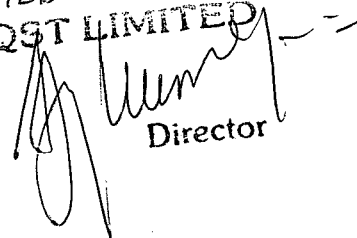


Annual Report

2008 - 2009



CERTIFIED TRUE COPY
For QST LIMITED


Director

QST LIMITED

QST LIMITED
ANNUAL REPORT
2008-2009

BOARD OF DIRECTORS :

Shri Raj Kumar Jain
Shri Radha Kishan Agarwal
Shri Ajay Kumar Jain
Shri Navin Agarwal
Shri Vinay Kumar Jain
Shri Amit Kumar Jain
Shri Arun Kumar Jain

AUDITORS :

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

BANKERS :

Bank of Baroda
ICICI Bank Ltd.
Canara Bank

REGISTERED OFFICE :

Agarwala Building
The Mall, Kanpur - 208004

WORKS :

Bindki Road
Distt. Fatehpur (U.P.)

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34th Annual General Meeting

Wednesday 2nd Day of September 2009 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

QST LIMITED (2008-2009)

Notice :

Notice is hereby given that the THIRTY FOURTH Annual General Meeting of the members of **QST LIMITED** will be held on Wednesday the 2nd day of September, 2009 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, 2009 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 Ajay Kumar Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. 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.

SPECIAL BUSINESS :

4. Appointment of Director

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

"RESOLVED THAT Shri Vinay Kumar Jain, be and is hereby appointed as director of the Company liable to retire by rotation."

5. Appointment of Director

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

"RESOLVED THAT Shri Amit Kumar Jain, be and is hereby appointed as director of the Company liable to retire by rotation."

6. Appointment of Director

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

"RESOLVED THAT Shri Arun Kumar Jain, be and is hereby appointed as director of the Company liable to retire by rotation."

By Order of the Board,

Place : Kanpur

(Ajay Kumar Jain)

Date : 03.08.2009

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 the proxy need not be a member of the Company.
Proxy in order to be effective must be deposited at the Registered Office of the Company, at least forty eight hours before the commencement of the meeting.
2. Members desirous of any information on the accounts are requested to send their queries at least ten days before the meeting to enable the management to keep the information ready.
3. The Company will observe the record date on 2nd September 2009 instead of book closure.
4. The addresses of Stock Exchanges where Company's shares are listed :-
 - (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.
5. The Shares are transferred in house. Any query in this regard shall be entertained by :

M/s QST Limited

Agarwala Building,
The Mall, Kanpur - 208 004

Explanatory Statement

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No. 4 :

Shri Vinay Kumar Jain was appointed as an Additional Director on the board w.e.f 5th April 2009 and by virtue of Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company, he holds office upto the ensuing Annual General Meeting of the Company. The Company has received

notice in writing in terms of Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company. If appointed Shri Vinay Kumar Jain will act as a Director liable to retire by rotation.

None of the Directors of the Company other than the appointee himself and Shri Ajay Kumar Jain being relative are interested or concerned in the above resolution.

The Board recommends that the above resolution may be passed as an Ordinary Resolution.

appointee himself and Shri Ajay Kumar Jain being relative are interested or concerned in the above resolution.

The Board recommends that the above resolution may be passed as an Ordinary Resolution.

By Order of the Board,

Place : Kanpur

(Ajay Kumar Jain)

Date : 03.08.2009

Director

ITEM NO. 5 :

Shri Amit Kumar Jain was appointed as an Additional Director on the board w.e.f. 5th April 2009 and by virtue of Section 260 of the Companies Act, 1956, read with the Articles of Association of the Company. He holds office upto the ensuing Annual General Meeting of the Company. The Company has received notice in writing in terms of Section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director of the Company. If appointed Shri Amit Kumar Jain will act as Director liable to retire by rotation.

None of the Directors of the Company other than the appointee himself and Shri Ajay Kumar Jain being relative are interested or concerned in the above resolution.

The Board recommends that the above resolution may be passed as an Ordinary Resolution.

ITEM NO. 6 :

Shri Arun Kumar Jain was appointed as an Additional Director on the board w.e.f. 2nd May, 2009 and by virtue of Section 260 of the Companies Act, 1956, read with the Articles of Association of the Company. He holds office upto the ensuing Annual General Meeting of the Company. The Company has received notice in writing in terms of Section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director of the Company. If appointed Shri Arun Kumar Jain will act as Director liable to retire by rotation.

None of the Directors of the Company other than the

DIRECTOR'S REPORT

To,
The Members,

Your Directors have pleasure in presenting herewith the THIRTY FOURTH ANNUAL REPORT and the Audited Accounts of the Company for the year ended 31st March, 2009.

The financial figures are summarized as below :

FINANCIAL RESULTS :

Particulars	2008-09 (Rs. in Lacs)	2007-08 (Rs. in Lacs)
Sales and other Income	1313.06	323.41
Profit / (Loss) before Depreciation	1076.39	55.96
Depreciation.	25.39	26.44
Profit / (Loss) before Tax	1051	29.52
Less : Provision for taxation	(0.64)	(0.65)
Profit / (Loss) after Tax	1050.36	28.87
Balance brought forward from previous year.	(992.72)	(1021.59)
Transfer from General Reserve	NIL	NIL
Income Tax of Earlier Year	NIL	NIL
Balance Carried forward	57.63	(992.72)

DIVIDEND

In view of the accumulated losses of the Company, the Board does not recommend any dividend for the year 2008-2009.

OPERATION AND ACTIVITIES

As you know the Company is a Sick Industrial Company as per the provisions of Section 3(1) (0) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company has paid off all the dues of Punjab National Bank. The Company has settled dues under one time settlement scheme on dt. 24.12.08 and is regularly paying installments to Bank of Baroda. The Company has shown profit from remission of liability due to settlement of secured creditors and job work.

DIRECTORS :

Shri Ajay Kumar Jain Director of the Company retires from the Board by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. During the year

Shri Vinay Kumar Jain and Shri Amit Kumar Jain were appointed as Additional Directors w.e.f. 05.04.09 and Shri Arun Kumar Jain was appointed as Additional Director w.e.f. 02.05.09. They will hold the office upto the date of ensuing Annual General Meeting. Shri Raj Kumar Jain, Shri Radhakrishan Agarwal and Shri Navin Agarwal have tendered their resignation and ceased to be Directors w.e.f. 08.04.09.

AUDITORS :

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

AUDITOR'S REPORT :

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

COMPLIANCE CERTIFICATE :

As per the provisions of Sec. 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 2008-09.

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.

DIRECTOR'S 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, 2009 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.

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,

Place : Kanpur (Ajay Kumar Jain) (Vinay Kumar Jain)
Date : 03.08.2009 Director Director

LISTING AGREEMENT :

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

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

Even Due to the financial constraints the Company has paid the fees of stock exchanges where the shares are listed.

CORPORATE GOVERNANCE :

A report on Corporate Governance is given separately. Due to the bad phase which the Company is passing through, the Company could not appoint Independent Directors as required by the Listing Agreement.

ACKNOWLEDGEMENT :

Your Directors place on record their sincere thanks to the Company's bankers, shareholders, customers,

ANNEXURE TO DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

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) During the year no manufacturing activities were done by the Company. Therefore the furnace oil consumption was NIL. |
| | (ii) Power consumption was reduced in Welders, Motors and Tube Mills by replacement of critical components with 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. There is no new proposal to invest. |
| (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 :

- | | |
|--|-------------------------------|
| (e) 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. | Not Applicable |
| (g) Total Foreign Exchange used and earned. | NIL |
| Foreign Exchange outgo. | NIL |

By Order of the Board,

Place : Kanpur
Date : 03.08.2009

(Ajay Kumar Jain)
Director

(Vinay Kumar Jain)
Director

FORM - B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

(I) RESEARCH AND DEVELOPMENT (R & D):

- | | |
|--|---|
| 1. Specific areas in which R & D carried out by the Company. | Due to Non - manufacturing activities not applicable. |
| 2. Benefits derived as a result of the above R&D | Nil |
| 3. Future Plan of action. | No new plan due to sickness of the Company. |
| 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 adsorption, 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 years. |

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 Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended on 31st March, 2009. 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 Register of Companies, Regional Director, 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 7 (seven) times on 29.04.08, 28.07.08, 27.08.08, 30.10.08, 24.12.08, 31.01.09 and 25.03.2009 in respect of which proper notices were given and the proceedings were properly recorded and signed in

in the Minutes Book maintained for the purpose.

5. The Company has observed record date on 20th September, 2008 during the Financial Year.
6. The Annual General Meeting for the Financial Year ended on 31.03.2008 was held on 20.09.2008 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 advanced any loans to directors, persons, companies or firms 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 any entries in the register maintained under Section 301 of the Act.
11. As there were no instances 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 certificates during the Financial Year.
13. The Company:
 - i. has delivered all the certificates on lodgment thereof for transfer / transmission or 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 warrants 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 in the Company.
 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 thereunder.
 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 were 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 have been made in the register kept for the purpose.
 26. The Company has not altered the provisions of the 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 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 other 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 Employees Provident Fund & Miscellaneous Provisions Act, 1952.

Place : Kanpur
Date : 27.07.2009

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, 2009 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	18.10.2008	YES	N.A.
2	20B	159	Annual Return	19.11.2008	YES	N.A.
3	CAR	233B	Cost Audit	10.02.2009	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 Period
1st April, 2008 to March 31st, 2009**

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 Ajay 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 42 Years of age is a

Post Graduate in Commerce. He is doing business of Iron & Steel since last 20 years. He is managing marketing & looking after administration of the Company.

Shri Vinay Kumar Jain is of 40 Years, is a Bachelor of Engineering. He has been associated with the Business for past many years and manages the Production activity of the Business.

Shri Amit Kumar Jain is of 38 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 managing production activity of the Company.

Shri Arun Kumar Jain who is 36 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.

Shri R. K. Jain resigned from the office of Director in the month of April 2009.

Shri R. K. Agarwal has resigned from the office of the Director in the month of April 2009.

Shri Navin Agarwal has resigned from the office of the Director in the month of April 2009.

During the year 7 Board Meeting were held. The dates of meetings are as follows :

1. 29th April, 2008
2. 28th July, 2008
3. 27th August, 2008
4. 30th October, 2008
5. 24th December, 2008
6. 31st January, 2009
7. 25th March, 2009.

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

Name of the Directors	Categories	No. of B. M. attended	Attendance at last AGM
Shri R. K. Jain	Non-Executive Director	7	Yes
Shri R. K. Agarwal	Non-Executive Director	7	Yes
Shri Navin Agarwal	Non-Executive Director	7	Yes
Shri Ajay Kumar Jain	Non-Executive Director	7	Yes
Shri Amit Kumar Jain	Non-Executive Director	-	No
Shri Vinay Kumar Jain	Non-Executive Director	-	No
Shri Arun Kumar Jain	Non-Executive Director	-	No

3. CODE OF CONDUCT :

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

4. AUDIT COMMITTEE :

During the year, no meeting was held. The constitution of the Audit Committee is given below:

Name of the Directors	Categories	Designation
Shri R. K. Agarwal	Non-Executive Director	Chairman
Shri Navin Agarwal	Non-Executive Director	Member
Shri Ajay Kumar Jain	Non-Executive Director	Member

5. REMUNERATION COMMITTEE :

There is no Remuneration Committee.

6. SHAREHOLDERS COMMITTEE :

The Details of composition of Shareholders Committee / Investors Grievances Committee and attendance of each member of the Committee as on 31st March, 2009 are as under :

Name	Categories	Designation	No. of Meetings attended
Shri Ajay Kumar Jain	Non-Executive Director	Chairman	2
Shri Navin Agarwal	Non-Executive Director	Member	2
Shri R. K. Agarwal	Non-Executive Director	Member	2

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

The Company didn't receive Compliant from the Shareholders during the year. There is no pending complaint or transfer upto 31st March, 2009.

7. GENERAL BODY MEETINGS :

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

Year	Date & Time	Location
2005-06	Monday the 25th Sep. 2006 at 11.30 A.M.	Agarwala Building, The Mall, Kanpur
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

B. Passing of Resolution by Postal Ballot:

No item was passed by resolutions through postal ballot during the Financial Year 2008-09. At the forthcoming Annual General Meeting also, there is no item on the agenda that needs approval by Postal Ballot.

8. 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, structures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

9. 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.

10. GENERAL SHAREHOLDERS INFORMATION:

A. Date of Annual General Meeting, Time & Venue	2nd Sep. 2009, at 11.00 A.M. at Agarwala Building, The Mall, Kanpur.
B. Financial Calendar:	
1st Quarterly Results	During last Week of Jul., 2009
2nd Quarterly Results	During last Week of Oct., 2009
3rd Quarterly Results	During last Week of Jan., 2010
4th Quarterly Results	During last Week of Apr., 2010
Annual General Meeting	By the end of Sep., 2010

C. Record Date	2nd September, 2009
D. Listing at Stock Exchanges	1. The U.P. Stock Exchange Association Ltd., Padam Tower, 14/113, Civil Lines, Kanpur. 2. Bombay Stock Exchange, 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
123, Vinobhapuri, Lajpat Nagar-II,
New Delhi-110024.
Phone No. (011) 26292682, 26292683,
Fax (011) 2629281
E-Mail: viren@skylinerta.com

G. SHARE TRANSFER SYSTEM :

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

H. DISTRIBUTION OF SHAREHOLDERS:

Distribution of shareholding as at 31st March, 2009 are as under:

Range	No. of Members	% of Total Share Holders	Amount in Rupees	% of Total Amount
1 - 5000	4952	93.93	6799030	19.15
5001 - 10000	139	2.64	1097000	3.09
10001 - 20000	57	1.08	837000	2.36
20001 - 30000	20	0.38	531000	1.49
30001 - 40000	10	0.19	358000	1.01
40001 - 50000	20	0.38	940000	2.65
50001 - 100000	30	0.57	2151000	6.06
100001 & above	44	0.83	22786970	64.19
TOTAL	5272	100.00	35500000	100.00

ACCORDING TO CATEGORIES OF SHAREHOLDER :

S.No.	Category	No. of Shares	% of Share Holders
1.	RI General	2149270	60.54
2.	RI Promotor	37100	1.04
3.	RI Employee	5880	0.17
4.	NRI	207200	5.84
5.	Body Corporate	831790	23.43
6.	Director & Relative	318760	8.98
	TOTAL	3550000	100.00

I. OUTSTANDING INSTRUMENT :

There is no outstanding GDR's / ADRs / Warrants or any Convertible Instrument of the Company.

J. PLANT LOCATION:

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

K. ADDRESS FOR COMMUNICATION:

Shri Ajay Kumar Jain
QST LIMITED
Agarwala Building,
The Mall, Kanpur - 208 004.

AUDITOR'S REPORT

To,
The Members of
QST LIMITED.

We have audited the attached Balance Sheet of QST LIMITED, as at 31st March 2009 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 Accounts as required by law have been kept by the Company, so far as appears from our examinations 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 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 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 explanations give to us, the said accounts, read with notes thereon, Subject to the note No. 3 regarding non - provision of interest on Bank Loans, 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 31.03.2009 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 : 20.06.2009

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 our 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 Rs 494.00 lacs from Companies and other parties 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 u/s 301 of the Companies Act, 1956.
- (b) The rate of Interest and other terms and conditions of the loan 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 weakness 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 accounts, 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 2009 for a period of more than six months from the date they became 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
Income Tax Act, 1961	2000-2001 on account of Additions on Assessment	2781962.00	CIT (A)-II, Kanpur
Income Tax Act, 1961	2001-2002 on account of Additions on Assessment	2632641.00	CIT (A)-II, Kanpur
ESI Act, 1948	Damages and Interest	135617.00	Civil Judge (Senior) ESI Court, Kanpur Nagar

10. The Company does not have any accumulated losses at the year end, and has not incurred any cash losses during the financial year and the 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 Banks have categorized the accounts as NPA on 31.05.2002. The Company has compromised with Bank of Baroda under one time settlement. The Amount payable to Bank of Baroda is Rs. 337.00 Lacs under one time settlement excluding interest payable from 01.10.2008.
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 : 20.06.2009

BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	SCHEDULE	Current Year (Rupees)	Previous Year (Rupees)
SOURCE OF FUNDS			
SHAREHOLDER'S FUND			
Share Capital	1	35,500,000	35,500,000
Reserves & Surplus	2	32,689,237	28,498,308
LOAN FUNDS			
Secured Loans	3	53,507,418	240,052,924
Unsecured Loans	4	49,440,230	—
Total		<u>171,136,885</u>	<u>304,051,232</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	96,315,915	96,315,915
Less Depreciation		<u>75,632,141</u>	<u>71,521,048</u>
Net Block		20,683,774	24,794,867
Investments	6	104,355	104,355
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	338,138	1,363,138
Sundry Debtors	8	144,050,001	161,910,763
Cash & Bank Balances	9	587,051	779,221
Loans & Advances	10	<u>18,980,649</u>	<u>29,070,331</u>
		<u>163,955,839</u>	<u>193,123,453</u>
Less : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities & Provisions	11	<u>13,607,083</u>	<u>13,243,990</u>
Net Current Assets		150,348,756	179,879,463
PROFIT & LOSS ACCOUNT			
		—	99,272,547
Total		<u>171,136,885</u>	<u>304,051,232</u>
Significant Accounting Policies & Notes	18		
As per our report of even date For C. L. Kanodia & Co. Chartered Accountants		For and on behalf of the Board	
Kanpur	(C. L. Kanodia)	Ajay Kumar Jain	Director
20.06.2009	Prop.	Vinay Kumar Jain	Director
		Amit Kumar Jain	Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009

PARTICULARS	SCHEDULE	Current Year (Rupees)	Previous Year (Rupees)
INCOME			
Sales	12	—	26,847,247
Job Work Charges		23,456,611	10,224,470
Other Income	13	107,848,807	3,969,880
Increase / (Decrease) in Stock	14	—	(8,700,641)
	Total	131,305,418	32,340,956
EXPENDITURE			
Raw Material Consumed / Transfer	15	—	—
Purchases	16	—	10,231,527
Excise Duty		—	2,079,515
Manufacturing & Other Expenses	17	16,294,574	7,826,559
Interest		7,371,925	6,607,475
Depreciation for the year		4111093	
Less : Transfer from Revaluation Reserve		1571858	
	Total	26,205,734	29,388,846
Profit / (Loss) Before Tax		105,099,684	2,952,110
Provision for Current Tax		—	—
Provision for Fringe Benefit Tax		64,350	65,500
Profit / (Loss) After Tax		105,035,334	2,886,610
Balance Brought Forward from Last Year		(99,272,547)	(102,159,157)
Balance Carried to Balance Sheet		5,762,787	(99,272,547)
Significant Accounting Policies & Notes	18		
As per our report of even date			
For C. L. Kanodia & Co. Chartered Accountants			For and on behalf of the Board
Kanpur	(C. L. Kanodia)	Ajay Kumar Jain	Director
20.06.2009	Prop.	Vinay Kumar Jain	Director
		Amit Kumar Jain	Director

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

PARTICULARS	Current Year (Rupees)	Previous Year (Rupees)
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
4000000 Equity Shares of Rs. 10/ each	<u>40,000,000</u>	<u>40,000,000</u>
ISSUED, SUBSCRIBED & PAID-UP		
3550000 Equity Shares of Rs. 10/ each fully paid-up	<u>35,500,000</u>	<u>35,500,000</u>
Total	<u><u>35,500,000</u></u>	<u><u>35,500,000</u></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
Revaluation Reserve	15,509,450	17,081,308
Balance as per Last Account	17,081,308	
Less : Transfer to Profit & Loss Account	<u>1,571,858</u>	
Profit & Loss Account	5,762,787	---
Total	<u><u>32,689,237</u></u>	<u><u>28,498,308</u></u>

SCHEDULE - 3

SECURED LOANS

WORKING CAPITAL LOAN

From Punjab National Bank	--	177,091,725
Bank of Baroda	<u>53,507,418</u>	<u>62,961,199</u>
Total	<u><u>53,507,418</u></u>	<u><u>240,052,924</u></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 Director.

SCHEDULE - 4

UNSECURED LOANS

From Companies	40,379,933	--
From Others	<u>9,060,297</u>	--
Total	<u><u>49,440,230</u></u>	<u><u>--</u></u>

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

**SCHEDULE - 5
FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Addition	Deduction	As at 31.03.2009	As at 01.04.2008	For the Year	On Sale/ Adjustment	Total As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
LAND	2,144,545	---	---	2,144,545	---	---	---	---	2,144,545	2,144,545
BUILDING	29,210,977	---	---	29,210,977	15,925,198	975,647	--	16,900,845	12,310,132	13,285,779
PLANT & MACHINERY	58,240,150	---	---	58,240,150	50,309,686	2,766,407	---	53,076,093	5,164,057	7,930,464
FURNITURE & FIXTURES	1,555,901	---	---	1,555,901	1,521,764	---	---	1,521,764	34,137	34,137
AIR CONDITIONER	611,693	---	---	611,693	500,723	29,055	---	529,778	81,915	110,970
OFFICE EQUIPMENTS	1,423,549	---	---	1,423,549	906,092	67,619	---	973,711	449,838	517,457
TOOLS & EQUIPMENTS	524,205	---	---	524,205	406,040	24,900	---	430,940	93,265	118,165
VEHICLES	2,604,895	---	---	2,604,895	1,951,545	247,465	---	2,199,010	405,885	653,350
TOTAL	96,315,915	---	---	96,315,915	71,521,048	4,111,093	---	75,632,141	20,683,774	24,794,867
PREVIOUS YEAR	96,315,915	--	--	96,315,915	67,305,420	4,215,628	--	71,521,048	24,794,867	---

Notes :

Gross depreciation of Rs. 4,111,093.00 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		
INVESTMENTS :		
Long Term Other Investment (At cost) (Quoted)		
10 Equity Shares of Rs. 100/- each fully paid in Gujrat 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 Limited (Market Value Rs. 100/- Previous Year Rs. 100/-)	925	925
Unquoted :		
10000 Equity Shares of Rs. 10/- each fully paid-up in The Benaras State Bank Ltd.	100,000	100,000
Total	104,355	104,355
SCHEDULE-7		
INVENTORIES :		
(As taken, valued & certified by the management)		
At Lower of Cost or Net Realisable Value		
Raw Materials	138,138	138,138
Finished Products	---	---
Stores & Spares	200,000	1,225,000
At Estimated Market Value		
By Products (Scrap & Cuttings)	---	---
Total	338,138	1,363,138
SCHEDULE - 8		
SUNDRY DEBTORS		
(Unsecured - Considered Goods)		
Debts Outstanding for a period exceeding six months	144,050,001	157,725,034
Other Debts	--	4,185,729
Total	144,050,001	161,910,763
SCHEDULE - 9		
CASH & BANK BALANCES		
Cash and Stamps on Hand	50,988	105,881
<i>With Scheduled Bank</i>		
- Current Accounts	536,063	287,918
- Fixed Deposits (Margin against Bank Guarantee)	--	385,422
Total	587,051	779,221

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

PARTICULARS	Current Year (Rupees)	Previous Year (Rupees)
SCHEDULE -10		
<u>LOANS AND ADVANCES :</u>		
(Unsecured - Considered Goods)		
Advances recoverable in cash or in kind or for value to be received	2,897,468	13,370,605
Excise Duty - Current Account	158	158
Income Tax - Including Tax Deducted at Source	2,833,203	2,434,305
Earnest Money & Security Deposits	13,249,820	13,265,263
Total	18,980,649	29,070,331
SCHEDULE - 11		
<u>CURRENT LIABILITIES & PROVISIONS :</u>		
Current Liabilities		
Sundry Creditors	12,688,405	11,945,273
Trade Deposits	100,000	100,000
Liabilities for Expenses	818,679	1,198,717
Total	13,607,083	13,243,990
SCHEDULE - 12		
<u>SALES:</u>		
Finished Products (Steel Tubes & Slitts)	--	21,317,662
H.R. Coil / Skelps (Trading)	--	5,529,585
Total	--	26,847,247
SCHEDULE - 13		
<u>OTHER INCOME:</u>		
Interest (Gross)	12,160	3,969,880
Miscellaneous Balances Written Off	107,836,647	--
Total	107,848,807	3,969,880

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

PARTICULARS	Current Year (Rupees)	Previous Year (Rupees)
SCHEDULE - 14		
<u>INCREASE/(DECREASE) IN STOCKS</u>		
Opening Stock:		
Finished Products (Steel Tubes & Poles)	--	3,832,204
Scraps & Cuttings	--	1,004,342
Coils & Slitts	--	3,864,095
Total	---	8,700,641
Closing Stock :		
Finished Products (Steel Tubes & Poles)	---	---
Scraps & Cuttings	---	---
Coils & Slitts	---	---
Total	---	---
Increase / (Decrease) in stock	---	(8,700,641)
SCHEDULE - 15		
<u>RAW MATERIALS CONSUMED / TRANSFER</u>		
Opening Stock	138,138	5,192,726
Add : Purchases	---	---
	138,138	5,192,726
Less : Transfer to Purchases	---	5,054,588
Closing Stock	138,138	138,138
Consumed	---	---
SCHEDULE - 16		
<u>PURCHASES:</u>		
H.R. Coil / Skelps (Trading)	--	5,176,939
Add: Transfer from Raw Material	--	5,054,588
Total	---	10,231,527

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	1,642,665,	455,686
Power & Fuel	3,115,033	2,168,359
Advertisement	31,855	20,154
Salaries, Wages & Bonus	2,510,451	2,198,914
Provident & Other Funds	135,444	168,310
Labour & Staff Welfare (Including ESI)	188,307	202,207
Rent	71,943	71,943
Legal & Professional Charges	522,010	949,598
<u>Repairs :</u>		
Building	22,647	128,362
Plant & Machinery	31,779	9,494
Travelling & Conveyance	249,976	267,186
Bad Debts Written Off	6,756,560	---
Vehicle Maintenance	193,815	154,788
Bank Commission	21,274	24,905
Printing & Stationery	57,185	69,017
Telephone Expenses	171,359	263,740
Postage & Telegrams	65,208	68,725
Freight & Handling	154,222	223,519
Auditor's Remuneration	38,605	39,326
Miscellaenous Expenses	314,236	342,326
Total....	16,294,574	7,826,559

SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Schedule - 18

SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES & NOTES

1. 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 estimated 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.

2. Contingent Liabilities not provided for :

(a) Income Tax - Rs. 5414603.00 (Previous Year Rs. 5414603.00) being disputed and appeal there against pending for final disposal.

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

3. The Company has not accounted for interest amounting to Rs. 103920910.00 of Bank of Baroda on the debt of the said bank, after the account was categorised as NPA by the above Bank on 31.05.2002. A One Time Settlement with Bank of Baroda has been entered into and the Company is paying instalments as stipulated.

4. The accounts of the Company have been prepared on a going concern basis in spite of the losses having exceeded its entire net worth as on 31.03.2002. Reference earlier 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) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Punjab National Bank has been appointed as Operating Agency for rehabilitation.

5. In the opinion of the Board, the current assets, Loans and Advances have a value on realisation in the ordinary course of business atleast equal to the amounts at which they are stated in the Balance Sheet.

6. The accounts of certain Debtors, Creditors and Advances are subject to confirmation / reconciliation, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

7. Auditor's Remuneration :

	Current Year	Previous Year
(a) Audit Fee (Incl. Tax Audit Fee)	25,000	25,000
(b) Taxation Matters	10,000	10,000
Total	35,000	35,000

8. Managing Directors/Whole time Director's Remuneration	Current Year (Rupees)	Previous Year (Rupees)
Salaries	---	---
Contribution to Provident Fund	---	---
Value of Perquisites	---	---

9. Additional Information under Part II of Schedule VI to the Companies Act, 1956

(a) Licenced Capacity

Steel Tubes	N. A.	N.A.
-------------	-------	------

(b) Installed Capacity*

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*

	Year Ended 31.03.2009		Year Ended 31.03.2008	
	Quantity	Value	Quantity	Value
	(M.T.)	(Rupees)	(M.T.)	(Rupees)
(c) Opening Stock				
Finished Products (Steel Tubes & Poles)	---	---	179	3,832,204
Scrap & Cuttings	---	---	106	1,004,342
Coils & Slitts	---	---	260	3,864,095
(d) Production				
Finished Products (Steel Tubes & Poles)	---	---	---	---
(e) Purchase / Transfer				
Coils & Slitts	---	---	275	10,231,527
(f) Turnover				
Finished Products (Steel Tubes & Poles)	---	---	179	6,187,334
Raw Material	---	---	107	13,065,677
Scrap & Cuttings	---	---	106	2,064,651
Coils & Slitts	---	---	428	5,529,585
(g) Closing Stock				
Finished Products (Steel Tubes & Poles)	---	---	---	---

10. Raw Materials Consumed	---	---	---	---
11. (A) Raw Materials Consumed		All indigenous		All indigenous
(B) Stores & Spares Consumed		All indigenous		All indigenous
12. Expenditure In Foreign Currency		NIL		NIL
13. Earning In Foreign Currency		NIL		NIL
14. Remittance In Foreign Currency		NIL		NIL
15. Previous year's figures have been regrouped/recast wherever necessary to make them comparable.				
16. Schedule 1 to 18 form an integral part of the accounts and have been duly authenticated.				

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

Place : Kanpur
Date : 20.06.2009

(C. L. Kanodia)
Prop.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE FOR THE FINANCIAL YEAR ENDING ON 31.03.2009

I. Registration Details

Registration No.

4	1	0	5
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 State Code

2	0
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 Balance Sheet

3	1
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2	0	0	9
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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	
171,136,885		171,136,885	
Sources of Funds			
Paid - up Capital	Reserves and Surplus	Secured Loans	Unsecured Loans
35,500,000	32,689,237	53,507,418	49,440,230
Application of Funds			
Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure
20,683,774	104,355	150,348,756	NIL
		Accumulated Losses	
		NIL	

IV. Performance of Company (Amount in Rs.)

Turnover (Gross Revenue)	Total Expenditure
131,305,418	26,205,734
Profit/ (Loss) Before Tax	Profit / (Loss) After Tax
105,099,684	105,035,334
Earning per Share (in Rupees)	Dividend Rate %
29.60	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 2009

	Current Year (Rupees)	Previous Year (Rupees)
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	105,099,684	2,952,110
Adjustments for :		
Depreciation	2,539,235	2,643,770
Interest Income	(12,160)	(3,969,880)
Interest on Borrowings	7,371,925	6,607,475
Preliminary & share issue Exp. W/o	---	---
Loss/(Profit) on sale of Fixed Assets	---	---
	9,899,000	5,281,365
Operating Profit before working Capital changes	8,233,475	8,233,475
Changes in :		
Trade & Other receivables	(28,349,342)	(13,766,186)
Inventories	(1,025,000)	(13,755,229)
Trade Payables	363,093	4,830,125
	29,737,435	32,351,540
Cash generated from operation	144,736,119	40,585,015
Interest Paid	(7,371,925)	(6,607,475)
Direct Tax Paid	(463,248)	1,096,148
Cash flow before Extra-ordinary items	136,900,946	35,073,688
Adjustment for Extra-ordinary items		
Prior period Adjustment	---	---
Net Cash Flow from operating activities	(A) 136,900,946	35,073,688
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	---	---
Sale of Fixed Assets	---	---
Interest Received	12,160	3,969,880
Net Cash flow from investing activities	(B) 12,160	3,969,880
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Unsecured Loans	49,440,230	---
Repayment of Term Loan/ Long Term Borrowings	(186,545,506)	(40,648,970)
Dividend Paid	---	---
Net Cash flow from Financing activities	(C) (137,105,276)	(40,648,970)
Net Changes in Cash & Cash Equivalents	(A+B+C) (192,170)	(1,605,402)
Cash & Cash Equivalents (Opening Balances)	779,221	2,384,623
Cash & Cash Equivalents (Closing Balances)	587,051	779,221

For and on behalf of the Board

KANPUR
20.06.2009

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, 2009 and 31st March, 2008 and found the same to be in agreement therewith.

For C. L. Kanodia & Co.
Chartered Accountants

Place : Kanpur
Date : 20.06.2009

(C. L. Kanodia)
Prop.
Membership No. 11427

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 FOURTH ANNUAL GENERAL MEETING of the Company being held on Wednesday, 2nd September, 2009 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)

OFbeing

NAME & ADDRESS OF THE SHAREHOLDER

..... of

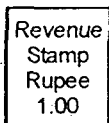
..... of

..... or failing him

as my / our proxy to attend and vote for me / us on my/our behalf at the THIRTY FOURTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, 2nd September 2009 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



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