



27th
Annual Report
2002-2003

IST LIMITED

IST LIMITED



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BOARD OF DIRECTORS

AIR MARSHAL (Retd.) D. KEELOR
P.V.S.M., K.C., A.V.S.M., Vr.C.

SHRI S.R. BANSAL

BRIG. (Retd.) G.S. SAWHNEY
V.S.M.

SHRI A. N. MUKHERJEE

SHRI MAYUR GUPTA

Jt. Managing Director

SHRI M. L. RUSTAGI

Managing Director

BANKERS

STATE BANK OF INDIA

AUDITORS

O.P. DADU & CO.

REGISTERED OFFICE & WORKS

VILLAGE DUNDAHERA
DELHI GURGAON ROAD
DISTRICT GURGAON (HARYANA)

HEAD OFFICE

A/23 NEW OFFICE COMPLEX
DEFENCE COLONY, NEW DELHI-24

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IST LIMITED**NOTICE**

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on Tuesday, the 30th September, 2003 at 11.00 A.M. at IST Factory, Village Dundahera, Delhi-Gurgaon Road, Gurgaon, (Haryana), to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. A.N. Mukherjee, who retires by rotation and being eligible offers himself for re-appointment as a Director.
3. To appoint a Director in place of Air Marshal (Retd.) D. Keelor, who retires by rotation and being eligible offers himself for re-appointment as a Director.
4. To appoint auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution.

5. " Resolved that the appointment of Mr. Mayur Gupta by the Board of Directors of the company as Jt. Managing Director w.e.f. 3rd June 2003 for a period of one year on the following terms and conditions , be and is hereby approved.:"

Basic Pay	: Rs. 20,000/- p.m.
Dearness Allowance	: Rs. 10,000/- p.m.
Other Allowances	: Rs. 20,000/- p.m.

PERQUISITES**PART-A****i) Medical Benefit for Self and Family**

Reimbursement of medical expenses actually incurred by the Jt. Managing Director and his family subject to the ceiling of Rs.15,000/- per annum.

ii) LEAVE TRAVEL ALLOWANCE

Expenses incurred by the JT. Managing Director and Family subject to the ceiling of one month's basic pay in a year.

iii) Company's Chauffeur driven Car

All the expenses incurred by the Jt. Managing Director in connection with the running and maintenance of a car will be borne by the company.

iv) Telephone

Free use of one telephone.

Part-B**v) Earned Leave**

One month's leave with full pay and allowances as per the rules of the company for every 11 months of service. However, leave accumulated and not availed off during his tenure as Jt. Managing Director will be allowed to be encashed as per rules of the company.

vi) Reimbursement of Expenses

The Jt. Managing Director shall also be entitled to reimbursement of reasonable entertainment expenses actually and properly incurred in the course of the business of the company.

vii) Sitting Fee

The Jt. Managing Director is not entitled to any sitting fee for attending the meetings of the Board or a committee.

viii) Termination Clause

This appointment is terminable by the company giving to the Jt. Managing Director, a notice of 3 months of such termination or on payment of three months salary in lieu thereof and by the Jt. Managing Director, by a notice of 3 months.

Other Conditions

If during the currency of tenure of the Jt. Managing Director, the company has no profits or its profits are inadequate in any financial year, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of the Part-II of Schedule-XIII of the Companies Act, 1956.

6. To consider and thought fit, to pass with or without modifications, the following resolution as Special Resolution:

"Resolved that the tenure of Sh. M.L. Rustagi as Managing Director of the company be and is hereby extended for a further period of 2 years commencing 1st October, 2003 on a remuneration and perks as mentioned below:

Basic Pay	: Rs. 14,000 p.m.
Dearness Allowance	: Rs. 7,000 p.m.
House Rent Allowance	: Rs. 8,000 p.m.
Other Allowances	: Rs. 7,000 p.m.

IST LIMITED**PERQUISITES****Part-A****i) Medical Benefit for Self and Family**

Reimbursement of medical expenses incurred by the Managing Director and his family, subject to the ceiling of Rs. 15,000 per year.

ii) Leave Travel Allowance

Expenses incurred by the Managing Director and his family subject to the ceiling of one month's basic pay.

Part-B**iii) Company Chauffeur Driven Car**

All the expenses incurred by the Managing Director in connection with the running and maintenance of a car including the salary of driver for the business of the company subject to a ceiling of Rs. 10,000/- per month will be borne by the company.

iv) Telephone

The expenditure on the use of his own telephone at his residence for Company's business shall be borne by the company.

Other Terms**v) Gratuity**

Not exceeding 15 days salary for each completed year of service as per the rules of the company.

vi) Earned Leave

One month's leave with full pay and

allowances, as per the rules of the company for every eleven months of service. However leave accumulated and not availed of during his tenure as Managing Director will be allowed to be encashed, as per rules of the company.

vii) Reimbursement of Expenses

The Managing Director shall be entitled to reimbursement of reasonable entertainment expenses actually and properly incurred in the course of the business of the company.

viii) Sitting Fee

He is not entitled to sitting fees for attending meetings of the Board or of a Committee thereof.

ix) Termination Clause

The appointment shall be terminable by the company giving to the Managing Director a notice of three months of such termination or on payment of three months salary in lieu thereof and by the Managing Director, by notice of three months to the company.

Other Conditions

If during the currency of tenure of the Managing Director, the company has no profits or its profits are inadequate in any financial year, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of the Part-II of Schedule-XIII of Companies Act, 1956.

By order of the Board

Place : New Delhi

Dated : 7th August, 2003

(M.L. RUSTAGI)

Managing Director

Note:

1. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member. Proxies, in order to be effective, must reach the Head Office of the Company not less than 48 hours before the time fixed for the meeting.
2. Members are requested to intimate the change, if any, in their address.

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EXPLANATORY STATEMENT

(U/s 173(2) of the Companies Act)

Item No. 5

Mr. Mayur Gupta, who has a Masters Degree in Business Administration (Management Information System) from Bentley College, USA was appointed by the Board of Directors as a Joint Managing Director of the company for a period of one year w.e.f. 3rd June, 2003.

The Directors opine that the company would benefit with the educational background and exposure in USA of Mr. Mayur Gupta. Hence, the Board of Directors recommend this resolution.

None of the directors, except Mr. Mayur Gupta to the extent of his remuneration is interested in this resolution.

Item No. 6

Sh. M.L. Rustagi was reappointed as a Managing Director of the company for a period of 2 years commencing 1st October, 2001. His present tenure therefore expires on 30th September, 2003. It is now proposed to extend his tenure for a further period of 2 years as a Managing Director of the company commencing 1st October, 2003.

Sh. M.L. Rustagi is a qualified Cost Accountant from the Institute of Cost and Management Accountants - London and has experience of more than 32 years in the discipline of finance and general administration etc. He has been serving the company for 24 years in the capacity of Financial Controller, Whole Time Director and Managing Director.

The Board recommend this resolution to the members for their approval.

None of the Directors except Sh. M.L. Rustagi to the extent of the remuneration payable to him, is interested in this resolution.

By order of the Board

Place : New Delhi
Dated : 7th August, 2003

(M.L. RUSTAGI)
Managing Director

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DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting their 27th Annual Report together with the audited Statements of Accounts of the company and the report of the auditors thereon for the year ended 31st March, 2003.

During the year under review, despite a marginal increase in sales and services from Rs. 810.93 lacs in the previous year to Rs. 829.09 in the year under review, the profit before tax has declined from Rs. 56.76 lacs in the previous year to Rs. 37.33 lacs. It is mainly due to revaluation of stocks relating to watch manufacturing lying with the company for last several years.

The efforts by the management to exercise control on the cost is a continuing process which is reflected in the reduction of expenses on account of manufacturing expenses, other expenses and finance charges etc.

There are no institutional loans owed by the company.

The working capital facilities are being enjoyed by the company from State Bank of India.

Efforts to augment the sales of the company are continuing and trial orders from some MNC's have been executed satisfactorily. Your Directors are optimistic that your company would receive long term confirmed orders from some MNC's during the current year.

AUDITORS' REPORT

The Auditors have drawn attention to Note No. 1 (iv) regarding valuation of inventory, Note No.5 regarding non-provision of Rs.9.43 lacs for doubtful debts and advances, Note No. 9 regarding non-provision of Rs. 9.60 lacs for diminution in value of investments, Note No. 10 regarding non-provision of deferred tax liability amounting Rs. 40.42 lacs appearing in Schedule "R" of notes annexed with the Balance Sheet. The Board considers that these notes are self explanatory and no specific clarification is required.

DIVIDEND

Despite better liquidity position, due to carry forward of the past losses and outgo of funds for expansion, your directors regret to express their inability to recommend payment of any dividend.

DIRECTORS

Sh. A.N. Mukherjee and Air Marshal (Retd.) D. Keelor, retire by rotation as Directors of the company at this meeting and being eligible offer themselves for reappointment.

The tenure of Sh. M.L. Rustagi as Managing Director expires on 30th September, 2003. However, a resolution for extending his tenure as Managing Director for a further period of two years commencing 1st October, 2003 is being proposed in the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that in the preparation of the Annual Accounts :

- i) the applicable accounting standards have been followed and wherever required, there are no material departures.
- ii) 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 and of the profit of the company for that period.

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iii) Proper and sufficient care has been taken 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.

iv) The Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A note on the Corporate Governance is enclosed as Annexure-I to this report.

PERSONNEL & INDUSTRIAL RELATIONS

The company has been accredited for ISO 9002, QS 9000 and ISO 14001 by RWTUV Germany. Periodical audit and review meetings as required under the above systems are held regularly. The managers participate and deliberate in these meetings on the performance of the company.

Information required U/s 217, (2a) of the Companies Act, 1956 may be treated as Nil.

AUDITORS

M/s. O.P. Dadu & Company, Chartered Accountants who are auditors of your company retire at the ensuing Annual General Meeting. They have offered themselves for re-appointment.

FIXED DEPOSITS

The Company has not accepted any deposits covered by Companies (Acceptance of Deposit) Rules, 1975.

FOREIGN EXCHANGE EARNING AND OUT-GO

Your company utilised foreign exchange equivalent to Rs.58.44 lacs for import of raw material and components, stores and spares, capital goods and expenses on overseas travelling. The foreign exchange earned by your company was Rs. 207.25 lacs in respect of exports made by it.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation and most grateful thanks to State Bank of India, Govt. of Haryana for their continued support and co-operation.

For and on behalf of the Board

Place : New Delhi
Dated : 7th August, 2003

(M.L. RUSTAGI)
Managing Director

IST LIMITED**ANNEXURE-I****CORPORATE GOVERNANCE 2002-2003**

The information covered under Corporate Governance is given below in compliance with Clause 49 of Listing Agreement with Stock Exchanges:

BOARD OF DIRECTORS

The composition of the Board of Directors as on 31st March, 2003 was as follows:

Name	No. of outside directorship held	No. of membership in Committee of board
Managing Director		
M.L. Rustagi	12	Nil
Non- Executive Directors		
Mr. S.R. Bansal	5	2
Brig. (Retd.)		
G.S. Sawhney VSM	1	1
Air Marshal (Retd.)D.Keelor	2	Nil
PVSM KC AVSM Vr.C.		
Sh. A.N. Mukherjee	1	2
Sh. H.C. Bhasin	15	Nil

Brief profile of Directors is as under :

1.Sh. M.L. Rustagi

He is a qualified Cost Accountant from the Institute of Cost and Management Accountants, London. He has experience of more than 30 years in the matter of finance and general administration etc. He was appointed as a Whole Time Director for a period of 3 years commencing 27th December, 1996. He was re-appointed as a Whole Time Director for a period of 2 years commencing 1st March, 2000 but later on was redesignated as Managing Director for a period of 2 years commencing 1st October, 2001. His present term, unless renewed, is therefore expiring on 30th September, 2003.

2. Sh. S.R. Bansal

He is an FCA, a Senior practising Chartered Accountant. He has been on the Board since November, 1994.

3. Brig. (Retd.) G.S. Sawhney VSM

He has been on the Board of the Company since March 1985. He has had several distinctive positions such as Director of Inspection (Armt.) in the Department of Defence Production and Chairman-Technical Committee (Armt.) Stores etc.

4. Air Marshal (Retd.) D. Keelor PVSM KC AVSM Vr.C

He has been on the Board of the Company since December, 1996. He has held various distinguished positions in Air Force and Civil Aviation and has vast experience in Administration etc.

5.Sh. A.N. Mukherjee

He has been on the Board of the Company since March 1985. Mr. Mukherjee has held distinguished positions in the Govt. of India. After expiry of his term as Whole Time Director in June 1985, he continues as a Non-Executive Director of the company.

6.Mr. H.C. Bhasin

Mr. H.C. Bhasin had been on the Board of the company for more than 20 years. He has been heading many organisations and is one of the leading stock-brokers of the country. He has however resigned as a Director of the Company in June, 2003.

Board Meetings

- The Board held 4 meetings i.e. on 20th July 2002, 20th August, 2002, 14th December, 2002 and 29th January, 2003.
- The attendance record of the Directors at the Board meetings held during the year and the last AGM held on 28th September, 2002 is as under:

S. No.	Name of Directors	No. of Board Meeting s attended	Whether last AGM attended
1.	Sh. M.L. Rustagi	4	Yes
2.	Sh. S.R. Bansal	4	Yes
3.	Brig. (Retd.) G.S. Sawhney	3	No
4.	Air Marshal (Retd.)D.Keelor	3	Yes
5.	Sh. A.N. Mukherjee	4	Yes
6.	Sh. H.C. Bhasin	Nil	No

AUDIT COMMITTEE

The Audit Committee consists of 3 members, namely Sh. S.R. Bansal, Sh. A.N. Mukherjee and Brig. G.S. Sawhney (Retd.) It met twice in the year on 14th December, 2002 & 29th January, 2003. Both the meetings were attended by all the members.

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SHAREHOLDERS GRIEVANCE COMMITTEE

The Shareholders Grievance Committee consists of two members, namely Sh. S.R. Bansal and Sh. A.N. Mukherjee. It met twice in the year i.e. on 14th December, 2002 & 29th January, 2003. Both the meetings were attended by both the members. No grievance of any investor had been pending for more than a month.

REMUNERATION COMMITTEE

This committee was not formed as it was not required. The remuneration of the Managing Director was determined by the Shareholders in the Annual General Meeting held on 29th September, 2001 and the Managing Director is being paid in accordance with that resolution.

The aggregate value of salary and perquisites including car expenses payable for the year ending 31.3.03 to the Managing Director, Sh. M.L. Rustagi is Rs. 5,06,997.00 The company pays sitting fee to non-Executive Directors @ Rs. 500/- for attending each meeting of Board of Directors. No sitting fee has been paid for attending a meeting of committee there of. The meeting fee paid for the year ended 31.03.2003 to directors are as follows :

1.	Sh. S.R. Bansal	Rs. 2,000/-
2.	Brig. (Retd.) G.S. Sawhney	Rs. 1,500/-
3.	Air Marshal (Retd.) D. Keelor	Rs. 1,500/-
4.	Sh. A.N. Mukherjee	Rs. 2,000/-

General Body Meetings

The details of the AGM held during the last 3 years are as under:

Date	Venue	Time	Particulars of Spl. Resolution Passed if any
29.9.2000	IST Factory Dundahera Delhi-Gur. Rd. Gurgaon (Hry.)	11.00 A.M.	Changes in the Memorandum and Articles of Assoc.
29.9.2001	-do-	11.00 A.M.	Appointment of Managing Director
28.9.2002	-do-	11.00 A.M.	None

There was no requirement for a postal ballot in any year.

DISCLOSURE

- The company has not entered into transaction of material nature with the promoters, the directors or their relatives etc. that may have any potential conflict with the interests of the company.
- During the last 3 years, no penalties or strictures have been imposed on the company by the Stock Exchanges or SEBI or any other Statutory authorities on matters related to capital markets.

SHAREHOLDERS INFORMATION

A) Annual General Meeting

Date	Time	Venue
30th Sept., 2003	11.00 a.m.	IST Factory, Village Dundahera, Delhi-Gurgaon Road Gurgaon (Haryana).

B) Financial year : April to March

C) Registrar & Share Transfer Agents :

RCMC Share Registry (P) Ltd.
1515(1st Floor), Bisham Pitamah Marg
Kotla Mubarakpur, New Delhi-110003
Tel: 24692346, 24601017
Fax: 24692345
E-mail : rcmc@theoffice.net

D) Share Transfer system :

Shares which have not been dematerialised, on receipt of the transfer deed and the original share certificates are sent to the Registrar and Share Transfer Agents, M/s. RCMC Share Registry (P) Ltd., for action and after necessary action, the Shareholders are informed accordingly.

E) Listing on stock exchanges

The equity shares of the company are listed at Delhi and Mumbai Stock Exchanges.

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F) Distribution of shareholdings as on 31.3.2003:

SHAREHOLDERS			SHAREHOLDINGS		
SHARE HOLDING OF VALUE of Rs.	No.	% to total	Shares	Amount	% to total
Upto 5,000	9,180	97.92	9,02,948	90,29,480.00	15.48
5,001 to 10,000	126	1.35	89,612	8,96,120.00	1.54
10,001 to 20,000	48	0.51	63,350	6,33,500.00	1.09
20,001 to 30,000	6	0.06	14,950	1,49,500.00	0.25
30,001 to 40,000	0	0.00	—	0.00	0.00
40,001 to 50,000	3	0.03	15,000	1,50,000.00	0.25
50,001 to 1,00,000	2	0.02	18,000	1,80,000.00	0.31
1,00,001 and above	10	0.11	47,28,196	4,72,81,960.00	81.08
Total	9375	100.00	58,32,056 *	5,83,20,560.00	100.00

*Out of above 30,67,955 Nos. shares were dematerialised.

G) Shareholding pattern as on 31, 3. 2003

Shares held by	No. of shares held	% of shares
Foreign Promoters (OCB)	29,13,221	49.95
Private Corporate Bodies	18,38,841	31.53
Indian Public	10,79,894	18.52
NRIs	100	---
	<u>58,32,056</u>	<u>100.00</u>

MEANS OF COMMUNICATION

The quarterly unaudited financial results of the company are adopted by the Board and intimated to the concerned Stock Exchanges.
