

9. PASSING OF RESOLUTION BY POSTAL BALLOT:

No item was passed by resolutions through postal ballot during the Financial Year 2009-10. At the forthcoming Annual General Meeting also, there is no item on the agenda that needs approval by Postal ballot.

10. DISCLOSURES :

- A. There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their Subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- B. There is no instance of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority on any matters related to capital markets during the last three years.
- C. The Management Discussion and Analysis form part of Director's Report.

10. MEANS OF COMMUNICATION :

The Quarterly / Half Yearly unaudited financial results of the Company could not be published in Newspaper due to sickness, financial crisis and closure of Industrial Activities of the Company during the Year. However, the Annual Audited results are being sent to Shareholders and Stock Exchanges where the Company is listed.

11. GENERAL SHAREHOLDERS INFORMATION:

A. Date of Annual General Meeting, time and venue	28th Sep. 2010 at 11:00 A.M. at Agarwala Building, The Mall, Kanpur
B. Financial Calendar :	
Ist Quarterly Results	During last week of July, 2010
IInd Quarterly Results	During last week of Oct., 2010
IIIrd Quarterly Results	During last week of Jan., 2011
IVth Quarterly Results	During last week of April, 2011
Annual General Meeting	By the end of Sep., 2011
C. Record Date / Date of Book Closure	28th, September, 2010
D. Listing at Stock Exchanges	1. The U. P. Stock Exchange Association Limited, Padam Tower 14/113, Civil Lines, Kanpur. 2. Bombay Stock Exchange Limited, Towers, Phiroze Jeejeebhoy Towers, Dalal Street Mumbai. 3. The Delhi Stock Exchange Association Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi.
E. Stock Code at the Stock Exchange, Mumbai.	513291

F. Registrar and Transfer Agents :

The Company has appointed **M/s. Skyline Financial Services (P) Limited** as Registrar and Share Transfer Agent of the Company in respect of Shares held in physical and demat form. The contact details of the Registrar is as under:

M/s. Skyline Financial Services (P) Limited,
D-153/A, 1st Floor Okhla Industrial Area
Phase-1, New Delhi - 110 020
Phone No. (011) 26812682, 83, 84
Fax No. (011) 26812681
E-mail : yiren@skylinerta.com

G. Share Transfer System :

The Company has made arrangements with M/s. Skyline Financial Services (P) Limited, for share transfer / transmission of shares as per listing agreement.

H. Distribution of Shareholders : Distribution of shareholding as at 31st March, 2010 are as under:

Range	No. of Members	% age	Amount in Rupees	% of Total Amount
Upto 500	4950	93.79	6793030	19.14
501 - 1000	141	2.67	1112000	3.13
1001 - 2000	57	1.08	846000	2.38
2001 - 3000	18	0.34	475000	1.34
3001 - 4000	11	0.21	389000	1.10
4001 - 5000	23	0.43	1081000	3.04
5001 - 10000	30	0.57	2182700	6.15
10001 - & Above	48	0.91	22621270	63.72
Total	5278	100.00	35500000	100.00

According to Categories of Shareholders :

S.No.	Category	No. of Shares	% of Shareholders
1.	RI General	2120536	59.73
2.	RI Promoter Group & Director	407194	11.47
3.	RI Employee	5880	0.17
4.	NRI	208600	5.88
5.	Body Corporate	807790	22.75
	Total	3550000	100

I. Dematerialization of shares and Liquidity :

The Shares of the Company are covered under the category of compulsory delivery in dematerialized form by all the categories of investors. The Company is in the process of signing agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services Limited.

J. Outstanding Instrument :

There is no outstanding GDRs/ADRs/Warrants or any Convertible Instrument of the Company.

K. Plant Location

The Company has one plant located at Bindki Road, Chaudagra, Distt. Fatehpur (U.P.)

L. Address for Communication :

Shri Ajay Kumar Jain

QST LIMITED

Agarwala Building,

The Mall, Kanpur - 208 004

CERTIFICATE

To the Members of QST Limited :

We have examined the compliance of conditions of Corporate Governance by QST Limited for the year ended 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and Management, we certify that the Company has been in bad phase and suffering financial constraints since 2002 as it became Sick Industrial Company as per the provisions of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. Due to this adverse condition, the Company could not appoint any Independent Director but it has complied the other conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that in respect of Investor Grievances received during the year ended 31st March, 2010, no investor grievances are pending against the company as per the records maintained by the company and presented to the shareholders' / investors' Grievance committee of the Company.

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 C. L. Kanodia & Co.
Chartered Accountants

(C. L. Kanodia)

Prop.

Membership No. 11427

Place : Kanpur
Date : 08.05.2010

AUDITOR'S REPORT

To,
The Members of
QST LIMITED.

We have audited the attached Balance Sheet of QST LIMITED, as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e. on the basis of the written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f. in our opinion and to the best of our information and according to the explanation given to us, the said accounts, read with notes thereon, 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 the Balance Sheet, of the state of affairs of the Company as at 31.03.2010 and
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For C. L. Kanodia & Co.
Chartered Accountants

(C. L. Kanodia)

Prop.

Membership No. 11427

Place : Kanpur
Date : 08.05.2010

ANNEXURE TO THE AUDITOR'S REPORT
(Referred to in Paragraph (1) of our Report of even date)

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the Fixed Assets of the Company are physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year and accordingly going concern is not effected.
2. (a) As explained to us, management has carried out physical verification of the inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventory, and no discrepancies noticed on physical verification of inventory as compared to the book records.
3. (a) During the year, the Company has taken unsecured loans of Rs.1320 lacs from Companies listed in the register maintained under section 301 of the Companies Act, 1956. The Company has not granted any loans to firms, companies and other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) The rate of Interest and other terms and conditions of the loan taken or granted by the Company covered under sub-para (a) above are not, *prima-facie* prejudicial to the interest of the Company.
4. In our opinion, and according to the information and explanations given to us, the Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and Fixed Assets and for the sale of goods. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regard to purchase of inventory and fixed assets and for the sale of goods.
5. (a) According to the information and explanations given to us, we are of the opinion that 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 Companies Act, 1956, and exceeding rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. As explained to us, the Company has not accepted deposits from the public under Sections 58A and 58AA of the Companies Act, 1956.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956, in regard to its products. We are of the opinion that *prima-facie* the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing during the year undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax and other statutory dues with appropriate authorities. As informed to us, there are no undisputed dues in arrears as at 31st March, 2010 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, the dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute and the forum where the dispute is pending are as under :-

Name of the Statute	Nature of dues	Amount (Rupees)	Forum where dispute is pending
ESI Act, 1948	Damages and Interest	135617.00	Civil Judge (Senior) ESI, Court, Kanpur Nagar

10. The Company does not have any accumulated losses as at the year end, and has not incurred any cash losses during the financial year and the immediately preceding financial year.
11. In our opinion and based on the information and explanations given to us, the Company has defaulted in repayment of dues to the Bank of Baroda. The Bank has categorized the account as NAP on 31.05.2002. The Company has compromised with Bank of Baroda under one time settlement. The amount payable to Bank of Baroda under one time settlement has been paid in full, during the above year.
12. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As explained to us, the provisions of any special statutes applicable to Chit Fund, Nidhi, Mutual Benefit fund or society are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures, and other investments. The investments have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, no term loan has been taken by the Company during the year.
17. In our opinion, and on the basis of our explanation and according to the information and explanations given to us, the Company has not *prima-facie*, used the funds borrowed on short term basis during the year for long term investments and vice versa.
18. 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.
19. According to the information and explanations given to us, the Company has not issued any debentures during the year.
20. In our opinion and according to the information and explanations given to us, the Company has not raised any money by Public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For C. L. Kanodia & Co.
Chartered Accountants

(C. L. Kanodia)

Prop.

Membership No. 11427

Place : Kanpur
Date : 08.05.2010

BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE	Current Year (Rupees)	Previous Year (Rupees)
<u>SOURCE OF FUNDS</u>			
<u>SHAREHOLDER'S FUND</u>			
Share Capital	1	35,500,000	35,500,000
Reserves & Surplus	2	66,131,820	32,689,237
<u>LOAN FUNDS</u>			
Secured Loans	3	-	53,507,418
Unsecured Loans	4	68,009,569	49,440,230
Total		169,641,389	171,136,885
<u>APPLICATION OF FUNDS</u>			
<u>FIXED ASSETS</u>			
Gross Block	5	113,179,229	96,315,915
Less Depreciation		80,094,492	75,632,141
		33,084,737	20,683,774
Net Block	6	5,485,033	-
Capital Work in Progress	7	104,355	104,355
Investments			
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Inventories	8	59,545,499	338,138
Sundry Debtors	9	66,352,304	144,050,001
Cash & Bank Balances	10	683,212	587,051
Loans & Advances	11	44,510,872	18,980,649
		171,091,887	163,955,839
Less : <u>CURRENT LIABILITIES & PROVISIONS</u>			
Current Liabilities & Provisions	12	40,124,623	13,607,083
Net Current Assets		130,967,264	150,348,756
Total		169,641,389	171,136,885

Significant Accounting Policies & Notes

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As per our report of even date
For C. L. Kanodia & Co.
Chartered Accountants

For and on behalf of the Board

Ajay Kumar Jain Director
Vinay Kumar Jain Director
Amit Kumar Jain Director

Kanpur
08.05.2010

(C. L. Kanodia)
Prop.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH 2010

PARTICULARS	SCHEDULE	Current Year (Rupees)	Previous Year (Rupees)
INCOME			
Sales	13	88,998,140	-
Other Income	14	121,865,218	131,305,418
Increase /(Decrease) in Stock	15	36,544,417	-
	Total	247,407,775	131,305,418
EXPENDITURE			
Raw Material Consumed	16	95,976,603	-
Purchases		15,458,814	-
Excise Duty		10,627,595	-
Manufacturing & Other Expenses	17	77,710,389	16,294,574
Interest		9,729,440	7,371,925
Depreciation for the year	4462351	2,890,493	2,539,235
Less : Transfer from Revaluation Reserve	<u>1571858</u>		
	Total.....	212,393,334	26,205,734
Profit/(Loss) Before Tax		35,014,441	105,099,684
Provision For Current Tax		-	-
Provision For Fringe Benefit Tax		-	64,350
Profit/(Loss) After Tax		35,014,441	105,035,334
Balance Brought Forward from last year		5,762,787	(99,272,547)
Balance Carried to Balance Sheet		40,777,228	5,762,787

Significant Accounting Policies & Notes

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As per our report of even date
For C. L. Kanodia & Co.
Chartered Accountants

For and on behalf of the Board

Kanpur
08.05.2010

(C. L. Kanodia)
Prop.

Ajay Kumar Jain Director
Vinay Kumar Jain Director
Amit Kumar Jain Director

SCHEDULE TO THE BALANCE SHEET AND PROFIT LOSS ACCOUNT

PARTICULARS	Current Year (Rupees)	Previous Year (Rupees)
<u>SCHEDULE -1</u>		
<u>SHARE CAPITAL</u>		
<u>Authorised</u>		
4000000 Equity Shares of Rs. 10/ each	<u>40,000,000</u>	<u>40,000,000</u>
<u>ISSUED, SUBSCRIBED & PAID-UP</u>		
3550000 Equity Shares of Rs. 10/- each fully paid-up	<u>35,500,000</u>	<u>35,500,000</u>
Total.....	<u>35,500,000</u>	<u>35,500,000</u>

Note : Out of the above 50000 Equity Shares of Rs. 10/- each fully paid-up allotted for consideration other than cash to the members.

SCHEDULE -2**RESERVES & SURPLUS**

Capital Reserve	319,750	319,750
Capital Subsidy	2,222,250	2,222,250
Share Premium	8,875,000	8,875,000
<u>Revaluation Reserve</u>	<u>13,937,592</u>	<u>15,509,450</u>
Balance as per Last Account	15,509,450	
Less : Transfer to Profit & Loss / Account	<u>1,571,858</u>	
Profit & Loss Account	-	
Total	<u>66,131,820</u>	<u>32,689,237</u>

SCHEDULE -3**SECURED LOANS****WORKING CAPITAL LOAN**

From Punjab National Bank	-	-
Bank of Baroda	-	<u>53,507,418</u>
Total	-	<u>53,507,418</u>

Note : Working Capital loans from Bank of Baroda are secured against hypothecation of stocks of raw materials, finished goods, store and spares, book debts outstanding bills and charge on immovable assets of the Company. The borrowings are further secured by personal guarantee of some Director and relative of a Director

SCHEDULE -4**UNSECURED LOANS**

From Companies	62,668,569	40,379,933
From Others	<u>5,341,000</u>	<u>9,060,297</u>
Total.....	<u>68,009,569</u>	<u>49,440,230</u>

**SCHEDULE -5
FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2009	Addition	Deduction	As at 31.03.2010	As at 01.04.2009	For the Year	On Sale/ Adjustment	Total as at 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Land	2,144,545	-	-	2,144,545	-	-	-	-	2,144,545
Building	29,210,977	1,511,370	-	30,722,347	16,900,845	995,538	-	17,896,383	12,825,964	12,310,132
Plant & Machinery	58,240,150	14,618,526	-	72,858,676	53,076,093	3,070,772	-	56,146,865	16,711,811	5,164,057
Furniture & Fixtures	1,555,901	10,849	-	1,566,750	1,521,764	111	-	1,521,875	44,875	34,137
Air Conditioner	611,693	66,726	-	678,419	529,778	31,460	-	561,238	117,181	81,915
Cycle	-	2,750	-	2,750	-	97	-	97	2,653	-
Computer	-	137,550	-	137,550	-	-12,328	-	12,328	125,222	-
Officer Equipments	1,423,549	48,600	-	1,472,149	973,711	69,401	-	1,043,112	429,037	449,838
Tools & Equipments	524,205	74,607	-	598,812	430,940	25,376	-	456,316	142,496	93,265
Vehicles	2,604,895	392,336	-	2,997,231	2,199,010	257,268	-	2,456,278	540,953	405,885
Total	96,315,915	16,863,314	-	113,179,229	75,632,141	4,462,351	-	80,094,492	33,084,737	20,683,774
Previous Year	96,315,915	-	-	96,315,915	71,521,048	4,111,093	-	75,632,141	20,683,774	-

Note:

Gross Depreciation of Rs. 4462351.00 Includes Rs. 1571858.00 amount added on Revaluation.

SCHEDULE TO THE BALANCE SHEET AND PROFIT LOSS ACCOUNT

PARTICULARS	Current Year (Rupees)	Previous Year (Rupees)
SCHEDULE - 6		
CAPITAL WORK IN PROGRESS		
Factory Building	989,358	-
Plant & Machinery	4,495,675	-
Total.....	5,485,033	-
SCHEDULE - 7		
INVESTMENTS		
Long Term Other Investment (At Cost) (Quoted)		
10 Equity Shares of Rs. 100/- fully paid in Gujrant Steel Tubes Ltd. (Market Value Rs. 140/- Previous Year Rs. 140/-)	3,430	3,430
50 Equity Shares of Rs. 10/- each fully paid in BST Manufacturing Ltd. (Market Value Rs. 100/- Previous Year Rs. 100/-)	925	925
Unquoted		
10000 Equity Shares of Rs. 10/- each fully paid-up in The Benares State Bank Ltd.	100,000	100,000
Total.....	104,355	104,355
SCHEDULE - 8		
INVENTORIES		
(As taken, valued & certified by the management)		
At Lower of Cost or Net Realisable Value		
Raw Materials	10,604,058	138,138
Finished Products	35,481,838	-
Stores & Spares	3,042,852	200,000
Furnace Oil & Diesel	175,680	-
At Estimated Market Value		
By-products (Scrap & Cuttings)	1,062,579	-
Goods in Transit	9,178,492	-
Total.....	59,545,499	338,138
SCHEDULE - 9		
SUNDRY DEBTORS		
(Unsecured - Considered Goods)		
Debts Outstanding for a period exceeding six months	53,394,855	144,050,001
Other Debts	12,957,449	-
Total.....	66,352,304	144,050,001

SCHEDULE TO THE BALANCE SHEET AND PROFIT LOSS ACCOUNT

PARTICULARS	Current Year (Rupees)	Previous Year (Rupees)
SCHEDULE - 10		
CASH & BANK BALANCES		
Cash and stamps on Hand	214,020	50,988
<u>With Schedule Bank</u>		
- Current Accounts	469,192	536,063
Total.....	<u>683,212</u>	<u>587,051</u>
SCHEDULE - 11		
LOANS AND ADVANCES		
(Unsecured - Considered Goods)		
Advances recoverable in cash or in kind or for value to be received	11,472,585	2,897,626
Tax Deducted at Source	19,178,077	2,833,203
Earnest Money & Security Deposits	13,860,210	13,249,820
Total.....	<u>44,510,872</u>	<u>18,980,649</u>
SCHEDULE - 12		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	28,811,402	12,688,405
Trade Deposits	-	100,000
Liabilities for Expenses	11,313,221	818,679
Total.....	<u>40,124,623</u>	<u>13,607,083</u>
SCHEDULE - 13		
SALES		
Finished Products (Steel Tubes & Poles)	88,998,140	-
Total.....	<u>88,998,140</u>	<u>-</u>
SCHEDULE - 14		
OTHER INCOME		
Interest (Gross)	3,775,786	12,160
Job Work Charges & Commission *	117,989,432	23,456,611
Income from Trade Mark	100,000	-
Miscellaneous Balances Written Off	-	107,836,647
Total.....	<u>121,865,218</u>	<u>131,305,418</u>
* Income Tax deducted at Source	13,000,608	531,176

SCHEDULE TO THE BALANCE SHEET AND PROFIT LOSS ACCOUNT

PARTICULARS	Current Year (Rupees)	Previous Year (Rupees)
SCHEDULE - 15		
INCREASE/(DECREASE) IN STOCKS		
OPENING STOCK		
Finished Products (Steel Tubes & Poles)	-	-
Scraps & Cuttings	-	-
Total.....	<u>-</u>	<u>-</u>
CLOSING STOCK		
Finished Products (Steel Tubes & Ploes)	35,481,838	-
Scraps & Cuttings	1,062,579	-
Total.....	<u>36,544,417</u>	<u>-</u>
Increase/(Decrease) in stock	36,544,417	-

SCHEDULE - 16

RAW MATERIALS CONSUMED/TRANSFER

Opening Stock	138,138	138,138
Add : Purchases	115,657,264	-
	<u>115,795,402</u>	<u>138,138</u>
Less : Sales	36,249	-
Closing Stock	19,782,550	138,138
Consumed.....	<u>95,976,603</u>	<u>-</u>

SCHEDULE TO THE BALANCE SHEET AND PROFIT LOSS ACCOUNT

PARTICULARS	Current Year (Rupees)	Previous Year (Rupees)
SCHEDULE - 17		
<u>MANUFACTURING & OTHER EXPENSES</u>		
Stores Consumed	2,430,987	1,642,665
Power & Fuel	5,610,282	3,115,033
Advertisement	824,727	31,855
Salaries, Wages & Bonus	1,937,168	2,510,451
Provident & Other Funds	97,576	135,444
Labour & Staff Welfare (including ESI)	162,691	188,307
Rent	72,410	71,943
Legal & Professional Charges	975,900	522,010
<u>Repairs</u>		
Building	-	22,647
Plant & Machinery	875,178	31,779
Travelling & Conveyance	182,779	249,976
Earnest Money and Loans & Advances Written Off	1,128,956	-
Bad Debts Written Off (Provision)	59,552,632	6,756,560
Vehicle Maintenance	177,786	193,815
Sales Promotion	2,201,625	-
Bank Commission	43,482	21,274
Printing & Stationery	88,855	57,185
Job Work Charges	40,189	-
Telephone Expenses	84,573	171,359
Postage & Telegrams	65,126	65,208
Freight & Handling	667,535	154,222
Auditor's Remuneration	66,180	38,605
Miscellaneous Expenses	423,752	314,236
Total.....	77,710,389	16,294,574

SCHEDULE - 18

1. SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES & NOTES

SIGNIFICANT ACCOUNTING POLICIES

(A) Accounting Convention

The Company maintains its accounts on accrual basis following the historical cost convention, except that Land, Building & Plant & Machinery have been shown on revalued amounts.

(b) Fixed Assets & Depreciation

- Fixed Assets are carried at cost of acquisition/revalued amounts less depreciation.
- Depreciation has been calculated for the year on all the assets (including amounts added on revaluation) of the Company on straightline method at the rates specified in Schedule XIV of the Companies Act, 1956.

(C) Investments

Investments are stated at cost.

(D) Valuation of Inventories

- Cost has been taken on FIFO basis.
- Raw Materials & Stores & Spares have been valued at cost.
- Finished Goods are stated at lower of the cost and net realisable value
- By-products are stated at estimate market value.

(E) Other Income

- Income from Job Work Charges is accounted for as per terms of relevant arrangement.
- Interest is accounted for on accrual basis.
- Income from services (Commission) are accounted for on accrual basis.

2. Contingent Liabilities not provided for :

(A) Damages and interest under the Employees State Insurance Act 1948 - Rs. 135617.00 (Previous Year Rs. 135617.00) being disputed and appeal thereagainst pending for final disposal.

3. The accounts of the Company have been prepared on a going concern basis inspite of the losses having exceeded its entire net worth as on 31.03.2002. Reference had earlier been filed with the Board for Industrial & Financial Reconstruction (BIFR). The BIFR has declared the Company is a sick Industrial Company as per the provisions of Section 3(1)(i) of the Sick Industrial Companies (Special provisions) Act, 1985. The Punjab National Bank has been appointed as Operating Agency for rehabilitation.
4. In the opinion of the Board, the current assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amounts at which they are stated in the Balance Sheet.
5. The accounts of certain Debtors, Creditors and Advances are subject to confirmation/reconciliation, if any.

6. Auditor's Remuneration

	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
(a) Audit Fee	40,000	20,000
(b) Tax Audit Fee	10,000	5,000
(c) Taxation Matters	10,000	10,000
	Rs. <u>60,000</u>	Rs. <u>35,000</u>

7. Managing Directors/Wholetime Director's Remuneration

Salaries	-	-
Contribution to Provident Fund	-	-
Value of Perquisites	-	-

8. Additional information under Part II of Schedule VI to the Companies Act, 1956

(A) <u>Licensed Capacity</u>		
Steel Tubes	N.A.	N.A.
(B) <u>Installed Capacity</u>		
Steel Tubes	100,000 M.T.	100,000 M.T.

** Installed capacity is as certified by the management and not verified by the Auditors being a technical matter)*

	<u>YEAR ENDED 31.03.2010</u>		<u>YEAR ENDED 31.03.2009</u>	
	Quantity (M.T.)	Value (Rupees)	Quantity (M.T.)	Value (Rupees)
(c) <u>Opening Stock</u>				
Finished Products (Steel Tubes & Poles)	-	-	-	-
Scrap & Cuttings	-	-	-	-
Coils & Slits	-	-	-	-
(d) <u>Production</u>				
Finished Products (Steel Tubes & Poles)	2,710.145	-	-	-
Scrap & Cuttings * (Including Zinc Scrap)	117.065	-	-	-
(e) <u>Purchases/Transfer</u> (Steel Tubes & Poles)	400.965	15458814	-	-
(f) <u>Turnover</u>				
Finished Products (Steel Tubes & Poles)	2,251.960	87673742	-	-
Scrap & Cuttings * (Including Zinc Scrap)	76.548	1324398	-	-
(g) <u>Closing Stock</u>				
Finished Products (Steel Tubes & Poles)	859.150	35481838	-	-
Scrap & Cuttings * (Including Zinc Scrap)	40.517	1062579	-	-
9. RAW MATERIALS CONSUMED	2,833,350	95976603	-	-
10. (a) Raw Materials Consumed	-	All Indigenous	-	All Indigenous
(b) Stores & Spares Consumed	-	All Indigenous	-	All Indigenous
11. Expenditure in Foreign currency		NIL		NIL
12. Earning in Foreign currency		NIL		NIL
13. Remittance in Foreign currency		NIL		NIL

14. The Company has initiated the process of obtaining confirmation from suppliers regarding the registration under the Micro, Small and Medium Enterprises Development Act, 2006. The suppliers are not registered wherever confirmations are received and in other cases, the Company is not aware of their registration status and hence information relating to outstanding balance or interest due is not disclosed as it is not determinable.

QST LIMITED (2009-2010)

15. Related Party Disclosure in accordance with the Accounting Standards (AS-18) 'Related Party Disclosure', issued by the Institute of Chartered Accountants of India are as under :-

(i) Name of Related parties and description of relationship

(A) Key Management Personal and their Relatives :

- (a) Shri Ajay Kumar Jain
- (b) Shri Vinay Kumar Jain
- (c) Shri Amit Kumar Jain
- (d) Smt. Deepali Jain
- (e) Smt. Ragini Jain

(B) Associate Companies / Firms

- (a) M/s Premier Power & Steels (P) Ltd.
- (b) M/s Premier Alloys Ltd.
- (c) M/s Premier Bars (P) Ltd.
- (d) M/s Premier Ispat Ltd.
- (e) M/s Premier Metcast (P) Ltd.
- (f) M/s Classic Poly tubes (P) Ltd.

(ii) Summary of Transactions:

	Amount of Transactions as on <u>31.03.2010</u>	Amount of Transactions as on <u>31.03.2009</u>
<u>Key Management Personal and their Relatives :</u>		
On Account of Sales	38237.00	-
<u>Associate Companies / Firms :</u>		
Inter Corporate Loans Accepted	13304461.00	16438295.00
Inter Corporate Loans Repaid	22105345.00	-
Purchases of Fixed Assets	339959.00	-
On Account of Sales	1349011.00	-
TDS	177690.00	-
On Account of Expenses	8037608.00	-

16. Earning Per Share :

(a) Profit after Tax (Profit attributable to Equity Shareholders) (in Rs.)	35014441.00	105035334.00
(B) Weighted average nos. of Equity shares for Basic/Diluted EPS	3550000	3550000
(C) Nominal Value of Equity Share (in Rs.)	10.00	10.00
(D) Basic/Diluted Earning per Equity Share (in Rs.)	9.86	29.59

17. Previous year's figures have been regrouped/recast wherever necessary to make them comparable.

18. Schedule 1 to 18 form an integral part of the accounts and have been duly authenticated.

For C. L. Kanodia & Co.

Chartered Accountants

(C. L. Kanodia)

Prop.

Membership No. 11427

For and on behalf of the Board

Ajay Kumar Jain Director

Vinay Kumar Jain Director

Amit Kumar Jain Director

Place : Kanpur

Date : 08.05.2010

QST LIMITED (2009-2010)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFIT FOR THE FINANCIAL YEAR ENDING ON 31.03.2010

I. Registration Details

Registration No.

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Balance Sheet

3	1
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2	0	1	0
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Date Month Year

II. Capital Raised during the year (Amount in Rs.)

Public Issue	Rights Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities				Total Assets
169,641,389				169,641,389
Sources of Funds				
Paid - up Capital	Reserves and Surplus	Secured Loans	Unsecured Loans	
35,500,000	66,131,820	NIL	68,009,820	
Application of Funds				
Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure	
38,569,770	104,355	130,967,264	NIL	
Accumulated Losses				
NIL				

IV. Performance of Company (Amount in Rs.)

Turnover (Gross Revenue)	Total Expenditure
247,407,775	212,393,334
Profit / (Loss) Before Tax	Profit / (Loss) After Tax
35,014,441	35,014,441
Earning per Share (in Rupees)	Dividend Rate %
9.86	NIL

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code No. :

Product Description :

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Current Year (Rupees)	Previous Year (Rupees)
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	35,014,441	105,099,684
Adjustments for :		
Depreciation	2,890,493	2,539,235
Interest Income	(3,775,786)	(12,160)
Interest on Borrowings	9,729,440	7,371,925
Preliminary & Share Issue Exp. W/o	-	-
Loss/(Profit) on sale of Fixed Assets	-	-
	8,844,147	9,899,000
Operating Profit before working Capital changes	43,858,588	114,998,684
Changes in :		
Trade & Other receivables	(68,512,348)	(28,349,342)
Inventories	59,207,361	(1,025,000)
Trade Payables	26,517,540	363,093
	35,822,527	29,737,435
Cash generated from operation	79,681,115	144,736,119
Interest Paid	(9,729,440)	(7,371,925)
Direct Tax Paid	(16,344,874)	(463,248)
Cash flow before Extra Ordinary items	53,606,801	136,900,946
Adjustment for Extra-ordinary items	-	-
Prior period Adjustment	-	-
Net Cash Flow from operating activities	(A) 53,606,801	136,900,946
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(22,348,347)	-
Sale of Fixed Assets	-	-
Interest Received	3,775,786	12,160
Net Cash Flow from Investing activities	(B) (18,572,561)	12,160
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Unsecured Loans	18,569,339	49,440,230
Repayment of Term Loan / Long Term Borrowings	(53,507,418)	(186,545,506)
Dividend Paid	-	-
Net Cash flow from Investing activities	(C) (34,938,079)	(137,105,276)
Net Changes In Cash & Cash Equivalents	(A+B+C) 96,161	(192,170)
Cash & Cash Equivalents (Opening Balances)	587,051	779,221
Cash & Cash Equivalents (Closing Balances)	683,212	587,051

KANPUR
08.05.2010

For and on behalf of the Board

Ajay Kumar Jain Director
Vinay Kumar Jain Director
Amit Kumar Jain Director

AUDITOR'S CERTIFICATE

We have verified the above Cash Flow Statement of QST LIMITED, derived from audited financial statements and the books and records maintained by the Company for the years ended 31st March, 2010 and 31st March, 2009 and found the same to be in agreement therewith.

For C. L. Kanodia & Co.
Chartered Accountants

(C. L. Kanodia)

Prop.
Membership No. 11427

Place : KANPUR
Date : 08.05.2010

ATTENDANCE SLIP

QST LIMITED

Regd. Office

Agarwala Building, The Mall, Kanpur - 208 004 (U.P.)

PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint Shareholder may obtain additional

Attendance Slip on request.

Folio No.

NAME & ADDRESS OF THE SHAREHOLDER

No. of Shares held :

I hereby record my presence at the THIRTY FIFTH ANNUAL GENERAL MEETING of the Company being held on Tuesday, 28th September, 2010 at 11.00 A.M. At the Registered Office of the Company at Agarwala Building, The Mall, Kanpur - 208 004.

* Strike out whichever is not applicable

Signature of the Shareholder of Proxy*

----- TEAR HERE -----

PROXY

QST LIMITED

Regd. Office

Agarwala Building, The Mall, Kanpur - 208 004 (U.P.)

FOLIO NO.

(As shown in your Share Certificate)

I/We

(BLOCK LETTERS)

of being a member/members

of QST Limited, Kanpur hereby appoint

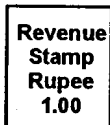
of or failing him

of

as my / our proxy to attend and vote for me / us on my / our behalf at the THIRTY FIFTH ANNUAL GENERAL MEETING of the Company to be held on Tuesday, 28th September 2010 at 11.00 A.M or at any adjournment thereof.

As witness I/We set my / our hand (s) this day of

Signed by the said



Note : The Proxy to be valid, must be deposited at the Registered Office of the Company, not less than 48 hours before the time of the meeting.

Book Post
U. P. C.

If Undelivered please return to



QST LIMITED

Agarwala Building,
The Mall, Kanpur - 208 004 (U.P.)

CREATIVE GRAPHIC
Mobile : 9335406029