

36TH

ANNUAL REPORT
2010-2011

QUALITY SYNTHETIC INDUSTRIES LIMITED
Manufacturers of LPG Cylinders

QUALITY SYNTHETIC INDUSTRIES LIMITED

Board of Directors

SHRI A. K. SUREKA MANAGING DIRECTOR
SHRI ANAND GUPTA DIRECTOR
SHRI MOHAN LAL DIRECTOR

Auditors

SALARPURIA & PARTNERS
CHARTERED ACCOUNTANTS
1008, 10TH FLOOR,
43, CHIRANJIV TOWER,
NEHRU PLACE,
NEW DELHI -110019

Bankers

ICICI BANK LIMITED
STANDARD CHARTERED BANK
ABN AMRO BANK
HDFC BANK LIMITED

Registered Office

ROOM NO. 107, 1ST FLOOR,
ANAND JYOTI BUILDING,
41, NETAJI SUBHAS ROAD,
KOLKATA-700001

Administrative Office

602, CHIRANJIV TOWER,
43, NEHRU PLACE,
NEW DELHI-110019

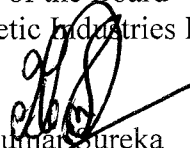
QUALITY SYNTHETIC INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the Members of Quality Synthetic Industries Limited will be held on Friday, the 19th August, 2011 at 11.30 A. M. at the Registered Office of the Company at Anand Jyoti Building, Room No. 107, 1st Floor, 41, Netaji Subhas Road, Kolkata-700 001 to transact the following business:-

1. To receive, consider, approve and adopt the Accounts and Balance Sheet for the year ended 31st March, 2011 and the Reports of the Directors and Auditors thereon.
2. To appoint director in place of Shri Anand Gupta, who retires under Article 134 of the Articles of Association of the Company and, being eligible, offers himself for re-appointment.
- 3.. To appoint Auditors for the current year and fix their remuneration.

By Order of the Board
Quality Synthetic Industries Ltd.


Akhil Kumar Sureka
Managing Director

Room No.107, 1st Floor,
Anand Jyoti Buiding,
41, Netaji Subhas Road,
Kolkata – 700 001

Date : 18th July, 2011

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself. The proxy need not be a member of the Company. A Proxy form is attached herewith.
2. The Register of members and share transfer books of the Company will remain closed from Monday, the 15th August, 2011 to Friday, the 19th August, 2011 (both days inclusive).
3. Since the Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance by allowing paperless compliances by the companies through electronic mode, companies are now permitted to send various notices/documents to their shareholders through electronic mode to the registered e-mail address of the shareholders. The company, therefore, proposes to send all the documents to be sent to the shareholders including the General Meeting notices alongwith Audited Accounts and requisite reports thereon through

electronic mode to all the shareholders on the e-mail address provided by them to the company through the Depositories in case of shares held in Demat Mode and in case of shares held in Physical Mode to the Transfer Agent of the company. Please note that these documents will also be available on the Company's Website www.qualitysyntheticfibre.com for download by the shareholders.

QUALITY SYNTHETIC INDUSTRIES LIMITED

REPORT OF DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY

Your Directors have the pleasure in presenting the 36th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

Rs. in Lacs

	2010-11	2009 – 10
Gross Sales & Other Income	117.23	139.25
Gross Profit (Loss) before Depreciation	(29.25)	45.77
Less : Depreciation	3.32	3.52
Profit (Loss) before Tax	(25.93)	42.25
Less: Provision for Income Tax: Current Year	-	(5.86)
Less: MAT Credit Entitlement	-	5.69
For earlier year	-	(4.49)
For MAT Credit Entitlement for earlier year	-	1.55
Fringe Benefit Tax	-	-
Excess Provision for Income Tax in earlier year W/Back	-	-
Add:- Adjustment for Deferred Tax Assets	12.36	7.33
Profit (Loss) after Tax Available for Appropriation	(13.57)	46.47
Transferred to RBI Reserve	-	9.30
Contingent Provisions against Standard Assets (Refer Note No.5, Schedule 14)	4.31	-
Transferred to General Reserve	(17.88)	37.17

DIVIDEND

Since the company has suffered loss, the Directors have not been able to recommend any dividend for the year under review.

FIXED DEPOSITS

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

DIRECTORS

In pursuance of Article 134 of the Articles of Association of the Company, Shri Anand Gupta retires by rotation and, being eligible, offers himself for re-appointment.

After the conclusion of 35th Annual General Meeting, S/Shri O. P. Bhardwaj and Yogesh Mathur resigned from the directorship of the company and the Board of Directors do place on record their appreciation for the valuable services rendered by them during their tenure as directors of the company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in preparation of annual accounts, all applicable accounting standards have been followed.

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

MANAGEMENT DISCUSSION & ANALYSIS

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

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

The Company is listed on Calcutta Stock Exchange and Delhi Stock Exchange and the quoted price at Calcutta Stock Exchange was of Rs.155.25 being the highest and Rs. 134.70 being the lowest during the financial year 2005-06.

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

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

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

RISKS & CONCERNS

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

AUDITORS

M/s. Salarpuria & Partners, Chartered Accountants, who retire at the conclusion of this Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Directors recommend that they may be re-appointed as Auditors of the Company for the Financial Year 2011-2012 on such remuneration as is fixed by the Shareholders.

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

CORPORATE GOVERNANCE

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

FOREIGN EXCHANGE EARNINGS AND OUT GO

Rs. in Lacs

	2010 – 11	2009 – 10
a) F.O.B. Value of Exports	Nil	Nil
b) Earning in Foreign Exchange	Nil	Nil
c) Foreign Exchange out go	Nil	Nil

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT

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


EMPLOYEES

As there have been no employees during the year under review who were paid remuneration of Rs. 60,00,000 per annum or more, if employed through out the year or Rs. 5,00,000/- per month and more, if employed for the part of the year, the information as required under Section 217 (2A) of the Companies Act 1956 is thus not called for.

ACKNOWLEDGEMENT

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

By order of the Board of Directors
QUALITY SYNTHETIC INDUSTRIES LIMITED


(A.K. SUREKA)
MANAGING. DIRECTOR


(MOHAN LAL)
DIRECTOR

Room No. 107, 1st Floor,
Anand Jyoti Building,
41, Netaji Subhas Road,
KOLKATA – 700 001

Dated : 18th July, 2011

QUALITY SYNTHETIC INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

1. The Company's Philosophy on Corporate Governance

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

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

2. Board of Directors

(i) Composition: -

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

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

1.	Shri A. K. Sureka	He is in business having 13 years' working experience in Steel Industry and joined the Board as Promoter Director w.e.f. 1st December, 2003.	Managing Director
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Independent

2.	Shri Anand Gupta	He is in business having 43 years' working experience in Steel Industry and joined the Board as an independent Director w.e.f. 1st March, 1979.	Non-executive
3.	Shri Mohan Lal	He is in service having 28 years' working experience in Steel Industry and joined the Board as an independent director w.e.f. 10 th June, 2010.	Non-executive

(ii) Board Meetings and attendance: -

Twelve Board Meetings were held during the financial year ended on 31st March, 2011 and the gap between two Board Meetings did not exceed four months.

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

S.No.	Date of Meeting	Board Strength	No. Of Directors Present
01.	08.04.2010	5	2
02.	30.04.2010	5	2
03.	30.05.2010	5	3
04.	10.06.2010	5	2
05.	09.07.2010	5	3
06.	11.08.2010	5	4
07.	25.08.2010	5	3
08.	07.10.2010	5	2
09.	13.11.2010	5	3
10.	08.01.2011	5	2
11.	11.02.2011	5	3
12.	24.03.2011	5	2

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

Name of Director	Category of Directorship	Number of Board Meetings Attended	Attendance at the last AGM held on 30.09.2010	Number of Directorships in other Public Limited Companies	Number of Committee positions held in other Companies
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Shri A. K. Sureka	Executive	09	No	02	-
Shri Anand Gupta	Non-Executive	02	No	-	-
Shri O.P. Bhardwaj	Non-Executive	06	Yes	03	03
Shri Yogesh Mathur	Non-Executive	11	No	04	03
Shri Mohan Lal	Non-Executive	03	No	03	06

3. Audit Committee

The Audit Committee was Constituted in accordance with the code of Corporate Governance which consisted of three non-executive Directors namely Shri O. P. Bhardwaj, Shri Yogesh Mathur and Shri Puneet Saraf with Shri O. P. Bhardwaj as its Chairman upto 10th June, 2010 and thereafter Shri Mohan Lal took over from Sh. Puneet Saraf who ceased to be a director by resignation on that date.

- (i) The terms of reference of the Audit Committee are as per the guidelines set out in clause no. 49 of the Listing agreement with the Calcutta Stock Exchange where the shares of the Company are listed.
- (ii) The Audit Committee had five Meetings during the financial year 2010-11 ended on 31st March, 2011 as per details thereof and the names of Directors who attended the said meetings, are as here-under:-

Details of the Audit Committee Meetings held during the financial year 2010-11 and attended by the Directors: -

Date of Meeting held	30.05.2010	11.08.2010	25.08.2010	13.11.2010	11.02.2011
Name of Director					
Shri O.P. Bhardwaj	Yes.	Yes.	Yes.	Yes.	Yes.
Shri Yogesh Mathur	Yes	Yes.	Yes	Yes.	Yes
* Shri Puneet Saraf	No	NA	NA	NA	NA
**Shri Mohan Lal	NA	Yes	No	No	No

*Shri Puneet Saraf ceased to be a member of Audit Committee w.e.f.10.06.2010 as he ceased to be director by resignation on that date.

**Shri Mohan Lal became Member of the Audit Committee w.e.f. 10.06.2010 as he was appointed as director from that date in place of Shri Puneet Saraf.

4. Remuneration Committee

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

5. Remuneration Policy

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

Since Shri A.K. Sureka opted to be an Honorary Managing Director, no remuneration was paid to him during the financial year 2010-11 ended on 31st March, 2011.

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

Name of Director	Amount (Rupees)
Shri A.K. Sureka	2250/-
Shri Anand Gupta	500/-
Shri O.P. Bhardwaj	1500/-
Shri Yogesh Mathur	2750/-
Shri Mohan Lal	750/-
Total	7750/-

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

In compliance to the provisions of Clause 49 of the Listing Agreement, the Board has laid down a code of conduct for all the Board Members and Senior Managerial Personnel and all Board Members and Senior Managerial Personnel have affirmed compliance of code of conduct as on 31st March, 2011 and a declaration to that effect duly signed by the Managing Director is attached and forms part of this report.

7. Investors'/ Shareholders' Grievance Committee

This Committee, was constituted in accordance with listing agreement, with a view to redress shareholders'/investors' complaints etc. relating to delay in transfer of shares, demat, non-receipt of annual accounts, delays in balance sheet, split, duplicate, transmission, etc. of the shares issued by the Company. This Committee consisted of two Non-executive Directors namely Shri Puneet Saraf and Shri O.P. Bhardwaj with Shri Puneet Saraf as Chairman upto 10th June, 2010 and thereafter Shri Mohan Lal took over from Sh. Puneet Saraf who ceased to be a director by resignation on that date.

Shri Yogesh Mathur was nominated as the Compliance Officer.

Number of pending transfers Nil

Number of Shareholders' Complaints received Nil

Number of Complaints not solved. Nil

8. General Body Meetings

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

AGM for the Financial Year Ended	Venue	Date	Time
2007-2008 33rd AGM	Room No. 107, 1 st Floor, Anand Jyoti Building, 41, Netaji Subhas Road, Kolkata- 700001	30.09.2008	02.30 P.M.
2008-2009 34th AGM	Room No. 107, 1 st Floor, Anand Jyoti Building, 41, Netaji Subhas Road, Kolkata- 700001	30.09.2009	02.30 P.M.
2009-2010 35th AGM	Room No. 107, 1 st Floor, Anand Jyoti Building, 41, Netaji Subhas Road, Kolkata- 700001	30.09.2010	02.30 P.M.

9. Brief Resume of Directors seeking re-appointment

(i) Shri Anand Gupta:-

Shri Anand Gupta is in business having 43 years working experience in Steel Industry. He joined the Board as an independent Director w.e.f. 1st March, 1979. He is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

10. Disclosure

(a) **Materially Significant related party transactions**

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

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

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

11. Means of Communication

The quarterly and yearly results are published in English in widely circulating “The Financial Express ” and in Bengali in “Kalantar ” from Kolkata.

12. General Shareholder information

AGM : Date, Time & Venue	36 th AGM to be held on Friday, the 19 th August, 2011 at 11.30 A. M. at Room No. 107, 1 st Floor, Anand Jyoti Building, 41, Netaji Subhas Road, Kolkata - 700 001.
• Financial Calendar (Tentative)	
Results for the quarter ending June 30, 2011	14 th August, 2011
Results for the quarter ending September 30, 2011	14 th November, 2011
Results for the quarter ending December 31, 2011	14 th February, 2012
Results for the quarter ending March 31, 2012	15 th May, 2012
• Date of Book Closure	Monday, the 15 th August, 2011 to Friday, the 19 th August, 2011 (both days inclusive)
• Stock Code – Physical Demat ISIN Number for NSDL and CDSL.	27005 on Calcutta Stock Exchange INE062F01011
• High/Low of Market price of the Company’s Shares traded on the Stock Exchange during the financial year ended 31 st March, 2011.	The Shares have not been traded during the Financial Year 2010 -11. The last quoted price was of Rs.134.70 per share as per transactions on Calcutta Stock Exchange on 31.03.2006.
• Registrar & Transfer Agents	M/s Beetal Financial & Computer Services Pvt. Ltd., “BEETAL HOUSE”, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi - 110 062. Phone No. 011-29961281-82 Fax No. 011-29961284
▪ Share Transfer System	All the transfers received are processed by the Registrar and Share Transfer Agent. Share Transfers are registered and returned within maximum of 30 days from the date of lodgment if documents are complete in all respect. In case the shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.


Category	Nos. of Shares	Percentage
Promoters	20,08,640	36.52
Persons acting in concert	-	-
Mutual Funds & UTI	-	-
Banks, Financial Institution & Insurance Companies	-	-
FII's	-	-
Private Corporate Bodies	9,06,000	16.47
Indian Public	25,85,360	47.01
NRIs/OCBs	-	-
Total	55,00,000	100.00

- Distribution of shareholding as on 31st March, 2011

NO. OF SHARES FROM - TO	FOLIO		AMOUNT	
	Number	% to Total	Rs.	% to Total
(1)	(2)	(3)	(4)	(5)
00001 - 00500	431	65.80	2,14,650	0.37
00501 - 01000	07	1.07	60,000	0.11
01001 - 02000	45	6.87	5,81,000	1.06
02001 - 03000	13	1.99	3,73,050	0.68
03001 - 04000	08	1.22	3,00,050	0.54
04001 - 05000	09	1.37	4,24,890	0.77
05001 - 10000	44	6.72	37,69,100	6.85
10001 and above	98	14.96	4,92,77,260	89.62
Total	655	100.00	5,50,00,000	100.00

Declaration of Managing Director

The Code of Conduct for the Directors and the Senior Managerial Personnel was adopted by the Board of Directors. All the Board Members and Senior Managerial Personnel have affirmed that they have complied with the Code of Conduct during the financial year ended on 31st March, 2011.


(A.K. Sureka)
Managing Director

Place: Kolkata

Date : 18th July, 2011