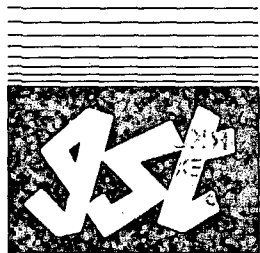


*31st*  
*Annual Report*  
*2006-2007*

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**IST LIMITED**

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**IST LIMITED**



## 31st Annual Report 2006-2007

### BOARD OF DIRECTORS

AIR MARSHAL (RETD.) D. KEELOR *Chairman*  
P.V.S.M., K.C., A.V.S.M., V.r.c.

SHRIMAYUR GUPTA *Managing Director*

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

SHRI A. N. MUKHERJEE

### COMPANY SECRETARY

SHRI PRAMOD KOTHARI

### 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

REGISTERED OFFICE & WORKS  
DHARUHERA INDUSTRIAL COMPLEX,  
DELHI-JAIPUR HIGHWAY NO.-8  
KAPRIWAS, DHARUHERA,  
REWARI, (HARYANA)

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**IST LIMITED****NOTICE**

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of the Company will be held on Friday, the 28<sup>th</sup> day of September, 2007 at 12.00 Noon at its Registered Office at Dharuhera Industrial Complex, Delhi Jaipur Highway No. 8, Kapriwas, Dharuhera, Rewari (Haryana) to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2007 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 Mr. A.M. Mukherjee, who retires by rotation and being eligible, offers himself for re-appointment as a Director.
3. To appoint statutory auditors of the company to hold office from the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors. M/s. O.P. Dadu & Co. Chartered Accountants, Delhi retire at the ensuring Annual General Meeting and being eligible offer themselves for re-appointment.

By Order of the Board  
Sd/-

Place: New Delhi  
Dated: 30<sup>th</sup> July, 2007

Pramod Kothari  
Company Secretary

**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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY. FORM OF PROXY IS SEPARATELY ANNEXED. THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
3. Members are requested to notify immediately any change in their address to the Registrar & Transfer Agent quoting their Folio Number to the following address:

**Mass Services Limited,**

AB-4, Safdurjung Enclave, New Delhi – 110 029

Phone : 011-26104142, 26104326 Fax : 011-26181081 e-mail : mas\_serv@bol.net.in

5. Members who have multiple ledger folios in identical names or joint names in same order are requested to intimate/ send the concerned share certificates quoting their ledger folios of such accounts to enable the Registrar & Transfer Agent to consolidate all such shareholdings into one folio.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 21<sup>st</sup> September, 2007 to 28<sup>th</sup> September, 2007 (both days inclusive).
7. Members intending to seek any information on the Annual Accounts at the meeting are requested to inform the company in writing at least one week prior to the date of the meeting.
8. Details of the Directors seeking reappointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement):

Name	Mr. A.M. Mukherjee
Age	88 Years
Qualifications	M. Sc.
Expertise in specific functional area	He has held distinguished positions in the Govt. of India. After expiry of his term as whole time directors in June 1985, he continues as a Non Executive Director of the Company.
Date of appointment as Director of the Company	March, 1985
Directorship of other companies	-GPC Technology Limited.
Chairman/Member of Committees of other Companies	None

By Order of the Board  
Sd/-

Place : New Delhi  
Dated: 30<sup>th</sup> July, 2007

Pramod Kothari  
Company Secretary



# IST LIMITED

## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their 31<sup>st</sup> 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, 2007.

### FINANCIAL RESULTS

The turnover of the Company during the year was Rs. 2065.49 Lacs as against Rs. 2460.17 Lacs in the previous year. The profit before tax during the year was Rs. 372.36 Lacs as against Rs 245.83 Lacs (after exceptional items) in the previous year. The profit after tax was Rs. 217.28 Lacs as against Rs. 171.13 Lacs in the previous year.

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

### MATERIAL CHANGES

There are no material changes affecting the affairs of the Company, Since date of balance sheet and the date of this report except that M/s. IST Steel and Power Limited, M/s Neil Builders Limited has ceased to subsidiaries of the Company.

### DIVIDEND

In Order to conserve the resources for the modernisation and upgradation of Plant of the Company. You Directors express their inability to recommend payment of dividend for the year 2006-2007.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the company Mr. A.M. Mukherjee retires by rotation and is eligible for re-appointment

### 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.
- 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

As per requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, a Compliance Report on Corporate Governance has been annexed as part of the Annual Report.

### PERSONNEL & INDUSTRIAL RELATIONS

There is no employee in the Company drawing remuneration more than the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Your Directors wish to place on record their deep sense of appreciation for the devoted contribution made by the employees & associates at all levels.

### AUDITORS

M/s. O.P. Dadu & Co., Chartered Accountants who are auditors of your company retire at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

### FIXED DEPOSITS

The Company has not accepted any deposit covered by companies (Acceptance of Deposit) Rules 1975.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

- A. The information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto.

### B. FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company utilised foreign exchange equivalent to Rs. 390.40 lacs for import of raw material and components, stores and spares, capital goods and expenses on overseas travelling (previous year Rs. 1054.38 lacs). The foreign exchange earned by your Company was Rs. 88.77 lacs in respect of exports made by it (previous year Rs. 190.06 lacs).

### ACKNOWLEDGEMENTS

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

Your Directors wish to place on record their deep sense of appreciation for the devoted contribution made by the employees & associates at all levels.

For and on behalf of the Board

AIR MARSHAL (Retd.) D. KELLOR  
Chairman

Place: New Delhi  
Dated: 30<sup>th</sup> July 2007

# IST LIMITED



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry Structure and Development

The Auto component manufacturing is globally becoming very high-tech. The Company has been striving to upgrade manufacturing technology to be able to increase its share with major automobile manufacturing companies.

### 2. Opportunity and Threats

Information Technology has emerged as Sunrise Industry and is substantially contributing to Indian Economy and more particularly to exports. Recognizing the contribution of IT Industry to the overall Indian economy, Government of India is promoting infrastructure development for IT/ ITES related projects. Your Company's wholly owned Subsidiary i.e. Gurgaon Infospace Limited got formal approval for set up Sector Specific Special Economic Zone for IT / ITES over an area of 11.58 hectares at Village Dundahera, District Gurgaon, and Haryana from Government of India, Ministry of Commerce & Industry, and Department of Commerce (SEZ Section) Vide their letter dated June 19, 2007.

Technological advancements are evolving fast in the auto industry which is currently the focus of your company. This requires deployed technology to keep pace with such developments to remain competitive. The company does not foresee any immediate threat on this account as the company has already started implementing modernization plan.

### 3. Outlook

Auto Component Manufacturing and the Infrastructure development for IT/ ITES sector which remain the main stream of your company are sunrise areas of

Indian economy. The company is looking to continuous growth over next few years driven primarily by the emerging opportunities these two areas.

### 4. Statement of Caution

Representations and statements made under 'Management Discussions and Analysis' is based on the projection and expectation on the basis of present market conditions. Actual results may materially differ due to several factors which could influence the Company's business operations such as demand and supply conditions, prices of input, changes in Government levies and regulations, industrial relations and other economic developments in the country.

### 5. Internal Control Systems and Their Adequacy

The Company has strong internal control systems, commensurate with its size, in all financial and functional areas.

### 6. Material Development in Human Resources/ Industrial Relations front, including number of employees employed

The company believes that human resources and industrial relations are at the core of its business strategy. Participation at all levels is encouraged through suggestion schemes and other means. Industrial relations continue to be harmonious and positive. As a result, employee motivation is high and turnover low.

The total number of employees as on March 31, 2007 was 447.



# IST LIMITED

## CORPORATE GOVERNANCE REPORT

Your Company has been practicing the principle of good Corporate Governance, which comprises all activities that result in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management.

The details of the corporate Governance compliance by the Company as per the revised Clause 49 of the Listing Agreement with Stock Exchanges are as under:

### A COMPLIANCE OF MANDATORY REQUIREMENTS

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that good Corporate Governance is essential for achieving long term corporate goals and enhancing value to stakeholders. In this pursuit, your Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and to continuously strive to attain high levels of accountability, transparency, responsibility and fairness in all aspects of its operations. Your Company continues to lay great emphasis on broad principles of Corporate Governance. Your Company, with a view to achieve these objectives, has adopted corporate strategies, prudent business plans and continuous monitoring of performance.

#### 2. BOARD OF DIRECTORS

##### Composition

The strength of the Board as on March 31, 2007 was 4 Directors including one Non-Executive Chairman and one Managing Director. The rest are Non-Executive Directors. The Board meets the requirement of not less than one – third being independent Directors.

None of the Directors hold Chairmanship of more than 5 Committees or Membership in more than 10 committees of Public Limited Companies.

During the year under review 8 Board Meetings were held on 7<sup>th</sup> April, 2006, 30<sup>th</sup> June, 2006, 31<sup>st</sup> July, 2006 26<sup>th</sup> August, 2006, 31<sup>st</sup> October, 2006, 2<sup>nd</sup> December, 2006, 30<sup>th</sup> December, 2006 and 31<sup>st</sup> January, 2007

The Composition of Board of Directors, their shareholding, attendance during the year and at the last Annual General Meeting, Number of other Directorships, Committee memberships and Chairmanships held by them as at 31<sup>st</sup> March, 2007 are given below:

Directors	Category	Attendance			No. of other Directorships and Committee Memberships / Chairmanships		
		Shares held	Board Meeting	Last AG M	Director-ships	Committee Member-ships	Committee Chairman-ships
Sh. Mayur Gupta	MD	-	8	Yes	2	-	-
Air Marshal (Retd.) D. Keejor	C	-	8	Yes	1	-	-
Sh. S.R. Bansal**	NE*	-	2	No	-	-	-
Brig.(Retd.)G.S. Sawhney	NE*	-	4	Yes	-	-	-
Sh. A.N. Mukherjee	NE*	-	8	Yes	1	-	-

C = Chairman, MD = Managing Director, NE = Non-Executive Director

\* Also Independent in terms of Provisions of Clause 49 (1)(A)(iii)

\*\* Resigned from director of the company w.e.f 17th August, 2006

\$ Includes Directorship and Committee membership in public Limited Companies only.

#### 3. AUDIT COMMITTEE

##### BROAD TERMS OF REFERENCE

The terms of reference of this Committee covers the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

**IST LIMITED**

The broad terms of reference of Audit Committee include inter-alia the following:-

- Review quarterly and annual financial statements before submission to the Board for approval;
- Discuss with Auditors about Internal Control System and to consider their observations and follow-up;
- Review of risk management policies and practices;
- Ensure compliance of Internal Control System;
- Investigate on any matter referred by the Board;
- Make recommendation to the Board on any matter relating to the financial management of the Company, including the Audit Report.

**COMPOSITION**

The Audit Committee of the Company comprises 3 Directors of which all are Independent Non-executive Directors. All these Directors possess knowledge of Corporate Finance, Accounts and Company Law. The Chairman of the Committee is an Independent Non-executive Director and was present at the last Annual General Meeting of the Company. The Audit Committee meetings are attended by Statutory Auditors, Accounts and Finance Heads. The Company Secretary acts as the Secretary to the Audit Committee.

*The minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.*

During the year under review 4 Audit Committee Meetings were held on 30<sup>th</sup> June, 2006, 31<sup>st</sup> July, 2006, 31<sup>st</sup> October, 2006 and 31<sup>st</sup> January, 2007. The composition of Audit Committee and attendance at its meeting is as follows

Members	Category	No. of Meetings attended
Mr. S.R. Bansal**	Chairman, Independent, Non- executive	01
Air Marshal(Retd.) D. Keelor	Chairman, Independent, Non- executive	02
Mr. A.N. Mukherjee	Member, Independent, Non- executive	04
Brig.(Retd.)G.S. Sawhney	Member, Independent, Non- executive	04

\*\* Resigned from director of the company w.e.f 17th August, 2006 and Mr. Air Marshal (Retd) D. Keelor has appointed as a Chairman of the Committee.

**4. REMUNERATION TO DIRECTORS**

The Company does not have a Remuneration Committee. Detailed terms of appointment of the Managing Director are governed under Board and Members Resolutions. None of the Non-Executive Directors draw any remuneration from the Company except sitting fees of Rs. 500/- for attending each meeting of the Board the Audit Committee.

Details of Directors Remuneration the details of remuneration paid to the Directors during the Financial year ended 31<sup>st</sup> March, 2007 are as under:

- a) The Details of remuneration paid to Managing Director are as under:

Name	Salary(Rs.)	Perquisites & other benefits	Total
Mr. Mayur Gupta	600,000	51,888	6,51,888

The tenure of the appointment of Managing director is for a period of 2 years.

- b) The Non Executive Directors are paid by way of sitting fees for each meeting of the Board of Directors and Audit Committee the details of remuneration paid to Non Executive Directors are as under.

Director	Sitting Fees
Air Marshal (Retd.) D. Keelor	4000
Sh. S.R. Bansal	1000
Brig.(Retd.)G.S. Sawhney	2000
Sh. A.N. Mukherjee	4000





# IST LIMITED

Apart from receiving Directors remuneration by way of sitting fee for the attending each meeting of the board, none of the Non Executive Directors has any pecuniary or transactions with the company during the ended 31<sup>st</sup> March, 2007.

## 5. SHAREHOLDERS/INVESTORS SHARE TRANSFER CUM GRIEVANCE COMMITTEE FUNCTIONS

The Board has constituted a Committee of three members under the Chairmanship of a Non-executive Director. The Committee generally meets twice in a month, to approve inter-alia, transfer/transmission of shares, issue of duplicate share certificates and reviews the status of investors' grievances and redressal mechanism and recommends measures to improve the level of investor services. Details of shares transfers/transmissions approved by the Committee are placed at the Board Meetings from time to time.

### COMPOSITION

The constitution of the Committee of Directors is as under:-

Name of the Members	Category
Mr. S.R. Bansal**	Chairman, Non-executive
Air Marshal(Retd) D. Keelor	Chairman, Non-executive
Brig.(Retd.)G.S. Sawhney	Member, Independent, Non-executive
Mr. Mayur Gupta	Member, executive

\*\* Resigned from director of the company w.e.f 17th August, 2006 and Mr. Air Marshal (Retd) D. Keelor has appointed as a Chairman.

### COMPLIANCE OFFICER

The Board has designated Pramod Kothari, Company Secretary as Compliance Officer.

### DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED AND REPLIED TO THE SATISFACTION OF SHAREHOLDERS.

Number of Shareholders Complaints received during the period 01.04. 06 to 31.03.2007.	27
Number of Complaints not solved to the satisfaction of shareholders.	Nil
Number of pending complaints as on 31.03.2007, which are solved later on.	Nil

## 6. GENERAL BODY MEETINGS

(I). Details of the Location of the last three Annual General Meetings:

Financial year	Date	Location of the Meeting	Time
2003-04	30.09.2004	IST Factory, Village Dundahera, Delhi Gurgaon Road, Gurgaon(Haryana)	11.00 A.M.
2004-05	30.09.2005	IST Factory, Village Dundahera, Delhi Gurgaon Road, Gurgaon(Haryana)	11.00 A.M.
2005-06	30.09.2006	IST Factory, Village Dundahera, Delhi Gurgaon Road, Gurgaon(Haryana)	11.00 A.M.

(II) Special Resolution passed in the previous three AGMs.

- a) In the AGM held on 30.09.2004: No Special Resolution was transacted.
- b) In the AGM held on 30.09.2005: No Special Resolution was transacted.
- c) During the Financial year 2006-07 Two following Special Resolution through postal ballot:
  - i. For Sell, lease or otherwise dispose off the company's assets including and situated at Village Dundahera, Delhi Gurgaon Road, District Gurgaon (Haryana) and building constructed thereon. The result of which was declared on 16<sup>th</sup> October, 2006



**IST LIMITED**

- ii. for shifting of registered office from Village Dundahera, Delhi Gurgaon Road, Gurgaon(Haryana to Dharuhera Industrial Complex, Delhi Jaipur Highway No. 8, Village Kapriwas Dharuhera District Rewari Haryana. The result of which was declared on 27th March, 2007.
- d) In the AGM held on 30.09.2006:
  - i) For delisting of equity shares from Delhi Stock Exchange Association Limited.
  - ii) Amendment in Article of Association.

**7. DISCLOSURES****i) Related Party Transactions**

There have been related party transaction as reflected in notes to the accounts but they are not in conflict with the interest of the Company.

**ii) Accounting Standards**

The Company follows the Accounting Standards laid down by the Institute of Chartered Accountant of India and there has been no deviation during the year.

**iii) Details on Non Compliance**

There are no instances of non-compliance by the Company on any matter relating to the Capital Market during the last 3 year.

**iv) Declaration by CEO with regard to Code of Conduct**

The Managing Director, Mr. Mayur Gupta has furnished a declaration affirming compliance of Code of Conduct by the Board of Directors and Senior Management personnel.

**v) CEO Certificates.**

The Managing Director, Mr. Mayur Gupta has furnished the required certificate to the Board of Directors pursuant to clause 49 of the Listing Agreement.

**8. MEANS OF COMMUNICATION**

The company's financial results are forthwith communicated to all the Stock Exchanges with whom the Company has listing arrangements as soon as they are approved and taken on record by the Board of Directors of the Company. Thereafter the results are normally published in The Pioneer and Regional New Paper.

**9. GENERAL SHAREHOLDERS INFORMATION****a) Annual General Meeting:**

Date & Time	:	28 <sup>th</sup> September, 2007
Venue	:	Dharuhera Industrial Complex, Delhi-Jaipur Highway No. 8, Village Kapriwas Dharuhera District Rewari Haryana

b) Financial Year	:	1 <sup>st</sup> April to 31 <sup>st</sup> March, 2007
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c) Book Closure	:	20 <sup>th</sup> September, 2007 to 28 <sup>th</sup> September, 2007
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d) Dividend	:	No Dividend has been declared during the financial Year 2006-2007.
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**Financial Calendar (Tentative):**

- |   |              |
|---|--------------|
| - Financial reporting for the quarter ended 30th June, 2007       | July 2007    |
| - Financial reporting for the quarter ending 30th September, 2007 | October 2007 |
| - Financial reporting for the quarter ending 31st December, 2007  | January 2008 |
| - Financial reporting for the year ending 31st March, 2008        | April 2008   |



# IST LIMITED

## Listing on Stock Exchanges :

The Equity Shares of the Company are listed on Bombay Stock Exchanges Limited, The Delhi Stock Exchange Association Limited

Stock Code: **BSE** 508807  
**NSDL/ CDSL – ISIN** INE684B01011

## Distribution of shareholding as on 31<sup>st</sup> March 2007

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	8231	97.74	782126	13.41
501 to 1000	116	1.38	80347	1.38
1001 to 2000	43	0.51	59534	1.02
2001 to 3000	7	0.08	16165	0.28
3001 to 4000	1	0.01	3490	0.06
4001 to 5000	5	0.06	24172	0.41
5001 to 10000	5	0.06	38998	0.67
10001 and above	13	0.16	4827224	82.77
GRAND TOTAL	8421	100.00	5832056	100.00

## Shareholding Pattern as on 31<sup>st</sup> March, 2007:

CATEGORY	NO. OF SHARE HELD	% OF HOLDING
Promoters	4,629,321	79.39
Financial Institutions, Mutual Funds, Banks	325	0.00
Foreign Institutional Investors	-	-
Private Body Corporates	232,292	3.98
Indian Public	968,508	16.61
NRIs / OCBs	1,110	0.02
Grand Total	5,832,056	100.00

## Dematerialization of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialized form. As on 31<sup>st</sup> March, 2,187,566 (37.51 %) Equity shares of total paid up equity shares were held in dematerialized form.

## Outstanding GDR / Warrants and Convertible Bonds, conversion date and likely impact on equity:

There is no outstanding GDR/Warrants and Convertible Bonds etc.

## Operations :

### Registrar and Share Transfer Agents

Mass Services Limited,  
 AB-4, Safdurjung Enclave,  
 New Delhi – 110 029  
 Phone : 011-26104142, 26104326  
 Fax : 011-26181081  
 e-mail : mas\_serv@bol.net.in