

35th

Annual Report

2010-2011



IST LIMITED



IST LIMITED

35th Annual Report 2010-2011

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

LT. COL. (RETD.) N. L. KHITHA

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

NOTICE

Notice is hereby given that the 35th Annual General Meeting of the Company will be held on Thursday, the 1st day of September, 2011 at 11.00 a.m. its Registered Office at Dharuhera Industrial Complex, Delhi Jaipur Highway No.8, Kapriwas, Dharuhera, Rewari (Haryana), to transact the following:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2011 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 re-appointment as a Director.
3. To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

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 Section 257 of the Companies Act, 1956, Lt. Col. (Retd.) N.L. Khitha, be and is hereby appointed as Director of the Company, liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modifications, the following resolution as Special 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, for the time being in force including any modification(s) and/or re-enactment(s) thereof appointment of Lt Col (Retd.) N.L. Khitha as Director (Technical) of the Company for a period of two years, commencing from 1st June, 2011 and ending on 31st May, 2013, on the terms and conditions mentioned below, be and is hereby approved : -

Basic Pay	: Rs. 16,000/- per month
Dearness Allowance	: Rs. 5,000/- per month
House Rent Allowance	: Rs. 10,000/- per month
Other Allowances	: Rs. 9,000/- per month

PERQUISITES

PART – A

- a) **Medical Benefit for self and family** : Reimbursement of medical expenses actually incurred by the Director (Technical) and his family subject to the ceiling of Rs.15,000/- per annum.
- b) **Leave Travel Allowance** : Expenses incurred by the Director (Technical) and his family subject to the ceiling of one month's basic pay in a year.
- c) **Reimbursement of Car Maintenance** : All the expenses incurred by the Director (Technical) in connection with the running and maintenance of a car including Driver's Salary, for the purpose of Official Work.
- d) **Reimbursement of Telephone Expenses** : Free use of one telephone for the purpose of official work.

PART – B

I. Earned Leave

One month's leave as per the rules of the Company for every 11 months of service. Leave accumulated and not availed of during his tenure as Director (Technical) will be encashed as per rules of the company.

II. Reimbursement of Expenses

The Director (Technical) shall also be entitled to reimbursement of expenses actually and properly incurred for the purposes of business of the Company.

OTHER CONDITIONS

If during the currency of tenure of the Director (Technical), 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

Place: New Delhi

R.K. Sapra

Dated: 27th May 2011

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 24th August, 2011 to 1st September, 2011 (both days inclusive).



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3. Members/Proxies should bring the attendance slip duly filled in along with 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 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.
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

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

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 of such accounts to enable the Registrar & Transfer Agent to consolidate all such shareholdings into one folio.
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 appointment/reappointment at the forthcoming Annual General Meeting (Pursuant to clause 49 of the Listing Agreement):

(a)

Name	Air Marshal (Retd.) D. Keelor
Date of Birth	07th December 1933
Qualifications	PVSM, KC, AVSM, V.r.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.
Chairman/Member of Committees of other Companies	Nil

(b)

Name	Lt. Col. (Retd.) N.L. Khitha
Date of Birth	25th September, 1937
Qualifications	Lt. Col. (Retd.) from Indian Army.
Expertise in specific functional area	Held various distinguished positions in Army and has vast experience in Technical and Administration fields.
Date of appointment as Director of the Company	1st June, 2011
Directorship of other companies	GPC Technology Limited
Chairman/Member of Committees of other Companies	Chairman, Audit Committee, GPC Technology Limited Member, Shareholders Grievance Committee, GPC Technology Limited

11. Pursuant to General Circular No. 2/2011 (No.: 51/12/2007 - CL-III) dated 8th February, 2011, the Company has not attached annual accounts of its subsidiary Company with the Annual Report. Members who desire to obtain the annual accounts of subsidiary Company, may write to the Company Secretary at the Registered Office of the Company. The annual accounts of subsidiary Company shall be kept available at the Registered Office and the Head Office of the Company for inspection by any member during working hours.

Place: New Delhi
Dated: 27th May, 2011

By Order of the Board
R.K. Sapra
Company Secretary



Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 4

Lt. Col. (Retd.) N.L. Khitha, was appointed as Additional Director of the Company w.e.f. 1st June, 2011, by the Board of Directors in its meeting held on 27th May, 2011, to hold office of Director till the ensuing Annual General Meeting. The Company has received a notice from a member proposing his candidature for the office of Director.

Considering the ability, educational background, vast knowledge and experience of Lt. Col. (Retd.) N.L. Khitha, it would be in the interest of the Company to appoint him as a Director of the Company.

None of the Directors except Lt. Col. (Retd.) N.L. Khitha, is concerned or interested in the resolution.

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

Item No. 5

The Board of Directors of the Company, subject to approval by members, appointed Lt. Col. (Retd.) N.L. Khitha, as Director (Technical) of the Company w.e.f. 1st June, 2011, to hold office for a period of two years i.e. upto 31st May, 2013.

As the age of Lt. Col. N.L. Khitha is above 70 years, the resolution is being proposed as Special Resolution pursuant to Clause (c), Part-I of Schedule XIII to the Companies Act, 1956. Considering the ability, educational background, knowledge, and experience possessed by Lt. Col. (Retd.) N.L. Khitha, it would be in the interest of the Company to appoint him as Director (Technical) of the Company.

None of the Directors except Lt. Col. (Retd.) N.L. Khitha, is concerned or interested in the resolution.

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

Place: New Delhi
Dated: 27th May, 2011

By Order of the Board
R.K. Sapra
Company Secretary



DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their 35th Annual Report together with the Audited Statements of Account of the Company and the report of the auditors thereon for the year ended 31st March 2011.

FINANCIAL RESULTS

The turnover of the Company during the year was Rs.2,243.15 Lacs as against Rs. 1,969.43 Lacs in the previous year. The profit before tax during the year was Rs.649.92 lacs as against Rs. 281.26 Lacs in the previous year. The profit after tax was Rs.450.23 Lacs as against Rs. 176.71 Lacs in the previous year.

The effort by your management towards cost control continue unabatedly.

DIVIDEND

In order to conserve the resources for the modernization and upgradation of Plant of the Company, your Directors express their inability to recommend payment of dividend for the year 2010-2011.

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.

Lt. Col. (Retd.) N. L. Khitha has been appointed as Director (Technical) subject to approval by members of the Company.

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, Corporate Governance Report as well as Corporate Governance Compliance certificate received from the Statutory Auditors is annexed as part of the Annual Report. The Corporate Governance Report inter alia contains details of Audit Committee of Board of Directors of the Company.

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, who are 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 annual accounts of subsidiary of this Company i.e. Gurgaon Infospace Limited are not attached pursuant to General Circular No. 2/2011 (No.:51/12/2007-CL-III) dated 8th February, 2011. Members who desire to obtain the annual accounts of subsidiary Company, may write to the Company Secretary at the Registered Office of the Company. The annual accounts of subsidiary Company shall be kept available at the Registered Office and the Head office of the Company for inspection by any member during working hours. A statement pursuant to Section 212 of the Companies Act, 1956, is attached.

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 2010-11 has been paid to each of 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

- 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 EARNING AND OUTGO

Your Company utilized foreign exchange equivalent to Rs.257.39 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.27.78 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 May 2011



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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, 2011
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, 2011	Nil
	(b) not dealt with in the accounts of the company for the year ended 31st March, 2011	Rs. 22,66,93,416/-
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, 2011	Nil
	(b) not dealt with in the accounts of the company for the year ended 31st March, 2011	21,12,77,015/-
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



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT

The main areas of business of your Company are - Auto Components Manufacturing and Development of Infrastructure for IT / ITES Sector. As far as auto components industry is concerned, there is significant potential for growth in domestic as well as export markets. Information Technology has emerged as sunshine industry and has been contributing to exports vis-a-vis Indian Economy.

2. OPPORTUNITIES AND THREATS

Your Company is engaged in High Precision Auto Component manufacturing. Tremendous opportunities for growth in the auto industry are available both in the domestic and overseas markets. The Company has been consistently making its efforts to upgrade the manufacturing technology with a view to increase its share with major automobile manufacturing companies. It has been observed during the last few years that gradually the industry is becoming high-tech and has witnessed an intense competition in the domestic market.

Your Company's wholly owned subsidiary, namely, Gurgaon Infospace Limited has set up a sector specific Special Economic Zone for IT/ITES at Village Dundahera, District Gurgaon, Haryana.

Indian IT Industry has been facing threat from the changing US policies which is one of the major markets for the Indian IT Industry. The developed countries, in order to protect jobs back home, are extending veiled protectionism, which is yet another threat to Indian IT Industry.

3. OUTLOOK

Auto Component Manufacturing sector is the main stream of your Company. The Company has been

consistently trying to upgrade the quality of its products. The Company look forward to be able to increase its share with major automobile manufacturing companies.

In view of the emerging opportunities in demand for IT infrastructure, the Company look forward for continuous growth.

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 condition. 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, policies, 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 RESOURCE / INDUSTRIAL RELATIONS

The Company believes that human resources and industrial relations as the core areas of its business strategy. Participation of employees 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, 2011 was 391.



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 Clause 49 of the Listing Agreement with Stock Exchanges are as under:-

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 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, 2011 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 4 Board meetings were held on 31st May, 2010, 10th August, 2010, 15th November, 2010 and 14th February, 2011.

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, 2011 are given below:-

Directors / Category	Shares held	Attendance		No. of other Directorships and Committee Memberships / Chairmanships in public Companies		
		Board Meetings	Last AGM	Director-ships	Committee Member-ships	Committee Chairman-ships
Shri Mayur Gupta Managing Director (Promoter)	—	4	Yes	2	2	—
Air Marshal (Retd.) D Keelor Chairman, (Non Executive & Independent)	—	3	Yes	—	—	—
Brig. (Retd.) G S Sawhney (Non Executive & Independent)	—	2	No	—	—	—
Shri A N Mukherjee (Non Executive & Independent)	—	4	Yes	1	2	—