

*37th*

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*Annual Report*

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*2012-2013*

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**IST LIMITED**

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**IST LIMITED**

## ***37th Annual Report 2012-2013***

### **BOARD OF DIRECTORS**

AIR MARSHAL (RETD.) D. KEELOR, CHAIRMAN  
BRIG. (REGD.) G.S. SAWHNEY  
SHRI R.K. JAIN  
LT. COL. (RETD.) N. L. KHITHA  
SHRI S.C. JAIN  
SHRI MAYUR GUPTA  
SHRI GAURAV GUPTAA

### **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 37th Annual General Meeting of the Company will be held on Saturday, the 28th day of September, 2013 at 11:30 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, 2013 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 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.
4. 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

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, 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, reappointment of Lt. Col. (Retd) N.L.Khitha as Director (Technical) of the Company for a period of two year, commencing from 1st June 2013 and ending on 31st May 2015 on the terms and conditions mentioned below, be and is hereby approved:

Basic Pay	Rs. 18,000/- per month
Dearness Allowance	Rs. 6,000/- per month
House Rent Allowance	Rs. 10,000/- per month
Special allowances	Rs. 11,000/- 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 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 Expenses

All the Expenses incurred by the Director (Technical) in connection with the running and maintenance of car including Driver's Salary, for the purpose of Official Work.

##### d) Reimbursement of Telephone Expenses

Free use of telephone for official work.

### PART-B

#### I. Earned Leave

One month's leave as per rules of the Company for every 11 months of service. Leave accumulated and not availed off during his tenure as Director (Technical) will be allowed to 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 purpose of business and business development 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 Schedule-XIII of the Companies Act, 1956.

- 6) 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 314 and other applicable provisions, if any, of the Companies Act, 1956 the consent of the company be and is hereby accorded to the appointment of Mrs. Shweta Gupta as Manager (Operations) in Gurgaon Infospace Limited w.e.f 01/11/2012 on the remuneration of Rs. 2,00,000/- per month.

- 7) 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 314 and other applicable provisions, if any,



# IST LIMITED

of the Companies Act, 1956 the consent of the company be and is hereby accorded to the appointment of Mrs. Priyanka Gupta as

Manager (P.R) in Gurgaon Infospace Limited w.e.f 01/11/2012 on the remuneration of Rs. 2,00,000/- per month.

By order of the Board

Place: New Delhi  
Date: 30th May, 2013

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 21st September, 2013 to 28th September, 2013 (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 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. The details of the director seeking reappointment at the forthcoming annual general meeting :  

Name	Air Marshal (Retd) D.Keelor
D.O.B	07th December 1933
Qualifications	PVSM, KC, AVSM, V.r.c.
Expertise	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.
D.O.A	27th December, 1996
11. The details of the director seeking reappointment at the forthcoming annual general meeting :  

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

Name	Lt. Col. (Retd) N.L.Khitha
D.O.B	25th September, 1937
Qualification	Held various distinguished positions in Army and has vast experience in Technical and Administration fields
Expertise	Business Development, Corporate Affairs
D.O.A	1st June, 2011
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.

By order of the Board

Place: New Delhi  
Date: 30th May, 2013

Manish Mehta  
Company Secretary

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

### **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, 2013, to hold office for a period of two year i.e. upto 31st May, 2015 now the resolution is being proposed as Special Resolution. 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 reappoint him as Director (Technical) of the Company.

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

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

### **Item No. 6 & 7**

The Board of Directors of the Company have approved the appointment of Mrs. Shweta Gupta as Manager (Operations) & Mrs. Priyanka Gupta as Manager (P.R) in the Subsidiary of the company i.e. Gurgaon Infospace Limited. Both of them are well-qualified and the Board recommends the resolution(s) set forth at Item No. 6 & 7 of the Notice for the approval of the members as a special resolution.

None of the Directors except Mr. Mayur Gupta and Mr, Gaurav Gupta are concerned or interested in this resolution.

By order of the Board

Place: New Delhi  
Date: 30th May, 2013

Manish Mehta  
Company Secretary



## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their 37th 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, 2013.

### FINANCIAL RESULTS

The turnover of the Company during the year was Rs.2078.57 Lacs as against Rs.1950.70 Lacs in the previous year. The profit before tax during the year was Rs.865.51 as against Rs. 776.13 Lacs in the previous year. The profit after tax was Rs.671.59 Lacs as against Rs. 613.37 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 the modernization and upgradation of Plant of the Company, your Directors expressed their inability to recommend payment of dividend for the year 2012-2013.

### DIRECTORS

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

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act 1956, the Directors confirm that, to the best of their knowledge and belief;

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

- iv) the annual accounts have been prepared on a going concern basis.

### CORPORATE GOVERNANCE

As per requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, a 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 2012-2013.

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.

### 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 2012-2013 has been paid to each of the above Stock Exchange.



## 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.77.27 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.41.62 lacs in respect of exports made by it.

## ACKNOWLEDGEMENTS

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

Your Directors wish to place on records their deep sense of appreciation for the devoted contribution made by 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 : 30th May, 2013



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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, 2013
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, 2013	Nil
	(b) not dealt with in the accounts of the company for the year ended 31st March, 2013	Rs.39,71,21,052/-
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, 2012	Nil
	(b) not dealt with in the accounts of the company for the year ended 31st March, 2012	Rs.32,10,28,858/-
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 Business streams of your Company are –

- Manufacturing of Auto Components 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-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 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 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, 2013 was 7 Directors including one Non-Executive Chairman and one Executive Director. 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.

During the year under review 4 Board meetings were held on 29th May, 2012, 14th August, 2012, 9th November, 2012 and 14th February, 2013. 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, 2013, are given below:-

Directors / Category	Shares held	Attendance		No. of other Directorships and Committee Memberships / Chairmanships in public Companies		
		Board Meetings	Last AGM	Directorships	Committee Memberships	Committee Chairmanships
Air Marshal (Retd.) D. Keelor, Chairman, (Non Executive & Independent)	—	4	Yes	1	2	1
Mr. S.C.Jain (Executive Director)	—	3	Yes	5	3	—
Mr. Mayur Gupta, Director (Promoter)	—	4	No	2	—	—
Mr. Gaurav Gupta Director (promoter)	—	3	Yes	4	—	—
Lt. Col. (Retd.) N.L.Khitha Director (Technical)	—	4	Yes	—	—	—
Brig. (Retd.) G. S. Sawhney, (Non Executive & Independent)	—	2	Yes	—	—	—
Mr. R.K.Jain (Non Executive & Independent)	—	3	Yes	2	3	2

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

**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.