

28th
Annual Report
2003-2004



IST LIMITED

IST LIMITED

28th Annual Report 2003-2004

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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NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Company will be held on Thursday, the 30th September, 2004 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, 2004 and 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. S.R. Bansal, who retires by rotation and being eligible offers himself for re-appointment as a Director.
3. To appoint a Director in place of Brig. (Retd.) G.S. Sawhney, 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 tenure of Mr. Mayur Gupta as a Jt. Managing Director of the company, be and is hereby extended for a further period commencing 3rd June, 2004 and ending 30th September 2005 on the remuneration and perks as mentioned below:"

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 his 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 for the purposes of business of the company 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 for the purposes of 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.

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

"Resolved that pursuant to section 372A and any other applicable provisions of the Companies Act, 1956, the company and its

Board of Directors be and are hereby authorized to invest/acquire 100% of the issued, subscribed and paid-up capital of IST Infrastructure Technology Pvt. Ltd., whereby the later would become the 100% subsidiary of the company.'

For and on behalf of the Board

Place : New Delhi
Dated : 19th August, 2004

(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.

IST LIMITED**EXPLANATORY STATEMENT**

(u/s 173(2) of The Companies Act)

Item No. 5

Mr. Mayur Gupta, was appointed as a Jt. Managing Director of the company for a period of one year commencing 3rd June, 2003. His term as a Jt. Managing Director has expired on 2nd June, 2004. The Board of Directors, subject to the approval of the shareholders, has appointed him as a Jt. Managing Director for a further period commencing 3rd June, 2004 and ending 30th September, 2005

Mr. Mayur Gupta has a Master's Degree in Business Administration (Management Information System and E-Business) from Bentley College, Boston, USA

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

The company has been permitted by the Govt. of Haryana to establish a Software/IT Park on part of its land either by itself or through a 100% subsidiary as a SPV (Special Purpose Vehicle). A company under the name and style of M/s. IST Infrastructure Technology Pvt. Ltd. has been incorporated which has a initial paid-up capital of Rs. 1.0 lac. With a view to make it 100% subsidiary of your company (IST Limited), the shares of the SPV will be held wholly by IST Limited. Although, this inter-company investment is within the limits prescribed under section 372A of the Act as a matter of abundant caution, the shareholders' approval is being sought. Hence this resolution. The Board of Directors recommend this resolution.

None of the Directors is interested in this resolution.



For and on behalf of the Board

Place : New Delhi
Dated : 19th August, 2004

(M.L. RUSTAGI)
Managing Director

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DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their 28th 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, 2004.

During the year under review, the sales have increased to Rs. 1301.85 lacs from Rs. 829.09 lacs in the previous year. However, the profit before tax has declined to Rs. 7.14 lacs in the year under review from Rs. 37.33 lacs in the previous year. The decline in the profit is mainly due to the lesser margin of profit on the domestic sales and also partly due to decline in the export sales.

Your Directors have been making consistent efforts to keep the expenses under control.

Your company has been permitted by the Govt. of Haryana to establish, on part of its land a Software/IT Park. Various steps in this direction including applying to the Govt. for obtaining a licence have been taken. Your Directors hope that this project would come into shape soon.

The efforts towards increasing the sales and diversifying the activities of your company are continuing.

AUDITORS' REPORT

The Auditors have drawn attention to Note No. 1 (iv) regarding valuation of inventory, Note No.5 regarding non-provision of Rs.26.27 lacs for doubtful debts / advances, Note No. 9 regarding non-provision of Rs. 9.66 lacs for diminution in value of investments and Note No. 10 regarding non-provision of deferred tax liability amounting Rs. 41.39 lacs appearing in Schedule "R" of Notes annexed with the Balance Sheet. Your Directors consider that these notes are self explanatory and do not require any specific clarification.

DIVIDEND

Due to past accumulated losses and inadequacy of profit during the year under review, your directors express their inability to recommend payment of any dividend.

DIRECTORS

During the year, Sh. H. C. Bhasin resigned as a Director of the company.

The tenure of Sh. Mayur Gupta as Joint Managing Director also expired in June 2004. However, your Directors have proposed to extend his tenure for further period ending 30th September, 2005. A resolution to this effect is being placed in this meeting.

Brig. (Retd.) G.S. Sawhney and Sh. S.R. Bansal, retire by rotation as Directors of the company at this meeting and being eligible offer themselves for reappointment.

DIRECTOR'S 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) 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 9001, 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 reappointment.

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.65.88 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. 172.37 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 : 19th August, 2004

(M.L. RUSTAGI)
Managing Director

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CORPORATE GOVERNANCE 2003-2004

ANNEXURE-I

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, 2004 was as follows:

Name	No. of outside directorship held	No. of membership in Committee of board
Managing Director		
Shri M.L. Rustagi	10	Nil
Jt. Managing Director		
Shri Mayur Gupta	1	1
Non- Executive Directors		
Mr. S.R. Bansal	1	3
Brig. (Retd.)		
G.S. Sawhney VSM	Nil	1
Air Marshal (Retd.)D.Keelor	1	Nil
PVSM KC AVSM Vr.C.		
Sh. A.N. Mukherjee	1	3

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 31 years in disciplines of finance and general administration etc. After having been employed in the company for about 17 years as Financial Controller, 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 designated as Managing Director for a period of 2 years commencing 1st October, 2001. His term as Managing Director was extended for further two years commencing 1st October, 2003 in the last Annual General Meeting held on 30th September, 2003.

2. Sh. Mayur Gupta

He has been functioning as the Jt. Managing Director of the company since 3rd June, 2003. His appointment was approved by the shareholders in the last Annual General Meeting held on 30th September, 2003. He has a Masters Degree in Business Administration (Management Information System and E-Business) from Bentley College, Boston, USA.

3. Sh. S.R. Bansal

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

4. 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.

5. 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.

6.Sh. A.N. Mukherjee

He has been on the Board of the Company since March 1985. He 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 Director of the company.

Board Meetings

- The Board held 4 meetings i.e. on 3rd June, 2003, 7th August, 2003, 19th November, 2003 and 12th February, 2004.
- The attendance record of the Directors at the Board meetings held during the year and the last AGM held on 30th September, 2003 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	4	Yes
5.	Sh. A.N. Mukherjee	4	Yes
6.	Sh. Mayur Gupta	3	Yes

AUDIT COMMITTEE

The Audit Committee consists of three members, namely Sh. S.R. Bansal, Sh. A.N. Mukherjee and Brig. G.S. Sawhney (Retd.) The Committee held 5 meetings

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in the year i.e. on 3rd June, 2003, 8th July, 2003, 7th August, 2003, 19th November, 2003 and 12th February, 2004. All the meetings were attended by all the members.

SHAREHOLDERS GRIEVANCE COMMITTEE

The Shareholders Grievance Committee consists of two members, namely Sh. S.R. Bansal and Sh. A.N. Mukherjee. The Committee held 5 meetings in the year i.e. on 3rd June, 2003, 8th July, 2003, 7th August, 2003, 19th November, 2003 and 12th February, 2004. All the meetings were attended by all the members. No grievance of any investor had been pending for more than a month.

REMUNERATION COMMITTEE

This committee was formed on 7th August 2003 which consist of Sh. S.R. Bansal, Sh. Mayur Gupta and Sh. A.N. Mukherjee. Since there was no requirement, it did not meet during the year.

The Managing Director has been getting his remuneration since 1st October, 2003 in accordance with the resolution passed by the shareholders in the Annual General Meeting held on 30th September, 2003. Prior to this, he was getting his remuneration in accordance with the resolution passed by the shareholders in the Annual General Meeting held on 29th September, 2001.

Sh. Mayur Gupta has been getting his remuneration as Jt. Managing Director in accordance with the resolution passed by the shareholders in the Annual General Meeting held on 30th September, 2003.

The remuneration of Sh. M. L. Rustagi and Mr. Mayur Gupta are Rs. 5,56,538/- & Rs. 5,08,898/- respectively. The meeting fee paid for the year ended 31.03.2004 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. Keeloor | : | Rs. 2,000/- |
| 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
29.9.2001	IST Factory Dundahera Delhi-Gur. Rd. Gurgaon (Hry.)	11.00 A.M.	Appointment of Managing Director
29.9.2002	-do-	11.00 A.M.	None
30.9.2003	-do-	11.00 A.M.	Extension of tenure as Managing Director of Sh. M.L. Rustagi

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., 2004	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 Patamah Marg
Kotla Mubarakpur, New Delhi-110003
Tel: 24692346, 24601017
Fax: 24692345 E-mail : rcmc@theoffice.net

■) 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 shareholding as on 31.3.2004:

Amount in (Rs.)

SHAREHOLDERS			S	H	A
SHARE HOLDING OF VALUE OF Rs.	No.	% to total	Shares	Amount	% to total
Upto 5,000	9,186	97.92	9,02,648	90,26,480	15.48
5,001 to 10,000	127	1.35	90,612	9,06,120	1.55
10001 to 20000	47	0.50	62,350	6,23,500	1.07
20001 to 30000	6	0.06	14,925	1,49,250	0.26
30001 to 40000	0	0.00	00.00	0	0.00
40001 to 50000	3	0.03	15,000	1,50,000	0.26
50001 to 100000	2	0.02	18,000	1,80,000	0.31
100001 and above	10	0.11	47,28,521	5,72,85,210	81.07
Total	9381	100.00	58,32,056*	5,83,20,560	100.00

*Out of above 32,21, 879 Nos. shares were dematerialised.

G) Shareholding pattern as on 31, 3. 2004

Shares held by	No. of shares held	% of shares
Foreign Promoters (OCB)	29,13,221	49.95
Corporate Bodies	18,38,891	31.53
Indian Public	10,79,844	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 and published in news papers.
