

32nd

Annual Report

2007-2008

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IST LIMITED

IST LIMITED

32nd Annual Report 2007-2008

BOARD OF DIRECTORS

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

SHRI MAYUR 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

DHARUHERA INDUSTRIAL COMPLEX
DELHI JAIPUR HIGHWAY NO. 8
KAPRIWAS, DHARUHERA, REWARI-123110 (HARYANA)

HEAD OFFICE

A23, NEW OFFICE COMPLEX
DEFENCE COLONY,
NEW DELHI-24

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NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held on Monday, the 15th day of September, 2008 at 11.00 a.m. 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 on 31st March, 2008 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 Air Marshal (Retd) D Keelor who retires by rotation and being eligible, offers himself for reappointment as a Director.
3. To appoint statutory auditors of the Company to hold office from the conclusion of this AGM until 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 who retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modifications, the following resolution as **Ordinary Resolution**:
 "RESOLVED THAT pursuant to the provisions of Section 198, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act 1956 (Including any modification(s) or re- enactment(s) thereof for the time being in force, Increase in remuneration of Mr. Mayur Gupta, Managing Director of the Company with effect from 1st October, 2007 for the remaining period of his tenure on the terms and conditions mentioned below, be and is hereby approved :-

Basic Pay	:	Rs.40,000/- per month.
Dearness Allowance	:	Rs.20,000/- per month
Other allowances	:	Rs.15,000/- per month

PERQUISITES

PART-A

a) Medical Benefit for Self and Family

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

b) Leave Travel Allowance

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

c) Company's Chauffeur driven Car

All the expenses incurred by the 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.

d) Telephone

Free use of one telephone

PART-B

I. 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 Managing Director will be allowed to be encashed as per rules of the Company.

II. Reimbursement of Expenses

The Managing Director shall also be entitled to reimbursement of reasonable entertainment expenses actually and properly incurred for the purposes of business of 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.

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



IST LIMITED

"RESOLVED that the reappointment of Shri Mayur Gupta as Managing Director of the Company for a period commencing from 1st October, 2008 and ending on 30th September, 2010 on the terms and conditions mentioned below, be and is hereby approved:-

Basic Pay	:	Rs.40,000/- per month.
Dearness Allowance	:	Rs.20,000/- per month
Other allowances	:	Rs.15,000/- per month

PERQUISITES

PART-A

a) Medical Benefit for Self and Family

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

b) Leave Travel Allowance

Expenses incurred by the Managing Director and his family subject to the ceiling of one month's basic pay in a year,

c) Company's Chauffeur driven Car

All the expenses incurred by the 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.

d) Telephone

Free use of one telephone.

PART-B

I. 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 Managing Director will be allowed to be encashed as per rules of the Company.

II. Reimbursement of Expenses

The Managing Director shall also be entitled to reimbursement of reasonable entertainment expenses actually and properly incurred for the purposes of business of 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.

By Order of the Board

Sd/-

Pramod Kothari
Company Secretary

Place: New Delhi

Dated: 27th June, 2008

Registered Office:

Dharuhera Industrial Complex, Delhi Jaipur Highway No.8,
Kapriwas, Dharuhera, Rewari-123110 (Haryana)

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 FORM 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 alongwith copy of Annual Report for attending the meeting.
3. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the meeting is annexed hereto.
4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.

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6. In case of joint holders attending the meeting, only such joint holders who is higher in the order of names will be entitled to vote.
7. Members are requested to notify immediately any change in their address to the Registrar & Transfer Agent quoting their Folio Number to the following address:

MAS Services Limited

AB-4, Safdurjung Enclave, New Delhi -110029.

Phone : 011-26104142, 26104326 Fax: 011-26181081 email: mas_serv@bol.net.in

8. Members who have multiple ledger folios in identical means or joint names in same order are requested to intimate/ send the concerned share certificates quoting their folios of such accounts to enable the Registrar & Transfer Agent to consolidate all such shareholdings into one folio.
9. The Register of Members and Share Transfer Books of the Company will remain closed from 11th September, 2008 to 15th September, 2008 (both days inclusive).
10. 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.
11. Details of the Directors seeking reappointment at the forthcoming Annual General Meeting (Pursuant to clause 49 of the Listing Agreement):

Name	Air Marshal (Retd) D Keelor
Age	75 years (7 th December, 1933)
Qualifications	PVSM, KC, AVSM, Vr.C
Expertise in specific functional area	Held various distinguished positions in Air Force and Civil Aviation and has vast experience in Administration. He is one of the highest decorated Air Force Officers in the country.
Date of appointment as Director of the Company	27th December, 1996
Directorship of other companies	Lubetec India Pvt. Ltd., IST Steel & Power Ltd., Shary Aviation Pvt. Ltd.
Chairman/ Member of Committees of other Companies	Nil

By Order of the Board

Sd/-

Pramod Kothari

Company Secretary

Place: New Delhi

Dated: 27th June, 2008**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 4 & 5**

Shri Mayur Gupta was appointed as Managing Director of the Company for a period commencing from 1st October, 2006 and ending on 30th September, 2008.

In view of the upward movement in the market level of executive directors remuneration and also increase in the responsibilities of executive directors of the company requiring a much greater time commitment on part of Shri Mayur Gupta and based on the independent external advice on the remuneration, the Board in its meeting held on 30th October, 2007, increased the remuneration of Shri Mayur Gupta, Managing Director with effect from 1st October, 2007 for the remaining period of his tenure on the terms and conditions as mentioned above in the notice.

Further, the Directors opine that the Company would benefit with the educational background and exposure of Shri Mayur Gupta. Hence, the Board, at its meeting held on 27th June, 2008, has recommended to reappoint him as Managing Director of the Company for further period of two years from 1st October, 2008.

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

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

None of the Directors other than Shri Mayur Gupta himself, is interested or concerned in this resolution.

By Order of the Board

Sd/-

Pramod Kothari

Company Secretary

Place: New Delhi

Dated: 27th June, 2008



DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their 32nd 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, 2008.

FINANCIAL RESULTS

The turnover of the Company during the year was Rs. 2111.00 Lacs as against Rs. 2065.49 Lacs in the previous year. The profit before tax during the year was Rs. 343.60 Lacs as against Rs 372.36 Lacs in the previous year. The profit after tax was Rs. 226.45 Lacs as against Rs. 217.28 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 Western Indus Power Ltd. (formerly Western Indus Power & Mining Co. Pvt. Ltd.) has become the wholly owned subsidiary of the Company.

DIVIDEND

In Order to conserve the resources for the modernisation and upgradation of Plant of the Company. Your Directors express their inability to recommend payment of dividend for the year 2007-2008.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the company Air Marshal (Retd.) D. Keelor retires by rotation and is eligible for re-appointment.

The present tenure of Shri Mayur Gupta as Managing Director will expire on 30th September, 2008. However, the Board proposes to extend his tenure for a further period of two years. Resolution to this effect is 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 judgements 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

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 as detailed below :

A. CONSERVATION OF ENERGY :

The company has always been conscious about the need for conservation of energy. Energy saving is one of the factor for the economic growth of the country and it remained an area of high priority for the company.

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B. TECHNOLOGY ABSORPTION :

The Company remain in constant endeavour to obtain technical assurance from outside.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company utilised foreign exchange equivalent to Rs. 72.50 lacs for import of raw material and components, stores and spares, capital goods and expenses on overseas travelling (previous year Rs. 390.40 lacs). The foreign exchange earned by

your Company was Rs. 82.73 lacs in respect of exports made by it (previous year Rs. 88.77 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. KEELOR
Chairman

Place : New Delhi

Dated: 27th June 2008

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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 setting up Sector Specific Special Economic Zone for IT / ITES over an area of 11.58 hectares at Village Dundahera, District Gurgaon, Haryana from Ministry of Commerce and Industry, Government of India, Vide their letter dated June 19, 2007. The SEZ has further been notified in the Gazette of India published on December 03, 2007 and is now functional.

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 in 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, 2008 was 468.

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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, 2008 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 5 Board Meetings were held on 3rd May, 2007, 29th June, 2007, 30th July, 2007, 30th October, 2007 and 30st January, 2008.

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 31st March, 2008 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	—	5	Yes	2	—	—
Air Marshal (Retd.) D. Keelor	C	—	5	Yes	1	—	—
Brig.(Retd.) G.S. Sawhney	NE*	—	4	Yes	—	—	—
Sh. A.N. Mukherjee	NE*	—	5	Yes	1	—	—

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

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

\$ 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.

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;



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- 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 29th June, 2007, 30th July, 2007, 30th October, 2007 and 30th January, 2008. The composition of Audit Committee and attendance at its meeting is as follows :

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

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. 2,500/- for attending each meeting of the Board.

Details of Directors Remuneration the details of remuneration paid to the Directors during the Financial year ended 31st March, 2008 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	7,50,000	68,695	8,18,695

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

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

Director	Sitting Fees
Air Marshal (Retd.) D. Keelor	6,500
Brig.(Retd.) G.S. Sawhney	6,000
Sh. A.N. Mukherjee	6,500

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 31st March, 2008.

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