

33rd

Annual Report

2008-2009

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IST LIMITED

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33rd Annual Report 2008-09

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 R.K. SAPRA

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

A-23, NEW OFFICE COMPLEX
DEFENCE COLONY,
NEW DELHI-110024

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Registered Office : Dharuhera Industrial Complex, Delhi Jaipur Highway No.8, Kapriwas, Dharuhera, Rewari (Haryana).

NOTICE

Notice is hereby given that the 33rd Annual General Meeting of the Company will be held on Friday, the 4th day of September, 2009 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, 2009 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 Brig. (Retd.) G.S. Sawhney, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint statutory auditors of the Company to hold office 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 retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

By Order of the Board

Place: New Delhi
Dated: 27th June, 2009

R.K. Sapra
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL 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. The Register of Members and Share Transfer Books of the Company will remain closed from 26th August, 2009 to 4th September, 2009 (both days inclusive)
3. *Members/ Proxies should bring the attendance slip duly filled in alongwith copy of Annual Report for attending the meeting.*
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 No. and DP ID No. and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
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 who are holding shares in physical form 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

T-34, 2nd Floor Okhla Industrial Area Phase-II, New Delhi-110020

In case the shares are held in dematerialised form, the above information should be furnished directly to respective Depository participants.

8. 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 Folios Nos. to enable the Registrar & Transfer Agent to Consolidate all such shareholdings into one folio.



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9. 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.
10. Details of the Directors seeking reappointment at the forthcoming Annual General Meeting Pursuant to clause 49 of the Listing Agreement :

Name	Brig. (Retd.) G.S. Sawhney
Date of Birth	26th February, 1927
Qualifications	VSM, Brig. (Retd.).
Expertise in specific functional area	Ex. Director of Inspection (Armt.) in the Department of Defence Production; and Chairman, Technical Committee (Armt.) Stores.
Date of appointment as Director of the Company	29th March, 1985
Directorship of other companies	Nil
Chairman/ Member of Committees of other Companies	Nil

By Order of the Board

Place: New Delhi
Dated: 27th June, 2009

R.K. Sapra
Company Secretary

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DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their 33rd 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, 2009.

FINANCIAL RESULTS

The turnover of the Company during the year was Rs. 2030.18 Lacs as against Rs. 2111.00 Lacs in the previous year. The profit before tax during the year was Rs. 286.72 as against Rs. 343.60 Lacs in the previous year. The profit after tax was Rs. 173.85 Lacs as against Rs. 226.45 Lacs in the previous year.

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

DIVIDEND

In order to conserve the resources for modernization and upgradation of Plant of the Company, your Directors express their inability to recommend payment of dividend for the year 2008-2009.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Brig. (Retd.) G. S. Sawhney, V.S.M. retires by rotation and is eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of 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 report on Corporate Governance annexed which inter alia contains details of Audit Committee.

PARTICULARS OF EMPLOYEES

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.

AUDITORS

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

FIXED DEPOSITS

During the year the Company has not accepted any deposit covered by Companies (Acceptance of Deposit) Rules, 1975.

SUBSIDIARY COMPANY

The Accounts of Gurgaon Infospace Limited, Subsidiary of this Company are annexed with a statement pursuant to Section 212 of the Companies Act, 1956. During the year, Western Indus Power Limited ceased to be subsidiary of the Company.

LISTING OF SECURITIES

The Equity Shares of the Company continue to be listed on the Stock Exchange, Mumbai and Delhi Stock Exchange Limited and listing fee for the year 2009-10 has been paid to the above Stock Exchanges.

DEMATERIALISATION OF SHARES

The Details on Dematerialisation of Equity Shares of the Company are given in the annexed Corporate Governance Report.

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 detailed below :

**A. CONSERVATION OF ENERGY :**

The company as 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.

B. TECHNOLOGY ABSORPTION :

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

C. FOREIGN EXCHANGE EARNING AND OUTGO

Your Company utilized foreign exchange equivalent to Rs. 76.30 lacs for import of raw material and components, stores and spares, capital goods and expense on overseas traveling. The foreign exchange

earned by your company was Rs. 79.86 lacs in respect of exports made by it.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their thanks and appreciation for the valuable cooperation and continued support received from the Government of Haryana and the Company's Bankers – State Bank of India.

Your Directors place on record their thanks to the company's business associates for their excellent effort and support especially under the prevalent stiff market conditions and their continued patronage of the Company's products.

Your Directors also wish to place on record their appreciation for the devoted services of the executives, staff and workers of the company at all levels.

For and on behalf of the Board

Air Marshal (Retd.) D. Keelor
Chairman

Place : New Delhi
Dated : 27th June, 2009

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Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

1	Name of the Subsidiary	Gurgaon Infospace Ltd.
2	Financial year of the Subsidiary ended on	31st March, 2009
3	Shares of the Subsidiary held by the Company on the above date	
	(a) Number of shares	1,00,000
	Face value	Equity shares of Rs. 100/- each
	(b) Extent of holding	100%
4	Net aggregate amount of profits/ (losses) of the Subsidiary for the above financial year so far as they concern members of the company	
	(a) dealt with in the accounts of the Company for the year ended 31st March, 2009	Nil
	(b) not dealt with in the accounts of the company for the year ended 31st March, 2009	Rs. 8,12,80,316/-
5	Net aggregate amount of profits/ (losses) for previous years of the Subsidiary, since it became a subsidiary so far as they concern members of the company	
	(a) dealt with in the accounts of the Company for the year ended 31st March, 2009	Nil
	(b) not dealt with in the accounts of the company for the year ended 31st March, 2009	13,51,447/-
6.	Change in the interest of the Company in the subsidiary between the end of the financial year of the subsidiary and that of the company	Nil
7.	Material changes between the end of the financial year of the subsidiary and end of the financial year of the company in respect of the Subsidiary's fixed assets, Investments, lending and borrowing for the purpose other than meeting their current liabilities.	Nil
8.	Remarks	Nil

For and on behalf of the Board

Place : New Delhi

Dated : 27th June, 2009

D.N. Tulshyan

General Manager (Finance)

R.K. Sapra

Company Secretary

D. Keeloor

Director

Mayur Gupta

Managing Director


MANAGEMENT DISCUSSION AND ANALYSIS REPORT
1. INDUSTRY STRUCTURE AND DEVELOPMENT

Auto Components Manufacturing and the Infrastructural development for IT / ITES Sector are the main streams of business of your Company.

The Automotive Mission Plan 2016, published by the Government of India in consultation with SIAM and ACMA, envisages "India to emerge as the destination of choice in the world for design and manufacture of automobiles and auto Components with output reaching a level of US\$ 145 billion, accounting for more than 10 per cent of the GDP and providing additional employment to 25 million people by 2016."

The above figures indicate significant potential for growth in auto components industry, both for domestic market and exports from India.

Information Technology has emerged as sunrise industry and has been contributing to exports vis-a-vis Indian Economy. Recognizing the contribution of IT Industry to the overall Indian economy, Government of India is promoting infrastructure development for IT/ITES related projects.

2. OPPORTUNITIES AND THREATS

Your Company is engaged in High Precision Auto Component manufacturing. Its major customers include Maruti Suzuki and Tata-Fiat etc.

Tremendous opportunities for growth in the auto industry are available both in the domestic and overseas markets. The Company has been constantly striving to upgrade manufacturing technology to be able to increase its share with major automobile manufacturing companies.

Some of the industry specific features witnessed during the last few years are -

- i) Globally the industry is becoming high-tech day-by-day.
- ii) The industry has witnessed an intense competition in the domestic market
- iii) The industry as a whole remained sluggish

Your Company's wholly owned Subsidiary, namely, Gurgaon Infospace Limited has set up Sector Specific Special Economic Zone for IT/ITES over an area of 11.58 hectares at Village Dundahera, District Gurgaon, Haryana which is now functional.

Besides the impact caused by recessionary trend prevailing all over the globe, Indian IT Industry is facing threat from the changing US policies which continues to be the major market for the Indian IT

Industry. The developed countries, in order to protect jobs back home, are extending veiled protectionism, which is yet another threat looming on the horizon.

3. OUTLOOK

Auto Component Manufacturing sector remain the main stream of your Company. To upgrade the quality of its products in line with the Industry trend, the Company has planned to import New Age CNC machinery to replace the existing machinery in a phased manner. The Company look forward to continuous growth in future.

Though at present, the depressed market conditions in IT Sector, has impacted demand for the infrastructure for this industry but it is expected that as soon as world economy revives, the demand for the Company's infrastructure will grow.

The Company look forward for continuous growth, driven primarily by the emerging opportunities in above two areas.

4. STATEMENT OF CAUTION

Representations and statements made under 'Management Discussions and Analysis' are 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 inputs, 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. HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company believes that human resources and industrial relations as the core areas of its business strategy. Employees 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 31st March, 2009 was 448.

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CORPORATE GOVERNANCE REPORT

Your Company has been practicing the principles 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 Clause 49 of the Listing Agreement with Stock Exchanges are as under:

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, 2009 was 4 Directors including one Non-Executive Independent Chairman and one Managing Director. The rest are Non-Executive 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 6 Board meetings were held on 30th April, 2008, 27th June, 2008, 30th July, 2008, 31st October, 2008, 31st January, 2009 and 9th March, 2009.

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, 2009 are given below:-

Directors	Category	Attendance			No. of other Directorships and Committee Memberships / Chairmanships in public Companies		
		Shares held	Board Meetings	Last AGM	Directorships	Committee Memberships	Committee Chairmanships
Sh. Mayur Gupta	MD	—	6	Yes	3	2	—
Air Marshal (Retd.) D. Keeloor	C, NE*	—	6	Yes	—	—	—
Brig. (Retd.) G.S. Sawhney	NE*	—	2	Yes	—	—	—
Sh. A.N. Mukherjee	NE*	—	6	Yes	1	1	—

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

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

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;
- Discuss with Auditors about Internal Control System and to consider their observations and follow-up;



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- 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.

COMPOSITION

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

The minutes of the Audit Committee Meetings are placed before the Board of Directors at the subsequent Board Meeting.

During the year under review 6 Audit Committee meetings were held on 30th April, 2008, 27th June, 2008, 30th July, 2008, 31st October, 2008, 31st January, 2009 and 9th March, 2009. The Composition of Audit Committee and attendance at its meeting is as follows:-

Name	Category	No. of Meetings attended
Shri A.N. Mukherjee	Chairman, Independent, Non- executive	6
Air Marshal (Retd.) D. Keelor	Member, Independent, Non- executive	6
Brig.(Retd.) G.S. Sawhney	Member, Independent, Non- executive	2

4. REMUNERATION TO DIRECTORS

The Company does not have a Remuneration Committee. Terms of appointment of the Managing Director are governed by Board and Members Resolutions.

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

Name	Salary (in Rs.)	Perquisites (Rs.)	Total (Rs.)
Shri Mayur Gupta	9,34,615	55,000	9,89,615

- b) None of the Non executive Directors draw any remuneration from the Company except sitting fee of Rs. 2,500/- for attending each meeting of the Board of Directors. The details of remuneration paid to Non Executive Directors are as under:

Director	Sitting Fees (Rs.)
Air Marshal (Retd.) D. Keelor	15,000
Brig.(Retd.) G.S. Sawhney	5,000
Sh. A.N. Mukherjee	15,000

Apart from the above remuneration, no Director is entitled for any other benefit, bonus, severance fee or performance linked incentives. The Company has not issued any stock options to its employees or Directors.

5. SHAREHOLDERS/INVESTORS SHARE TRANSFER CUM GRIEVANCE COMMITTEE

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 investor's 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:-