



29th

Annual Report

2004-2005

IST LIMITED

IST LIMITED



29th Annual Report 2004-2005

BOARD OF DIRECTORS

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

SHRIS.R. BANSAL

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

SHRI A.N. MUKHERJEE

SHRIMAYUR GUPTA

Jt. Managing Director

SHRIM. L. RUSTAGI

Managing Director

COMPANY SECRETARY

SHRISANDEEP GUPTA

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 29th Annual General Meeting of the company will be held on Friday, the 30th September, 2005 at 11.00 a.m. at IST Factory, Village Dundaheera, Delhi-Gurgaon Road, Gurgaon (Haryana), to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 and Profit & Loss A/c 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 reappointment as a director.
3. To appoint a director in place of Air Marshal (Rtd.) D. Keelor, who retires by rotation and being eligible offers himself for reappointment as a director.
4. To appoint auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if 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 two years commencing 1st October, 2005 on remuneration and perks as mentioned below:

Basic Pay	: Rs 17,000/-per month
Dearness Allowance	: Rs. 8,000/-per month
House Rent Allowance	: Rs. 10,000/-per month
Other Allowances	: Rs. 9,000/-per month

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'S 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. 12,000/- 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 :**

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

- viii) **SITTING FEES :**

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

- ix) **TERMINATION CLAUSE :**

The appointment is 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 the Companies Act, 1956.

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

"RESOLVED THAT the tenure of Sh. Mayur Gupta as Jt. Managing Director of the company be and is hereby extended for a further period of two years commencing 1st October, 2005 on existing terms and conditions mentioned below:

Basic Pay	: Rs 20,000/-per month
Dearness Allowance	: Rs. 10,000/-per month
Other Allowances	: Rs. 20,000/-per month

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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 allowance 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

He 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

He is not entitled to any sitting fee for attending the meetings of the Board or a committee thereof.

viii) TERMINATION CLAUSE

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

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

"RESOLVED THAT actions taken by the Board of Directors of the company with regard to setting up of a software/IT park on company's factory land admeasuring 13.35 acres for which the licence has already been obtained from the Director, Town and Country Planning, Department of Haryana are hereby approved. The Board of Directors of the company be and is hereby further authorized to take all such steps which may be necessary in this regard."

By Order of the Board

Place : New Delhi

Sandeep Gupta

Dated : 6th August, 2005

Company Secretary

NOTES:

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. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the company will remain closed from 20th September 2005 to 30th September 2005 (both days inclusive)
4. Members are requested to intimate their queries, if any, relating to the accounts or any other matter at least seven days in advance of the meeting so that the information can be made readily available and furnished at the meeting.
5. All the documents referred to in the accompanying notice are open for inspection by members at the registered office of the company between 10.00 a.m. and 12.00 noon on any working day of the company till 30th September 2005



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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Sh. M.L. Rustagi was reappointed as a Managing Director of the company for a period of two years commencing 1st October, 2003. His present tenure, therefore, expires on 30th September, 2005. It is now proposed to extend his tenure for a further period of two years as a Managing Director of the company commencing 1st October, 2005.

Sh. M.L. Rustagi is a qualified Cost Accountant from the Institute of Cost and Management Accountants - London and has experience of more than 34 years in the discipline of finance and general administration etc. He has been serving the company for 26 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

Item No. 6

Sh. Mayur Gupta was reappointed as a Jt. Managing Director of the company for a period commencing 3rd June, 2004 and ending 30th September, 2005. His present tenure, therefore, expires on 30th September, 2005. It is now proposed to extend his tenure for a further period of two years as a Jt. Managing Director of the company commencing 1st October, 2005.

Mr. Mayur Gupta has a Masters 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. 7

As the members were informed last year, the company has been permitted by the Government of Haryana to establish a Software/IT Park on part of its factory's land admeasuring 13.35 acres. The Board of Directors of your company have taken various steps including an agreement executed with a company of repute for setting up and development of such software/IT park on the said land.

The Board of Directors recommends this resolution to the members for their approval. None of the Directors is interested in the resolution except as a member of the company.

By Order of the Board

Place : New Delhi
Dated : 6th August, 2005

Sandeep Gupta
Company Secretary

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DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their 29th 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, 2005.

FINANCIAL RESULTS

Your Directors are pleased to report that the year under review has ended in a net surplus of Rs.89.83 lacs (previous year Rs.6.14 lacs) after providing for income tax - Rs.50.00 lacs (previous year Rs.1.00 lac). As a result, the carry forward losses have been reduced from Rs. 94.89 lacs to Rs. 5.06 lacs.

Your company has been able to achieve these results due to the increase in sales and services from Rs.1301.85 lacs in the previous year to Rs.1618.74 lacs in the year under review. Increase in sales of precision auto components manufactured within plant has further contributed to the profitability.

The efforts by your management towards cost control and diversifying activities of your company continue unabatedly.

After obtaining the permission from the Govt. of Haryana to establish and develop a Software/IT Park on part of the land of factory, your company has entered into an agreement with another company of repute. A resolution seeking the approval of the members is being proposed in the ensuing meeting.

Keeping in view the above factors, your Directors are optimistic about the results for the current year.

AUDITORS' REPORT

The auditors have drawn attention to Note No.1(iv), Note No. 7 & Note No.9 appearing in Schedule 'S' attached with the Balance Sheet. Your Directors consider that these notes are self explanatory and do not require any specific clarification.

DIVIDEND

Although marginal, past losses still outstanding at the end of the year under review, your Directors express their inability to recommend payment of any dividend.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the company Sh. A. N. Mukherjee and Air Marshal (Retd.) D. Keelor, retire by rotation and are eligible for reappointment.

The present tenures of Sh. Mayur Gupta as Joint Managing Director and Sh. M. L. Rustagi as Managing Director will expire on 30th September, 2005. However, the Board proposes to extend their tenures for a further period of two years. Resolutions to this effect are being placed in this meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act 1956, the Directors confirm that, to the best of their knowledge and belief;

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and such judgments and estimates have been made 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 Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) the annual 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 is professionally managed and has very cordial relationship with all its employees. Qualified personnel from the field of engineering, finance and administration assist the management.

Your Directors wish to place on record their appreciation of the dedicated services rendered by the employees of the company at all levels, without whose wholehearted efforts such performance of the company would have not been possible.

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

AUDITORS

M/s. O.P. Dadu & Co., 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 Deposits) Rules, 1975.

FOREIGN EXCHANGE EARNING AND OUT-GO

Your company utilised foreign exchange equivalent to Rs. 67.98 lacs for import of raw material and components, stores and spares, capital goods and expenses on overseas traveling (previous year Rs. 65.68 lacs). The foreign exchange earned by your company was Rs. 231.25 lacs in respect of exports made by it (previous year Rs. 172.37 lacs).

ACKNOWLEDGEMENTS

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

By Order of the Board

Place : New Delhi
Dated : 6th August, 2005

M.L Rustagi
Managing Director

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CORPORATE GOVERNANCE 2004-2005

ANNEXURE-1

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

Company's philosophy on Code of Governance

The company maintains high standards in conducting its affairs ethically and lawfully. It strictly adheres to the principle of good corporate governance.

Board of Directors

The composition of the Board of Directors as on 31st March, 2005 was as under :

Name	No. of outside directorships held	No. of membership in Committee of board
Managing Director		
Shri M.L. Rustagi	10	Nil
Jt. Managing Director		
Shri Mayur Gupta	1	Nil
Non - Executive Directors		
Shri S.R. Bansal	4	3
Brig. (Retd.) G.S. Sawhney VSM	NIL	2
Air Marshal (Retd.) D. Keelor	1	NIL
PVSM KCAVSM Vr.C		
Shri A.N. Mukherjee	1	3

BRIEF PROFILE OF DIRECTORS IS AS UNDER :

1. Sh. M.L. Rustagi

Shri M.L. Rustagi is a qualified Cost Accountant from the Institute of Cost and Management Accountants, London. He has experience of more than 34 years in the 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 reappointed 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 term as Managing Director was extended for further two years commencing 1st October, 2003 in the Annual General Meeting held on 30th September, 2003. His present tenure as Managing Director expires on 30th September, 2005. The Board has recommended for extension of his tenure for further two years commencing 1st October, 2005.

2. Shri Mayur Gupta

Shri Mayur Gupta has a Masters Degree in Business Administration (Management Information System and E-Business) from Bentley College, Boston, USA. 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 Annual General Meeting held on 30th September, 2003. His term as Jt. Managing Director was further extended for a period commencing 3rd June, 2004 and ending 30th September, 2005. The Board has recommended for extension of his tenure for further two years commencing 1st October, 2005.

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. 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.

BOARD MEETINGS

- The Board held four meetings during the year i.e. on 24th June, 2004, 19th August 2004, 23rd November, 2004 and 8th February, 2005.
- The attendance record of the Directors at the Board meetings held during the year and the last AGM held on 30th September, 2004 is as under :



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S. No.	Name of Directors	No. of Board Meetings 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	4	Yes
4.	Air Marshal (Retd.) D. Keelor	4	Yes
5.	Sh. A.N. Mukherjee	4	Yes
6.	Sh. Mayur Gupta	4	Yes

AUDIT COMMITTEE

The Audit Committee consists of 3 members, namely Sh. S.R. Bansal, Sh. A.N. Mukherjee and Brig. (Retd.) G.S. Sawhney. The Committee held 4 meetings in the year i.e. on 24th June 2004, 19th August 2004, 23rd November, 2004 and 8th February, 2005. 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 4 meetings in the year i.e. on 24th June 2004, 19th August 2004, 23rd November, 2004 and 8th February, 2005. All 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 consists of Sh. S.R. Bansal, Brig. (Retd.) G.S. Sawhney 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.

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, 2004.

The remuneration of Sh. M.L. Rustagi and Sh. Mayur Gupta are Rs.4,73,115/- & Rs.6,35,000/- respectively. The meeting fee paid to Directors for the year ended 31.03.2005 is as follows:

1.	Sh. S.R. Bansal	:	Rs.2,000/-
2.	Brig. (Retd.) G.S. Sawhney	:	Rs.2,000/-
3.	Air Marshal (Retd.) D. Keelor	:	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
28.9.2002	IST Factory Vil. Dundahera Delhi-Gur. Rd. Gurgaon (Hry.)	11.00 a.m.	None
30.9.2003	-do-	11.00 a.m.	Extension of tenure as Managing Dir. of Sh. M.L. Rustagi
30.9.2004	-do-	11.00 a.m.	Intercompany Investment in IST Infrastructure Technology Pvt. Ltd.

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

DISCLOSURE

- The company has not entered into any 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 except Rs.5,000/- by SEBI 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.

SHAREHOLDER'S INFORMATION

A) Annual General Meeting

Date	Time	Venue
30.9.2005	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.
15/15(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

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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, except 1211716 equity shares allotted on preferential basis, are listed at Delhi and Mumbai Stock Exchanges.

F) Distribution of shareholding as on 31.3.2005 :

SHAREHOLDING of value of Rs.	SHAREHOLDERS		SHAREHOLDING		
	No.	% to total	Shares	Amount(Rs.)	% to total
Upto 5000	9142	97.84	8,98,523	89,85,230.00	15.41
5001 to 10000	129	1.38	91,587	9,15,870.00	1.57
10001 to 20000	50	0.54	65,950	6,59,500.00	1.13
20001 to 30000	6	0.06	14,950	1,49,500.00	0.26
30001 to 40000	0	0.00	0	0.00	0.00
40001 to 50000	3	0.03	15,000	1,50,000.00	0.26
50001 to 100000	3	0.03	25,300	2,53,000.00	0.43
100001 and above	11	0.12	47,20,746	4,72,07,460.00	80.94
TOTAL :	9344	100.00	58,32,056*	5,83,20,560.00	100.00

*Out of above 34,93,221 shares were dematerialized.

G) Shareholding pattern as on 31.3.2005

Shares held by	No. of shares held	% of shares
Foreign Promoters(OCB)	29,13,221	49.95
Corporate Bodies	18,40,241	31.55
Indian Public	10,78,194	18.49
NRIs	400	0.01
	<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 newspapers.