



RABAccreditation# 01011998

# 26TH ANNUAL REPORT 2005

**INDAG<sup>®</sup>**

**Indag Rubber Limited**



- **BOARD OF DIRECTORS**

Nand Khemka  
Chairman  
S.L. Khemka  
Mark R. Thoeny  
P.R. Khanna  
R. Parameswar  
K.K. Kapur  
(Whole Time Director)

- **BANKERS**

Corporation Bank  
State Bank of Bikaner & Jaipur

- **FOREIGN COLLABORATOR**

Bandag Inc., U.S.A.

- **AUDITORS**

S.R. Battiboi & Co.  
Chartered Accountants  
B-26, Qutab Institutional Area,  
New Delhi-110016 (India)

- **REGISTERED OFFICE**

11, Community Centre, Saket,  
New Delhi-110017

- **WORKS**

Plot No. SP 86, Industrial Area,  
Bhiwadi-301019, Dist. Alwar, (Rajasthan)

## **Indag Rubber Limited**

### **Quality Policy**

Indag is committed to

1. CONSISTENTLY deliver world class quality products and services.
2. CONTINUOUSLY improve upon its quality standards to meet the best expectation of customers.
3. Ensure that each employee is CONSCIOUS of the need to respect and participate in the quality improvement mission.

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**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDAG RUBBER LIMITED WILL BE HELD ON THURSDAY, 29<sup>TH</sup> SEPTEMBER, 2005 AT 10:00 A.M AT DOLLY FARMS & RESORTS (P) LIMITED, (NEAR THE EXECUTIVE CLUB) 439, VILLAGE SHAHOORPUR, P.O. FATEHPUR BERI, NEW DELHI- 110030 TO TRANSACT THE FOLLOWING BUSINESS:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2005 and the Balance Sheet as on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.S.L.Khemka, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.R.Parneswar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration and if thought fit, to pass with or without modification the following Resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT S.R. Batliboi & Co., Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to audit the Accounts for the Accounting Year 2005-2006 and to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on a remuneration plus reimbursement of out-of-pocket expenses, as may be mutually agreed to between the Board of Directors and the Auditors."

**SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modification the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the members be and is hereby accorded for re-appointment and remuneration of Mr.K.K.Kapur as Whole-time Director (designated as Chief Executive Officer) of the Company for a period of three years with effect from June 1, 2005 upon the terms and conditions & remuneration as set out below with the liberty to the Board of Directors to alter and vary the terms & conditions thereto in such manner as may be agreed to between the Board of Directors and Mr.K.K.Kapur.

(A) The Whole Time Director shall control day-to-day affairs of the Company and its business affairs subject to the ultimate supervision and control of the Board of Directors.

(B) **Period of Agreement** : Three Years w.e.f. June 1, 2005.

**(C) REMUNERATION****Fixed Salary Component**

- 1) Salary : Rs.76,000/- (Rupees Seventy six thousand only) per month
- 2) Perquisites : Perquisites will be allowed in addition to salary restricted to an amount equal to the Annual Salary or Rs.6,39,600/- (Rupees Six lac thirty nine thousand six hundred only) per annum, whichever is less. For this purpose, perquisites are classified into three categories, category-A, category-B and category-C and ceiling shall apply only to category-A.
- 3) The remuneration will be increased every year at the rate of Rs.25,000/- per month.

**Variable Salary Component**

- 4) Bonus : : The Whole-time Director will also be entitled to profit sharing bonus, at the rate of 2% of profits before tax earned by the company.

**Classification of Perquisites:****Category A**

- |                        |  |
|------------------------|--|
| Housing                | : The Expenditure by the Company on hiring unfurnished leased accommodation will be subject to a ceiling of Rs.456,000/- (Rupees Four lac fifty six thousand only) per annum.            |
| Leave Travel Allowance | : Reimbursement towards the expenses incurred by him and his family on leave travel once in a year for an amount not exceeding Rs.76,000/- (Rupees Seventy six thousand only) per annum. |
| Medical Expenses       | : Reimbursement towards the medical expenses incurred on himself or on his family for an amount not exceeding Rs.38,000/- (Rupees Thirty eight thousand only) per annum.                 |
| Driver Salary          | : The expenditure on hiring a driver for his official car not exceeding Rs. 69,600/- (Rupees Sixty nine thousand six hundred only) per annum.  |

**Category B**

Company's contribution to Provident Fund, Superannuation fund or annuity fund to the extent under the Income Tax Rules, 1962.

Gratuity payable shall not exceed fifteen days salary for each completed year of services or part thereof in excess of six months, subject to a ceiling as per Payment of Gratuity of Act 1972. For this purpose, he will be deemed to have been in continuous service of the company since 9<sup>th</sup> April 2001.

**Category C**

The Company shall provide a car and telephone facility at the residence of the Whole time Director.

**Other Terms and conditions:**

- 1) The Whole Time Director shall not become interested or otherwise concerned directly or through his wife and/or minor children in any buying and selling agency of the Company in future without the prior approval of the Board of Directors or subject to such other approvals as may be considered necessary.
- 2) The Whole Time Director shall not be entitled to fees payable to Directors for attendance at Board Meetings and of all Committees appointed by the Board.
- 3) The Agreement may be terminated by either party by giving to the other one-month notice of such termination or one month salary in lieu thereof at the Company's option, which may be given at any time. The Whole Time Director will not be entitled to any compensation for loss of office due to termination under Section 318 of the Company Act, 1956 or otherwise.
- 4) The Whole Time Director shall exercise such power and function and on such term as the Board of Directors of the Company may prescribe from time to time, it being agreed and understood that the Board shall have the power to alter modify, revoke or withdraw all or any of the powers so conferred.
- 5) The Whole Time Director shall be liable to retire by rotation".
6. To consider and if thought fit, to pass with or without modification the following resolution as an

**SPECIAL RESOLUTION:**

"Resolved that pursuant to the provisions of the Section 310 of the Companies Act, 1956 read with Rule 10B of General Rules & Forms, and other applicable laws, if any, consent of the members be and is hereby accorded for payment of sitting fees to the Directors at the rate of Rs.10,000/- (Rupees Ten Thousand only) for attending each meetings of the Board and Committees thereof with the liberty to the Board of Directors to pay such sum of rupees as may be prescribed for the time being by the Central Government as the maximum sitting fee payable."

7. To consider and if thought fit, to pass with or without modification the following resolution as an

**SPECIAL RESOLUTION:**

"Resolved that pursuant to the provisions of SEBI (Delisting of Securities) Guidelines, 2003 the equity shares of the Company be delisted from The Stock Exchange, Delhi."

For and on behalf of the Board of Directors

**Manali D. Bijlani**  
Company Secretary

New Delhi  
July 22, 2005

**NOTES**

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business set out at item nos. 4, 5, 6 and 7 of the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE ANNUAL GENERAL MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 15<sup>th</sup> September 2005 to 29<sup>th</sup> September 2005 (both days inclusive).
4. Members/Proxies must bring the Attendance Slip duly filled in for attending the meeting and hand it over at the entrance duly signed.
5. Members desiring any information on the Accounts are required to write to the company at its Registered Office giving at least seven days time before the date of the Annual General Meeting to enable the Management to collect and keep the information ready.
6. Members are requested to bring their copy of Annual Report with them, as the same will not be supplied again at the meeting as a measure of economy.
7. Pursuant to the prohibition imposed vide Secretarial Standard on General Meetings (SS-2) issued by ICSI, no gifts/coupon will be distributed at or in connection with the meeting.

**Explanatory Statement**

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

**Item No. 4**

Pursuant to Article No. 147(2) of the Articles of Association of the Company, Special Resolution is to be passed for re-appointment of Statutory Auditors.

The resolution as set out in item no. 4 of the annexed notice is, therefore recommended for your approval. None of the Directors is concerned or interested in the proposed resolution.

**Item No. 5**

Mr. K.K.Kapur has been re-appointed as a Whole-time Director of the company by the Board of Directors with effect from June 1, 2005, for a period of three years, pursuant to the provisions of the Companies Act, 1956.

Mr.K.K.Kapur, aged 68 years, is a post-graduate in Mathematics and a member of the Institute of Cost and Works Accountants of India. Mr.K.K.Kapur has an experience of over 44 years and has served in various capacities with Steel Authority of India Limited, Gas Authority of India Limited and Enron India.

Mr.K.K.Kapur has retired from the office of Chairman & Managing Director of Gas Authority of India in the year 1996, thereafter served as Managing Director of Enron India (NG) till the year 1998.

Presently, Mr.K.K.Kapur is not a director on the Board of any other company or a member/chairman of any other Committee.

The terms & conditions of appointment & remuneration of Mr.K.K.Kapur as a Whole-time Director are outlined in the resolution placed before the members.

The Remuneration Committee and the Board of Directors in their meetings held on 19<sup>th</sup> April 2005 approved the terms of appointment and remuneration of Mr.K K Kapur.

The resolution as set out in item no. 5 of the annexed notice is, therefore recommended for your approval. The Board considers that it would be in interest of the Company to appoint Mr.K K Kapur as the Whole-time Director of the Company.

Except Mr.K.K.Kapur, no other director is interested in the proposed resolution.

The abstract of the terms of appointment and memorandum of interest pursuant to Section 302 of the Companies Act, 1956 were sent vide notice dated April 19, 2005.

**Item No. 6**

Pursuant to the revised Clause 49 of the Listing Agreement of the Stock Exchange, Delhi and Mumbai all fees/compensation payable to the non-executive directors as fixed by the Board requires approval of the shareholders.

At present a sitting fee of Rs.10,000/- is being paid to non-executive directors for attending each meeting of the Board and Committees thereof, which is within the limit prescribed under the law.

The resolution as set out in item no.6 of the annexed notice is, therefore recommended for your approval.

All the Directors except the Whole-time Director are deemed to be concerned or interested in the resolution.

**Item No. 7**

At present the Company shares are to be listed in The Stock Exchange Mumbai and The Stock Exchange Delhi. There is no or negligible trading in the shares of the Company in The Stock Exchange Delhi. Hence it is proposed to delist the shares of the Company in The Stock Exchange Delhi. The Company shares will continue to remain listed in The Stock Exchange Mumbai. Since The Stock Exchange Mumbai has nation wide reach, interest of the investors would not be jeopardised. The proposed delisting will be within the SEBI (Delisting of Securities) Guidelines, 2003.

Your Directors recommend the resolution for your approval.

None of the Directors is deemed to be interested in this resolution.

**INSPECTION OF DOCUMENTS**

The draft agreement to be entered into between the Company and Mr.K.K.Kapur as Whole Time Director will be open for inspection by any member at the Registered office of the Company between 2:00pm to 5:00 pm on any working day of the Company by and including the date of the meeting.

For and on behalf of the Board of Directors

New Delhi  
July 22, 2005

**Manali D.Bijlani**  
Company Secretary

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING**

(IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

<b>Name of Directors</b>	<b>Shri R. Parameswar</b>	<b>Shri S.L.Khemka</b>
<b>Date of Birth</b>	17 <sup>th</sup> May 1933	1 <sup>st</sup> January 1927
<b>Date of Appointment</b>	27 <sup>th</sup> April 1993	Since incorporation
<b>Qualifications</b>	Post Graduate (History) Indian Audit and Accounts Service	Graduate
<b>List of outside Directorship held on 31<sup>st</sup> March 2005</b>	Universal Print System Ltd	Nil

**ANNEXURE FORMING PART TO THE EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION II (B) (IV) OF PART II OF SCHEDULE XIII IN RESPECT OF APPOINTMENT OF MR.K.K.KAPUR AS WHOLE-TIME DIRECTOR**

**I. General Information :**

- (1) **Nature of industry :** Manufacture, sell and deal in Precast or Precured Tread Rubber for the retreading of tyres of every kind.
- (2) **Date or expected date of commencement of commercial production :** 3rd September 1979
- (3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. :** Not applicable
- (4) **Financial performance based on given indicators :** Refer Annual Report for the year ended March 31, 2005.
- (5) **Export performance and net foreign exchange collaborations :** Refer Annual Report for the year ended March 31, 2005.
- (6) **Foreign investments or collaborators, if any. :** Foreign Collaborator Bandag, USA is holding 38% equity shares in the company.

**II. Information about the appointee :**

- (1) **Background details :** As given in the Explanatory Statement under Item no.5 of the Notice
- (2) **Past remuneration :** Rs.14,79,947/- per annum for year 2004-05
- (3) **Recognition or awards -**Nothing Special
- (4) **Job profile and his suitability :** As given in the Explanatory Statement under Item no.5 of the Notice
- (5) **Remuneration proposed :** Refer resolution no.5 of the Notice dated July 22, 2005
- (6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) :** The remuneration profile proposed is comparable with respect to the industry, size of the company and profile of the position subject to the ceiling as per Schedule XIII.
- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. :** Mr.K K Kapur is not related to any Director or any employee of the company.

**III. Other information :**

- (1) **Reasons of loss or inadequate profits :** Commodity price increase coupled with fierce competition limiting the scope for increasing the price of the products have resulted in inadequate profits during the year.
- (2) **Steps taken or proposed to be taken for improvement :** The company has introduced new products and developed new marketing strategies to increase share of market.
- (3) **Expected increase in productivity and profits in measurable terms. :** A new manufacturing facility is being set up at Nalagarh to cater to the additional demand from the market and meet the long-term expected growth and reduce excise liability.

**IV. Disclosures :**

- (1) **The shareholders of the company shall be informed of the remuneration package of the managerial person. -** Refer resolution no.5 of the Notice dated July 22, 2005
- (2) **The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report : -** (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors; (ii) Details of fixed component and performance linked incentives along with the performance criteria; (iii) Service contracts, notice period, severance fees; (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable. Refer to report on Corporate Governance annexed to the Directors' Report dated 22nd July 2005.

