

*36th*  

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*Annual Report*  

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*2011-2012*  

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**IST LIMITED**

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## ***36th Annual Report 2011-2012***

**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.*

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

**COMPANY SECRETARY**

MANISH MEHTA

**BANKERS**

STATE BANK OF INDIA

**AUDITORS**

O.P. DADU & CO.

**REGISTERED OFFICE & WORKS**

DHARUHERA INDUSTRIAL COMPLEX  
DELHI JAIPUR HIGHWAY NO. 8, KAPRIWAS,  
DHARUHERA, REWARI-123106 (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 36th Annual General Meeting of the Company will be held on Friday, the 28th day of September, 2012 at 11:00 A.M. at its Registered Office at Dharuhera Industrial Complex, Delhi Jaipur Highway No. 8, Kapriwas, Dharuhera, Rewari – 123106 (Haryana), to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2012 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 re-appointment as a Director.
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, New 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 subject to the approval by the members of the Company, pursuant to the provisions of Section 198, 269, 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 any re-enactment thereof, appointment of Shri. Suresh Chand Jain as an Executive Director of the Company for a period, commencing from 14th August, 2012 and ending on 13th August, 2014 on the terms and conditions mentioned below, be and is hereby approved:

|                      |                           |
|----------------------|---------------------------|
| Basic Pay            | : Rs.21,600/- per month.  |
| Dearness Allowance   | : Rs. 7,600/- per month.  |
| House Rent Allowance | : Rs.20,000/- per month.  |
| Special Allowances   | : Rs.19, 200/- per month. |

### PERQUISITES

#### PART-A

- a) **Medical Benefit for Self and Family**

Reimbursement of medical expenses actually incurred by the Executive Director and his family

subject to the ceiling of one month's basic pay in a year.

- b) **Leave Travel Allowance**

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

- c) **Reimbursement of Telephone Expenses**

Free use of one mobile for the purpose of official work.

#### PART-B

- I. **Earned Leave**

One month's leave with full pay and allowance as per rules of the Company for every 11 months of service. Leave accumulated and not availed off during his tenure as Executive Director will be allowed to be encashed as per rules of the Company.

- II. **Reimbursement of Expenses**

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

#### OTHER CONDITIONS

If during the currency of tenure of the Executive 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 :

"Resolved that Mr. Gaurav Gupta, who was appointed as an additional Director in the meeting of Board of Directors of the Company held on 14th August, 2012 and who holds office as such up to the date of next Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from member signifying the intention to propose Mr. Gaurav Gupta, as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

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

"Resolved that Mr. Rishi Kumar Jain, who was appointed as an additional Director in the meeting of Board of Directors of the Company held on



14th August, 2012 and who holds office as such up to the date of next Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from

member signifying the intention to propose Mr. Rishi Kumar Jain, as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

Place : New Delhi  
Date : 14th August, 2012

By order of the Board  
Manish Mehta  
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 20th September, 2012 to 28th September, 2012 (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 authorized 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 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 holder who is higher in the order of names will be entitled to vote.
7. Members are requested to notify immediately and change in their address to the Registrar & Transfer Agent quoting their Folio Number to the following address:  
  
**MASS 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. The details of the director seeking reappointment at the forthcoming annual general meeting :

|               |   |
|---------------|---|
| Name          | Shri. G. S. Sawhney   |
| D.O.B.        | 26/02/1927  |
| Qualification | Graduate in Science   |
| Expertise     | Ex. Director of Quality Assurance (Armament)<br>Fellow Institute of Quality Assurance ( U.K.) |
| D.O.A.        | 29/03/1985  |
11. The details of the director seeking approval of the members at the forthcoming annual general meeting:
  - a) 

|               |  |
|---------------|--|
| Name          | Shri. Suresh Chand Jain                    |
| D.O.B.        | 06/09/1945                                 |
| Qualification | B.Sc (Hons.), M.Sc Physics                 |
| Expertise     | Business Development,<br>Corporate Affairs |
| D.O.A.        | 14/08/2012                                 |
  - b) 

|               |   |
|---------------|---|
| Name          | Shri. Gaurav Gupta  |
| D.O.B.        | 21/10/1982  |
| Qualification | Msc. in International Business Economics from City University, London(UK)<br>Bachelor of Business Administration from IILM, New Delhi |
| Expertise     | Corporate Finance<br>International Business Economics   |
| D.O.A.        | 14/08/2012  |
  - c) 

|               |                                |
|---------------|--------------------------------|
| Name          | Shri. Rishi Kumar Jain         |
| D.O.B.        | 20/07/1946                     |
| Qualification | B.Sc. (Mechanical Engineering) |
| Expertise     | Engineering                    |
| D.O.A.        | 14/08/2012                     |



13. 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 the 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  
Date : 14th August, 2012

By order of the Board  
Manish Mehta  
Company Secretary

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

### **Item No. 4**

The resolution for appointment of Mr. Suresh Chand Jain as Executive Director of the Company for a period, commencing from 14th August, 2012 and ending on 13th August, 2014 is being proposed as Ordinary Resolution. Considering the ability, educational background, Knowledge and experience possessed by Mr. Suresh Chand Jain, it would be in the interest of the company to appoint him as Executive Director of the Company.

None of the Directors except Mr. Suresh Chand Jain is concerned or interested in this resolution.

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

### **Item No. 5**

The Board of Directors at its Meeting held on 14th Day of August, 2012 has appointed Mr. Gaurav Gupta as an Additional Director of the company, who holds office upto the AGM to be held on 28th Day of September, 2012. The proposed resolution seeks to confirm the appointment of Mr. Gaurav Gupta as Director of the Company.

None of the Directors except Mr. Gaurav Gupta is concerned or interested in this resolution.

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

### **Item No. 6**

The Board of Directors at its Meeting held on 14th Day of August, 2012 has appointed Mr. Rishi Kumar Jain as an Additional Director of the company, who holds office upto the AGM to be held on 28th Day of September, 2012. The proposed resolution seeks to confirm the appointment of Mr. Rishi Kumar Jain as Director of the Company.

None of the Directors except Mr. Rishi Kumar Jain is concerned or interested in this resolution.

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

By order of the Board

Place : New Delhi  
Date : 14th August, 2012

Manish Mehta  
Company Secretary

## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their 36th 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, 2012.

### FINANCIAL RESULTS

The turnover of the Company during the year was Rs.1950.70 Lacs as against Rs. 2081.19 Lacs in the previous year. The profit before tax during the year was Rs. 776.13 as against Rs. 649.92 Lacs in the previous year. The profit after tax during the year was Rs. 616.75 Lacs as against Rs. 455.26 Lacs in the previous year. The profit after tax and prior period adjustment during the year was Rs. 613.37 Lacs as against Rs. 450.23 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 expressed their inability to recommend payment of dividend for the year 2011-2012.

### DIRECTORS

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

Shri. A.N.Mukherjee, Director of the Company died on 17th February, 2012.

### 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 Statutory Auditors is annexed as part of the Annual Report. The Corporate Governance Report interalia contains details of Audit Committee of Board of Directors of the Company.

### PARTICULARS OF EMPLOYEES

There is no employee in the company who is covered as per Ministry of Corporate Affairs General Circular No. 23/2011, who had drawn salary in excess of Rs. 60,00,000/- during the financial year 2011-12.

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

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 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, Bombay and Delhi Stock Limited and Listing fee for the year 2011-2012 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. 82.96 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. 20.25 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 wish to 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 : 29th May 2012

## 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, 2012       |
| 3  | Shares of the Subsidiary held by the Company on the above date  |                        |
|    | (a) Number of shares  |                        |
|    | Face value  | 1,00,000               |
|    | 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, 2012   | Nil                    |
|    | (b) not dealt with in the accounts of the company for the year ended 31st March, 2012   | Rs.32,10,28,858/-      |
| 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   | Rs. 43,79,70,431/-     |
| 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 streams of business of your Company are

- Auto Components Manufacturing :
- 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-à-vis Indian Economy.

### 2. OPPORTUNITY 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 Sector Specific Special Economic Zone for IT/ ITES at Village Dundaheera, 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 remain the main stream of your Company. The Company has been consistently trying to update the quality of its products. The Company look forward to be able to increase its share with major automobile manufacturing companies.

In view of 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 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, 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 RESOURCES/INDUSTRIAL RELATIONS

The company believes that human resources and industrial relations are 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.



## 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 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, 2012 was 4 Directors including one Non-Executive Chairman and one Managing Director. The Board meets the requirement of not less than one-third being independent Directors. Lt. Col. (Retd.) N.L.Khitha was appointed as Director (Technical) w.e.f. 01/06/2011. We regret to inform regarding sad demise of Shri. A.N.Mukherjee ( Non Executive & Independent Director) on 17/02/2012.

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

During the year under review 4 Board meetings were held on 27th May, 2011, 6th August, 2011, 14th November, 2011 and 13th February, 2012. 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, 2012, 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,<br>Managing Director (Promoter)                          | —           | 4              | Yes      | 2  | 2                      | —                        |
| Air Marshal (Retd.) D. Keelor,<br>Chairman, (Non Executive & Independent ) | —           | 4              | Yes      | —  | —                      | —                        |
| Brig. (Retd.) G. S. Sawhney,<br>(Non-Executive & Independent )             | —           | 0              | Yes      | —  | —                      | —                        |
| Shri A N Mukherjee,<br>(Non Executive & Independent)                       | —           | 3              | Yes      | 1  | 2                      | 1                        |
| Lt. Col. (Retd.) N.L.Khitha<br>(Executive Director)                        | —           | 3              | Yes      | 1  | 1                      | —                        |

\*No. of Directorship / Membership held in other Companies excludes Directorship / Membership in Private Companies.