

30th

Annual Report 2009



Indag Rubber Limited

- **BOARD OF DIRECTORS**

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

- **BANKERS**

Corporation Bank
State Bank of Bikaner & Jaipur

- **AUDITORS**

S.R. Batliboi & Associates
Chartered Accountants
U & I Building, Plot No. 47
Sector-32, Institutional Area,
Gurgaon-122001 (HR) India

- **REGISTERED OFFICE**

11, Community Centre, Saket,
New Delhi-110017

- **WORKS**

1. Plot No. SP 86, Industrial Area,
Bhiwadi-301019, Dist. Alwar, (Rajasthan)
2. Village Jhiriwala, Hadbast No. 73,
Nalagarh, District Solan (HP)

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 **CONTINUALLY** of the need to respect and participate in the quality improvement mission.

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDAG RUBBER LIMITED WILL BE HELD ON WEDNESDAY 22ND JULY 2009 AT 10:00 A.M AT SAI INTERNATIONAL CENTRE, PRAGATI VIHAR, LODHI ROAD, NEW DELHI- 110003 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 2009 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 Parameswar, who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend.
5. To appoint M/s. S.R. Batliboi & Associates, Chartered Accountants as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. **To consider and if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION:**

"Resolved that pursuant to the provisions of 309 (4) of the Companies Act, 1956 consent of the members be and is hereby accorded for payment of commission not exceeding 1% of the net profits of the company for each financial year computed in accordance with the provisions of Section 198 of the Companies Act, 1956 to its Directors (other than the Managing Director / Whole-time Directors) to be divided amongst them in such proportion as may be determined by the Board of Directors from time to time for a period of five (5) years commencing from 1st April 2008."

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

"Resolved that Professor Hitendra Wadhwa who was appointed as an Additional Director of the company and who holds office as such up to the date of Thirtieth Annual General Meeting under section 260 of the Companies Act, 1956, who is eligible for re-appointment and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member proposing his candidature for the office of director be and is hereby appointed as a Director of the company, liable to retire by rotation."

For and on behalf of the Board of Directors

New Delhi
April 23, 2009

Manali D.Bijlani
Company Secretary

NOTES

The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business set out at item nos. 6 and 7 of the Notice is annexed hereto.

1. 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 14th July 2009 to 22nd July 2009 (both days inclusive).
3. Members/Proxies must bring the Attendance Slip duly filled in for attending the meeting and hand it over at the entrance duly signed.
4. 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.
5. 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.
- 6 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.

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

(IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Name of Directors	Shri R. Parameswar	Shri S.L.Khemka	Prof.Hitendra Wadhwa
Date of Birth	17th May 1933	1st January 1927	25th January 1967
Date of Appointment	27th April 1993	Since incorporation	16th October 2008
Qualifications	Post Graduate (History) Indian Audit and Accounts Service	Graduate	B.A. (Honors in Mathematics) from St. Stephen's College, Delhi. MBA and Ph.D. from the Sloan School of Management at MIT
List of outside Directorship held on 31st March 2009	Nil	Nil	Nil
Number of shares held in the company	Nil	Nil	Nil

Explanatory Statement

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

Item No.6: Remuneration to Directors other than Managing Director/ Whole-time Director

The Non-Executive Directors of your Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas.

The Board is of the view that it is necessary that some compensation be given to the Non-Executive Directors so as to compensate them at least to some extent for their time and efforts and also to retain and attract the pool of talent for the growth of the Company.

The Board proposes to pay commission not exceeding 1% of the net profits of the company for each financial year computed in accordance with the provisions of Section 198 of the Companies Act, 1956 to its Directors (other than the Managing Director / Whole-time Directors) to be divided amongst them in such proportion as may be determined by the Board of Directors from time to time, for a period of five (5) years commencing from 1st April 2008.

The payment is subject to the approval of members by way of Special Resolution.

The Non-Executive Directors viz. Mr.S.L.Khemka, Mr.P.R.Khanna, Mr.R.Parneswar and Professor Hitendra Wadhwa are concerned or interested in the resolution to the extent of the payment that they may receive by way of commission on profits.

Mr. Nand Khemka, being the brother of Mr. S.L.Khemka, may also be deemed to be interested in this resolution.

No other Director of the Company is in any way concerned or interested in the resolution.

The Board of Directors recommends the passing of the resolution as set out at Item No. 6 of the Notice.

Item No. 7: Appointment of Director

Pursuant to the provisions of the Companies Act, 1956 Professor Hitendra Wadhwa was appointed as an Additional Director of the company by the Board of Directors in their meeting held on October 16, 2008.

Professor Wadhwa has received his MBA and Ph.D. from the Sloan School of Management at MIT, and his B.A. (Honors in Mathematics) from St. Stephen's College, Delhi. Prof. Wadhwa has thirteen years of professional experience in strategy consulting, quantitative marketing and technology entrepreneurship.

Pursuant to section 260 of the Companies Act, 1956, Prof.Hitendra Wadhwa vacates the office at this Annual General Meeting. As required under Section 257, the company has received notice from a member signifying his intention to propose Prof.Hitendra Wadhwa for the office of Director. The company has also received deposit of Rs. 500/- as required under the Act. Your directors recommend the appointment of Prof.Hitendra Wadhwa as per proposed resolution. Except Prof.Hitendra Wadhwa, no other director is interested in the proposed resolution.

For and on behalf of the Board of Directors

New Delhi
April 23, 2009

Manali D.Bijlani
Company Secretary

DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors are pleased to present the 30th Annual Report together with the Audited Statement of Accounts of the Company for the accounting year ended March 31, 2009. We have included Management's Discussion and Analysis as a part of this report.

FINANCIAL RESULTS:

Particulars	2008-2009 (Rs. in lacs)	2007-2008 (Rs. in Lacs)
Sales and Operating Income	7614.94	7394.11
Profit before Interest & Depreciation	1048.69	1132.14
Finance Expenses	139.13	131.48
Profit before Depreciation	909.56	1000.66
Depreciation	142.24	140.06
Net Profit for the year	767.32	860.59
Proposed Dividend	105.00	105.00
Transferred to General Reserve	70.00	70.00

OPERATIONAL PERFORMANCE

During the year under review your company has achieved a turnover of Rs. 76.14crores as against Rs. 73.94 crores in the previous year. The Operational Profit, before making provision for interest and depreciation, amounted to Rs. 10.48 crores as against Rs. 11.32 crores in the previous year.

DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 2/- per equity share for the financial year 2008-09. The dividend would be tax free in the hands of the shareholders.

INDUSTRY EXPERIENCE

Prices of the basic raw materials particularly PBR, natural rubber, carbon black and rubber chemicals increased in an unprecedented manner in the first half of the year. These increases put the retread/tyre industry under considerable cost pressures and seriously affected profitability. However, in the second half prices started coming down, linked as these are to the price of barrel of oil, and salvaged the situation to some extent. Prices of natural rubber are again touching high levels, having increased by nearly Rs. 40/kg between December, 2008 and March, 2009, without much justification.

OPPORTUNITIES AND THREATS

Retread industry has been hoping for better days with the introduction of radialisation in truck and bus sector, better controls on over loading, and construction of better quality roads along National Highways under Golden Quadrilateral project and roads planned connecting North-South and East-West corridors etc. The growth in demand for retreading will depend upon how fast these efforts/projects get implemented.

The threats to retread industry come mostly from within-those who bring bad name to retreading by using poor quality retreads or doing a shoddy job of retreading. This reduces faith in retreading in the minds of trucker. For sometime during the year, threats had also appeared from Chinese tyres imported at low prices. Soon however, this threat got very much reduced due to their poor quality and also ban on import of these tyres.

RISKS AND THEIR MITIGATION

The Company is exposed to various risks which are normal in any business enterprise. The main ones and the steps undertaken to mitigate these risks are mentioned below:-

- Financial risk: Credit risk on account of material supplied to customers has been mitigated to a large extent by insisting on large number of parties to pay in advance before supplies are made. In the case of others PDC's are taken against supplies. The risk of delayed payment from STU's is controlled and managed by strict application of credit policy.
- Increase in price of raw materials: Normal increase in prices of raw materials is generally factored while fixing product prices to the customers. Unexpected increases however do affect profitability till prices are revised to meet the costs. In case of fixed price contracts, unprecedented increase in raw material prices have serious impact on margins.

- Changes in governments policies: Changes in government policies can at times materially effect company's financial position or investments. There is little that can be done about it.
- Operational risk: Preventive maintenance is carried out to achieve high level of machine availability. Adequate inventory of stocks at each stage of operation is maintained to keep production going on in case of any breakdown.
- Product risk: Research and development is being undertaken to deliver better products, service and value to end-customers.

HUMAN RESOURCE DEVELOPMENT

During the year the company had cordial relations with workers, staff and officers. To strengthen the sales and marketing team outside experts were engaged who spent considerable time to train the marketing officers at various levels. The shop floor management is done through personal touch, using various motivational tools and meeting their training needs requirements. We believe in empowering our employees through greater knowledge, team spirit and developing greater sense of responsibility. There were 179 regular employees during the year.

INTERNAL CONTROL SYSTEM

The Company has adequate internal control systems and procedures designed to effectively control the operations at its Head Office, Plants and depots. The internal control systems are designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining account of assets. The Company has adequate Budgetary Control System and actual performance is constantly monitored by the management. The Company has well designed organization structure, authority levels and internal guidelines and rules. Independent internal auditors conduct audit covering a wide range of operational matters and ensure compliance with specified standards. Planned periodic reviews are carried out resulting in identification of control deficiencies, opportunities for bridging gaps with best practices. The findings of Internal audit are reviewed by the top management and by the Audit Committee of the Board of Directors. The external auditors have evaluated the system of internal controls in the company and have reported that the same is adequate and commensurate with the size of the Company and the nature of its business.

COMMITMENT TO QUALITY

Indag recognizes quality as a pre-requisite for its operations and has implemented ISO 9001:2000 standards at Nalagarh plant and Head Office.

ENVIRONMENT PROTECTION

Anti pollution systems are fully installed and operational. Continuous efforts to nurture and preserve the environment are pursued.

DIRECTORS

In accordance with Article 99 of the Articles of Association of the Company, Sh. S.L.Khemka and Sh.R Parameswar will retire from office by rotation, and being eligible, offer themselves for re-appointment.

During the year Professor Hitendra Wadhwa was appointed as an Additional Director of the Company. Pursuant to Section 257 of the Companies Act, 1956, the Company has received a notice from a member proposing the candidature of Professor Hitendra Wadhwa for the office of director and the requisite fee has been deposited. Your directors recommend the appointment of Professor Hitendra Wadhwa.

AUDITORS' REPORT

The observations of the Auditors are self-explanatory and, do not call for any further comments.

AUDITORS

The Auditors of the Company, S.R.Batliboi & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The requisite certificate under section 224(1B) of the Companies Act 1956 has been received from them.

PARTICULARS OF EMPLOYEES

The Company had no employee during the year, whose particulars are required to be disclosed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975.

RESEARCH AND DEVELOPMENT/TECHNOLOGY ABSORPTION/FOREIGN EXCHANGE EARNING AND OUTGO.

The information to be disclosed under Section 217 (1)(e) of the Companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, is appended hereto as Annexure -I and forms part of this Report.

LISTING

Your Company is listed with the Stock Exchanges of Delhi and Mumbai .

DEPOSITORY SYSTEM

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail the facility of dematerialization of the shares on either of the Depositories as aforesaid. As on March 31, 2009, a total of 1089042 equity shares which forms 20.74% of the share capital stands dematerialised.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is included in the Annual Report and the Certificate from the practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement is annexed thereto.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report, as required by clause 49 of the listing agreement, is already dealt with in various sections of this Report.

CAUTIONERY STATEMENT

Statements in this report, describing the Company's objectives, expectations and/or predictions may be forward looking within the meaning of applicable securities law and regulations. Actual results may differ materially from those stated in the statement. Important factors that could influence the company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, availability of inputs and their prices, changes in the Government policies, regulations, tax laws, economic developments within the country and outside and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of the forward-looking statements, which may undergo changes in future on the basis of subsequent developments, information or events.

DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors wish to inform Members that the Audited Accounts containing Financial Statements for the Financial Year 2008-2009 are in conformity with the requirements of the Companies Act, 1956. They believe that the Financial Statements reflect fairly, the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operation.

Your Directors further confirm that:

- i. in presentation of the Annual Accounts, applicable Accounting Standards have been followed.
- ii. the accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year.
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. that the Directors had prepared the Annual Accounts on a going concern basis.

The Company's internal Auditors have conducted periodic audits to provide reasonable assurance that the Company's established policies and procedures have been followed.

APPRECIATIONS

Your Directors also wish to place on record their appreciation for the continuous support received from the shareholders, customers, suppliers and the Company's employees at all levels.

For and on behalf of the Board
INDAG RUBBER LIMITED

New Delhi
April 23, 2009

NAND KHEMKA
CHAIRMAN

ANNEXURE-I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

(A) CONSERVATION OF ENERGY:

The company has implemented various energy conservation measures during the financial year which has resulted in the reduction of the fuel consumption per tonne of production and reduction in overall electrical energy consumption per tonne of production.

(B) TECHNOLOGY ABSORPTION:

Efforts made in technology absorption are given in prescribed Form (B) annexed.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to export, initiatives taken to increase export, development of new export market for products and services and export plans.

During the year the Company has exported retreading material of Rs.215.20 lacs.

Total Foreign Exchange used and earned:

Particulars	2008-2009 (Rs. in Lacs)	2007-2008 (Rs. Lacs)
Foreign Exchange earned	215.20	86.00
Foreign Exchange used	92.50	20.00

**FORM - B
(See Rule 2)**

Disclosure of particulars with respect to Absorption, Research and Development.

RESEARCH AND DEVELOPMENT

Sustained R&D efforts are being made by the Company to develop improved tread quality and designs, which suit Indian road conditions.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

The Company being quality conscious, continually updates technology, and greater emphasis is laid on indigenisation and cost reduction.

Specific Areas in which R&D is carried out by the Company are:

- a) Development of new designs and products.
- b) Process changes to further improve quality and consistency of the product.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

We continue to be in a position to offer our Indian customers a better and more qualitative services in the field of tyre retreading.

Evaluation and introduction of new raw materials are regularly carried out to offer specific property improvements and thereby to achieve improved product performance.

New patterns are developed and introduced to obtain specific performance characteristics.

3. Information regarding technology imported during last five years.

No technology, as such, has been imported during last five years.

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on code of Governance

The Company recognizes the importance of good Corporate Governance, which is a tool for building a strong and ever lasting beneficial relationship with the customers, suppliers, bankers and more importantly with the investors.

The Company believes that its key decisions must serve the underlying goals of enhancing shareholders value over a sustained period of time, and achieving the definite and measurable performance targets.

I. BOARD OF DIRECTORS

The Board comprises of six directors, which include one executive director and five non-executive directors. The composition of Board with their attendance at the Board Meetings and at the last Annual General Meeting etc is given below:

Directors	Executive/Non-executive/Independent	Number of Board Meetings attended	Attendance at the last AGM held on July 30, 2008	No. of Other Directorship Held in Public Companies	Number of Membership in Committees (Including INDAG)	
					Member	Chairman
Mr. Nand Khemka	Chairman (interested)	4	Yes	4	1	1
Mr.S.L.Khemka	Non-Executive (interested)	2	Yes	Nil	Nil	Nil
Mr. P.R.Khanna	Non-Executive (independent)	4	Yes	5	8	2
Mr.R.Parnameswar	Non-Executive (independent)	4	Yes	Nil	2	1
Mr. K.K.Kapur (Whole-time Director)	Executive (interested)	4	Yes	Nil	1	Nil
Prof.Hitendra Wadhwa	Non-Executive (independent)	Nil	NA			

Four meetings of the Board of Directors were held during the year, viz on May 19, 2008, July 30 2008, October 16 2008 and January 15 2009. Agenda papers along with notes were circulated to the Directors in advance of each meeting. All relevant information as required under Clause 49 of the Stock Exchange Listing Agreement were placed before the Board from time to time.

II. AUDIT COMMITTEE

The Committee comprises of three non-executive directors having financial management expertise. The terms of reference of Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Four meetings of the Audit Committee were held during the year on May 19, 2008, July 30 2008, October 16 2008 and January 15 2009. The composition of the Audit Committee and details of their attendance at the meetings are as follows:

Name of the member	Status	No. of meetings attended
Mr.R.Parnameswar	Chairman (Independent)	4
Mr.P.R.Khanna	Member (Independent)	4
Mr.Nand Khemka	Member (Interested)	3

III. REMUNERATION COMMITTEE

The Board has framed remuneration policy, which is generally in line with the existing industry practice and applicable laws.

Name of the member	Status
Mr.Nand Khemka	Chairman (Interested)
Mr.R.Parnameswar	Member (Independent)
Mr.P.R.Khanna	Member (Independent)

Remuneration Committee meeting was held on 19th May 2008 to review and approve the terms of appointment and remuneration of Mr.K K Kapur. The Committee approved the remuneration payable to Mr.K K Kapur (Whole-time Director) for a period of three years w.e.f. June 1, 2008.

No remuneration is paid to Non-Executive Directors except sitting fees for attending the Board Meetings and Committees thereof.

A. Non-Executive Directors

Directors	Relationship with other Directors	Business relationship with the company, if any	Sitting fee paid during 2007-2008 (Rs.)	Number of share and convertible Instruments held
Mr. Nand Khemka	Brother of Mr. S.L.Khemka	Nil	220,000	503701 equity shares
Mr. S.L.Khemka	Brother of Mr. Nand Khemka	Nil	40,000	Nil
Mr. P.R.Khanna	Nil	Nil	180,000	Nil
Mr. R.Parameswar	Nil	Nil	220,000	Nil
Prof.Hitendra Wadhwa	Nil	Nil	Nil	Nil

The Board has recommended payment of commission not exceeding 1% of the net profits of the company for each financial year commencing from 1st April 2008 to its Directors (other than Managing Director/ Whole Time Director), which is subject to the approval of the shareholders

B. Whole Time Director

Executive Director	Relationship with other Directors	Business relationship with the Company, if any	Remuneration paid during the 2008-2009			
			All elements of remuneration package i.e. salary, benefits, bonuses, pension etc.	Fixed component & performance linked incentives, along with performance criteria	Service contracts, notice period, severance fee	Stock option details, if any
Mr. K.K. Kapur	Nil	Whole Time Director	Rs.44.05 lacs	Rs.40.13 lacs Ref. note a	Ref. note b	Ref. note c

- Whole Time Director is entitled to profit sharing bonus, at the rate of 2% of profits before tax earned by the company. The Board has approved payment of Rs.15.37 lacs as bonus for the year 2008-2009.
- The appointment is subject to termination by one month notice in writing on either side. Mr.K K Kapur has been reappointed as the Whole Time Director w.e.f. June 1, 2008 for a period of three years.
- The Company does not have at present any scheme for grant of Stock options to its Directors or Employees.

IV. SHAREHOLDERS COMMITTEE

The share transfer and shareholders grievance committee looks into redressing of shareholders and investors grievances. Mr.Nand Khemka is Chairman of this Committee. The Board has designated Mrs.Manali D.Bijlani, Company Secretary as the Compliance Officer.

Warning against insider trading

Comprehensive guidelines advising and cautioning the management, staff and other relevant business associates on the procedure to be followed while dealing with the securities of the company have been issued and implemented.

V. GENERAL BODY MEETINGS

The dates, time and venue of the three previous Annual General Meetings held during the last three years are given below:

DATE	TIME	VENUE
27th AGM – 24th June 2006	10:00 A.M.	Dolly Farms & Resorts (P) Limited, (Near Executive Club), 439 Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110030
28th AGM – 21st September 2007	2:00 PM	Dolly Farms & Resorts (P) Limited, (Near Executive Club), 439 Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110030
29th AGM – 30th July 2008	10:00 AM	Sai International Centre Pragati Vihar, Lodhi Road, New Delhi – 110003

No special resolutions were put through postal ballot in the last AGM. There is no proposal at present to conduct the postal ballot exercise for passing resolution. In the previous three AGMs special resolution have been passed by the members by show of hands.

VI. DISCLOSURES

During the financial year ended the 31st March, 2009 there were no materially significant related party transactions that may have potential conflict with the interests of Company at large.

The Company complied with all the statutory requirements mentioned in the listing agreements/regulations/guidelines/rules of the Stock Exchanges/SEBI/other statutory authorities, except for Clause 40A of the Listing Agreement in respect of "Minimum Public Shareholding". The company requested for extension of period for increasing the public shareholding, which was granted upto 30th April 2009 by Bombay Stock Exchange vide their letter no. DCS/COMP/SD/509162/004/2009-10 dated April 2, 2009. Considering the current market situation, if the promoters sell off their shareholding, the share prices would decline significantly, which would be against the interest of the minority shareholders. Accordingly we had requested the Stock Exchange to extend the period till the market conditions improves and stabilizes.

No penalties were imposed nor any strictures were passed on any capital markets related matters during the last three years.

The company has not announced any formal Whistle Blower policy. However no personnel has been denied access to the Audit Committee.

The company has complied with all the mandatory requirements of clause 49 of the listing agreement. However non-mandatory requirements of this clause have not yet been adopted.

VII. MEANS OF COMMUNICATION

The quarterly and full year financial results are sent to the Stock Exchanges at Delhi and Mumbai where the shares of the Company are listed. The results are also published in "Business Standard" (English and Hindi). The Management discussion and analysis report forms a part of the Directors' Report.

VIII. GENERAL SHAREHOLDERS INFORMATION

(i) AGM Date, time & venue : 22nd July 2009 at 10:00 am
Sai International Centre Pragati Vihar, Lodhi Road
New Delhi – 110003

(ii) Financial Calendar & Financial Reporting

For 1st quarter ending 30th June	By end of July
For half year ending 30th September	By end of November
For 3rd quarter ending 31st December	By end of January
For year ending 31st March	By end of June
Annual General Meeting for the year ending 31st March	By end of September

(iii) Date of Book Closure : 14th July 2009 to 22nd July 2009 (Both dates inclusive)

(iv) Dividend Payment Date : 27th July 2009

(v) Listing on Stock Exchanges : The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400 001

: Delhi Stock Exchange Association Limited
DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002

(vi) Stock Code	ISIN under depository system	INE802D01015
	The Stock Exchange, Mumbai	509162
	The Delhi Stock Exchange	3939

(vii) Stock Market Price data : During the year, there was no trading of Company's securities at Delhi Stock Exchange. The details of monthly High and Low price on the Stock Exchange, Mumbai are as under-

Month	Monthly High Prices (Rs.) on BSE	Monthly Low Prices (Rs.) on BSE	Number of shares traded
April 2008	75.95	61.30	12958
May 2008	96.00	64.20	540176
June 2008	76.65	51.00	85620
July 2008	64.80	41.00	22604
August 2008	66.00	50.00	46954
September 2008	62.85	46.60	28731
October 2008	55.00	19.10	37368
November 2008	29.75	18.75	19508
December 2008	29.00	18.00	19095
January 2009	25.35	21.00	16654
February 2009	22.05	18.05	6488
March 2009	20.00	16.05	23879

(viii) Registrar & Share Transfer Agents : Skyline Financial Services (P) Limited
246 Sant Nagar, East of Kailash
New Delhi - 110065

(ix) Share Transfer System : In order to expedite the process of share transfers the Board has delegated the power to approve share transfers to senior executives, who attend to share transfer formalities fortnightly. The Company has appointed Skyline Financial Services (P) Limited as Registrar and Share Transfer Agents for physical transfer of securities as well as dematerialization/ rematerialization of securities.

(x) Distribution of shareholding : As on March 31, 2009

No. of equity shares held	Shareholders		% of Shareholding	
	Number	% to total	Total (in Rs.)	% in total
Up to 500	4672	95.60	391468	7.46
501 to 1000	97	1.98	78811	1.50
1001 to 2000	47	0.96	71775	1.37
2001 to 3000	16	0.33	40571	0.77
3001 to 4000	10	0.20	34880	0.66
4001 to 5000	12	0.25	55556	1.06
5001 to 10000	15	0.31	107712	2.05
10001 and above	18	0.37	4469227	85.13
Total	4887	100	5250000	100

(xi) Categories of Shareholding : As on March 31, 2009

Category	No. of Shares held	% of Shareholding
Indian Promoters	3727194	70.99
Foreign Promoters	0	0
Directors & their relatives	503701	9.60
UTI/Financial Institutions & Banks	2064	0.04
Body Corporate	234035	4.46
NRI/ OCB	20383	0.39
Indian Public	762623	14.52
Total	5250000	100

- (xii) Dematerialization of shares : Shares dematerialized with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
As on March 31, 2009, a total of 1089042 equity shares which forms 15.05% of the share capital stands dematerialised.
- (xiii) Plant Location : Plot No.86, Industrial Area
Bhiwadi – 301019, Dist.Alwar
Rajasthan (India)
: Village Jhiriwala, Hadbast No. 73, Nalagarh
District Solan (Himachal Pradesh)
- (xiv) Address for Correspondence :
(a) For Transfer of physical shares, request for Dematerialisation of shares, change of mandates/ address or any other query : Skyline Financial Services (P) Limited
246 Sant Nagar, East of Kailash
New Delhi – 110065
Phone no.: (011)26292681 -83
- (b) For any investor grievance : The Company Secretary
Indag Rubber Limited, 11 Community Center,
Saket, New Delhi – 110017
Phone no.: (011) 26963172, 26963173

IX. COMPLIANCE OF CODE OF CONDUCT

It is hereby declared and confirmed that all the Board members and senior management of the company have complied with the Code of Conduct for the period from 1st April 2008 to 31st March 2009.

To
The Members of Indag Rubber Limited

We have examined the compliance of conditions of corporate governance by Indag Rubber Limited, for the year ended on March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P.K.JAIN & ASSOCIATES
Company Secretaries

Pradeep Kumar Jain
Company Secretary
C.P.No.834

Place: New Delhi
Date: April 23, 2009



INDAG RUBBER LIMITED.

REGD. OFFICE : 11 COMMUNITY CENTRE, SAKET, NEW DELHI

Dear Shareholder,

SUBJECT : ELECTRONIC CLEARING SERVICE (ECS) FOR DIVIDEND PAYMENT

We are pleased to advise that the Board of Directors have recommended dividend @ 20% i.e. Rs. 2/- per share for the financial year 2008-09, subject to approval by the shareholders at the Annual General Meeting. The Register of Members will be closed during the period 14th July 2009 to 22nd July 2009 (both days inclusive).

Securities and Exchange Board of India (SEBI) vide its circular dated 15th October, 2001 has advised that "all companies should mandatorily use ECS facility for distributing dividends or other cash benefits to the investors wherever the ECS facility is available and in the absence of availability of ECS facility, the Companies may use warrants for distributing the dividends".

SEBI has also advised the Companies to mandatorily print the bank account details of the shareholders on the dividend warrants / payment instruments in the absence of ECS facility. We are extending the facility to the shareholders of Electronic Clearing Services (ECS) provided by Reserve Bank of India for dividend payment upto Rs. 5 lakhs. Needless to mention that dividend payment through ECS avoids the risks like postal delay, loss in transit, fraudulent encashment etc.

Under the ECS facility, your bank will credit the dividend amount in your bank account on due date and indicate the credit entry as "ECS" in your Pass Book/Bank Statement without issuing or handling paper instrument/warrant. In order to avail the ECS facility, the shareholders are requested to fill and sign the enclosed ECS mandate form. The form thereafter be sent -

In case of shareholder holding shares in Physical Mode to -

Skyline Financial Services (P) Limited
246 Sant Nagar,
East of Kailash
New Delhi - 110065
Phone no.: (011)26292681 -83

In case of shareholder holding shares in Electronic Mode/Dematerialized form to-
The Depository Participant with whom your account is maintained.

INDAG RUBBER LIMITED.

Regd. Office : 11 Community Centre, Saket, New Delhi

(In case of Shareholding in Physical form) To, Skyline Financial Services (P) Limited 246 Sant Nagar, East of Kailash New Delhi - 110065 Phone no.: (011)26292681 -83	(In case of shareholding in Electronic form) To The Depository Participant concerned
--	--

Subject : ECS Mandate for Dividend Payment

Dear Sir,

Folio No. : _____ / Client ID: _____ DP ID : _____

This is in response to the letter of Indag Rubber Limited regarding the ECS facility for payment of dividend. The following is the updation of my bank account details and I hereby affirm my choice to opt for payment of dividend through ECS.

I understand that Indag Rubber Limited also reserves the right to send the dividend payable to me by a physical dividend warrant / draft, on account of any unforeseen circumstances beyond the control of Indag Rubber Limited, that may affect the payment of dividend through ECS.

1. **First Shareholder's Name:** Shri /Smt/Kum./M/s _____2. **First Shareholder's Address:** _____

Pin Code _____

3. **Particulars of bank:**

Bank Name _____

Branch and city _____

(Name & Address & Telephone No.) _____

Account No. (As appearing in Cheque Book) _____

Account Type _____

9 digit MICR No. as appearing on the Cheque _____

(Please enclose cancelled / photocopy of cheque)

4. **PAN/GIR No.** _____

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold Container Corporation of India Ltd. responsible. I also agree for printing of the bank details on the dividend warrant / DD if the payment of dividend is effected by warrant / DD.

PLACE:

(Sole / First shareholder)

DATE:

(Signature should be as per the specimen sign.)

Certification by the Bank

(This is required if cancelled cheque / photocopy of the cheque is not enclosed)

Certified that the Bank details furnished above are correct as per our records.

(Bank Stamp)

Date:

Signature of authorized official of the Bank

AUDITORS' REPORT

TO

THE MEMBERS OF INDAG RUBBER LIMITED

1. We have audited the attached balance sheet of Indag Rubber Limited as at March 31, 2009 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to Note 12.1 of Schedule 21 of the financial statements regarding provision of commission payable to non whole time Directors amounting to Rs.800 thousand. The same is pending approval of shareholders and shall be placed for their approval in the forthcoming shareholders' meeting of the Company.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;
 - b) In the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES**Chartered Accountants**per **Yogesh Midha****Partner**

Membership No.: 94941

Gurgaon

Date: April 23, 2009

Annexure referred to in paragraph 3 of our report of even date

Re: Indag Rubber Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of paragraph 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and as such, clauses 4(iii) (e) to 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-Section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.'000)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demand	13,915	1998-99	Delhi High Court
Central Excise Act - 1944	Excise duty	453	2006-07	Custom, Excise, Service Tax Appellate Tribunal
Finance Act - 1994	Service tax	193	2006-07	Custom, Excise, Service Tax Appellate Tribunal

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. The Company has not taken any loan from a financial institution nor has issued any debenture.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, the Company did not obtain any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Yogesh Midha

Partner

Membership No.: 94941

Gurgaon

Date: April 23, 2009

BALANCE SHEET AS AT MARCH 31, 2009

		As at 31st 31st March 2009	(Rs. '000) As at 31st 31st March 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	52,500	52,500
Reserves and surplus	2	<u>216,955</u>	<u>150,028</u>
		269,455	202,528
Loan funds			
Secured loans	3	<u>1,778</u>	<u>77,839</u>
		1,778	77,839
Deferred tax liabilities	4	<u>3,491</u>	<u>3,878</u>
		<u>274,724</u>	<u>284,245</u>
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		283,544	261,837
Less : Accumulated depreciation /amortisation		<u>146,448</u>	<u>133,338</u>
Net Block		137,096	128,499
Capital work in progress (including capital advances)		<u>13,653</u>	<u>11,432</u>
		<u>150,749</u>	<u>139,931</u>
Current Assets, Loans And Advances			
Inventories	6	115,320	125,688
Sundry debtors	7	66,875	71,800
Cash and bank balances	8	10,694	15,572
Other current assets	9	140	45
Loans and advances	10	<u>32,415</u>	<u>32,169</u>
		225,444	245,274
Less : Current Liabilities and Provisions			
Current liabilities	11	86,414	86,614
Provisions	12	<u>15,055</u>	<u>14,346</u>
		101,469	100,960
Net Current Assets		<u>123,975</u>	<u>144,314</u>
		274,724	284,245
TOTAL			
Notes to Accounts	21		

The schedules referred to above including notes to accounts form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of the Board of Directors

For **S. R. BATLIBOI & ASSOCIATES**
Chartered Accountants

Manali D. Bijlani
Company Secretary

J. K. Jain
Chief Financial Officer

per **Yogesh Midha**
Partner
Membership No. 94941
Gurgaon
Date: April 23, 2009

K. K. Kapur
CEO & Whole Time Director

Nand Khemka
Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	Year Ended March 2009	(Rs. '000) Year Ended March 2008
INCOME			
Turnover (Gross)	13	761,495	739,411
Less : Excise duty		<u>761,495</u>	<u>739,411</u>
Turnover (Net)		3,634	4,949
Other income	14	<u>765,129</u>	<u>744,360</u>
TOTAL			
EXPENDITURE			
Raw materials consumed	15	506,465	523,233
Purchases of traded goods		1,226	1,695
Personnel expenses	16	36,884	33,051
Operating and other expenses	17	109,455	101,693
(Increase)/Decrease in inventories	18	6,231	(28,525)
Depreciation / amortisation	5	14,225	14,006
Financial expenses	19	13,913	13,148
		<u>688,399</u>	<u>658,301</u>
Profit before tax		76,730	86,059
Current Tax - Minimum Alternative tax (MAT)		8,591	9,630
Less: MAT Credit Entitlement		<u>(8,591)</u>	<u>(9,630)</u>
Net Current Tax		(386)	2,235
Deferred tax (credit)/charge			
Fringe Benefit Tax [including Rs Nil (Previous year Rs.153 thousand) pertaining to prior year]		905	1,063
Total tax expense		<u>519</u>	<u>3,298</u>
Net profit after tax for the year		76,211	82,761
Balance brought forward from previous year		96,499	33,022
Amount available for Appropriation		<u>172,710</u>	<u>115,783</u>
APPROPRIATIONS			
Transfer to general reserve		7,000	7,000
Proposed dividend		10,500	10,500
Tax on dividend		1,784	1,784
Surplus carried to Balance Sheet		<u>153,426</u>	<u>96,499</u>
Earnings per share (Rs.)	20		
Basic & diluted (Nominal value of shares Rs. 10) (Previous year Rs. 10)		14.52	15.76
Notes to Accounts	21		

The schedules referred to above including notes to accounts form an integral part of the Profit & Loss Account

As per our report of even date

For and on behalf of the Board of Directors

For **S. R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per **Yogesh Midha**
Partner
Membership No. 94941
Gurgaon
Date: April 23, 2009

Manali D. Bijlani
Company Secretary

K. K. Kapur
CEO & Whole Time Director

J. K. Jain
Chief Financial Officer

Nand Khemka
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. '000)

	As at March 31, 2009	As at March 31, 2008
A CASH FLOW FROM OPERATING ACTIVITIES	76,730	86,059
Net profit before tax		
Adjustments for :		
Depreciation	14,225	14,006
Profit on disposal of fixed assets (net)	(231)	-
Provision for Doubtful debts and advances	1,140	363
Interest expenses	10,818	11,450
Interest income	(250)	(1,155)
Operating profit before working capital changes	102,432	110,723
Movement in working capital:		
Decrease/(Increase) in sundry debtors	3,785	(8,324)
Decrease/(Increase) in inventories	10,368	(30,499)
Decrease/(Increase) in loans and advances	7,527	(1,890)
(Decrease) / (Increase) in current liabilities and provisions	506	13,717
Cash generated from operations	124,618	83,727
Direct taxes (paid)	(8,678)	(11,380)
Net cash from operating activities	115,940	72,347
B CASH FLOW FROM INVESTING ACTIVITIES	(25,512)	(20,472)
Purchase of fixed assets	701	-
Proceeds from sale of fixed assets	155	2,159
Interest received	(495)	(758)
Fixed deposits made during the period	-	15,122
Fixed deposits matured during the period	(25,151)	(3,949)
Net cash (used in) investing activities		
C CASH FLOW FROM FINANCING ACTIVITIES	(24,250)	(19,400)
(Repayment) of long-term borrowings	(51,811)	(32,120)
(Repayment)/Proceeds of short-term borrowings	(10,818)	(11,693)
Interest paid	(10,500)	-
Dividends paid	(1,784)	-
Tax on dividend paid	3,000	-
Subsidy received from the government	(96,163)	(63,213)
Net cash from financing activities	(5,374)	5,185
Net increase/(decrease) in cash and cash equivalents (A+B+C)	13,658	8,473
Cash and cash equivalents at the beginning of the year	8,284	13,658
Cash and cash equivalents at the end of the year		
COMPONENTS OF CASH AND CASH EQUIVALENTS	66	47
Cash on hand	-	80
Cheques on hand		
Balances with scheduled banks:		
-on current accounts	8,218	13,531
-on fixed deposit accounts	2,406	1,910
Post Office Savings Bank Account	4	4
Total	10,694	15,572
Less- Fixed deposit considered in the investing activity	2,410	1,914
Cash and cash equivalents at the end of the year	8,284	13,658

Notes :

1. Previous year figures have been regrouped, where necessary to conform to current year's classification
2. The above Cash Flow has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements notified accounting standards by Companies Accounting Standards Rules, 2006

As per our report of even date
 For **S. R. BATLIBOI & ASSOCIATES**
 Chartered Accountants
 per **Yogesh Midha**
 Partner
 Membership No. 94941
 Gurgaon
 Date: April 23, 2009

For and on behalf of the Board of Directors

Manali D. Bijlani
 Company Secretary

J. K. Jain
 Chief Financial Officer

K. K. Kapur
 CEO & Whole Time Director

Nand Khemka
 Chairman

Schedule 1 : Share Capital

	As at 31st March, 2009	As at 31st March, 2008
Authorised 7,000,000 (Previous year 7,000,000) Equity Shares of Rs. 10 each	70,000	70,000
Issued, subscribed & paid up 5,250,000 (Previous year 5,250,000) Equity Shares of Rs. 10 each fully paid-up	52,500	52,500

Schedule 2 : Reserves and Surplus

	As at 31st March, 2009	As at 31st March, 2008
Capital Reserve		
Balance as last account		
a) Central cash subsidy	1,500	1,500
Add : Received during the current year (Refer Note no. 9 of Schedule 21)	3,000	4,500
b) Profit on reissue of forfeited shares	29	29
Securities premium account	45,000	45,000
General reserve		
Amount as per last Balance Sheet	7,000	7,000
Add: Transfer from Profit & Loss Account	7,000	96,499
Profit & loss account	216,955	150,028

Schedule 3 : Secured Loans

	As at 31st March, 2009	As at 31st March, 2008
Term loan from a bank (Secured by first charge on the entire fixed assets of Nalagarh Unit in the state of Himachal Pradesh . (Repayable within one year Rs. Nil (Previous year Rs. 19,400), The Company has made prepayment of one installment of Rs. 4,850 which will be due in June 2009)	-	24,250
Car finance loans from banks (Secured by hypothecation of vehicles financed out of proceeds of loan) (Repayable within one year Rs. 170 (Previous year Rs. 366)	714	1,200
Cash credit borrowings "(Borrowing from State Bank of Bikaner and Jaipur is secured by a first charge on entire current assets of the Company including stock and book debts and fixed assets at Bhiwadi and Nalagarh unit. Such charge is shared both present and future parri passu with Corporation Bank. "Borrowing from Corporation Bank is secured by first charge on stock and book debts of the Company and further secured by a first charge over the fixed assets of the Company by way of collateral security. Such charges are shared both present and future parri passu with State Bank of Bikaner and Jaipur Bank."	1,064	52,389
	1,778	77,839

Schedule 4 : Deferred Tax Liabilities

	As at 31st March, 2009	As at 31st March, 2008
Arising on account of timing differences in depreciation	3,491	3,878
	3,491	3,878

Particulars		Tangible Assets						Intangible Assets		Total	Year ended March 31, 2008 (Rs. '000)
		Land	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Software				
Gross Block											
As on 01.04.2008		9,900	50,828	182,641	13,363	4,769		337	261,838	252,575	
Additions		-	15,000	2,742	947	369		4,233	23,291	9,262	
Deductions		-	-	-	213	1,372		-	1,585	-	
As at 31.03.2009		9,900	65,828	185,383	14,097	3,766		4,570	283,544	261,837	
Depreciation / Amortisation											
As At 01.04.2008		134	13,848	106,951	9,551	2,849		5	133,338	119,332	
Additions		19	1,678	10,695	1,168	518		147	14,225	14,006	
Deductions		-	-	-	140	975		-	1,115	-	
As at 31.03.2009		153	15,526	117,646	10,579	2,392		152	146,448	133,338	
For Previous year		19	1,516	10,697	1,098	671		5	14,006	12,860	
Net Block											
As at 31.03.2009		9,747	50,302	67,737	3,518	1,374		4,418	137,096	128,499	
As at 01.04.2008		9,766	36,980	75,690	3,812	1,920		331	128,499	-	
Capital Work in Progress :											
Capital Work in Progress including capital advances, unsecured considered good Rs. 500, (previous year Rs. 1299)										11,432	
Total										13,653	
Grand Total										13,653	
Grand Total										150,749	

Notes:
Land includes Leasehold land of Rs. 1,863 thousand (Gross block) and Rs. 1,709 thousand (Net block) (Previous year Rs. 1,863 thousand (Gross block) and Rs. 1,729 thousand (Net block))

Schedule 6 : Inventories (at lower of cost and net realisable value)

	As at 31st March, 2009	As at 31st March, 2008
Raw materials [Including Rs. 5,685 in Transit (Previous Year Rs 3,687)]	36,278	41,545
Packing materials	1,014	1,060
Stores and spare parts	9,146	7,970
Work-in-progress	4,073	4,186
Finished goods	63,964	69,972
- Manufactured	845	955
- Traded	115,320	125,688

Schedule 7 : Sundry Debtors

	As at 31st March, 2009	As at 31st March, 2008
Debts outstanding for a period exceeding six months	706	1,753
Unsecured, considered good	9,052	8,677
Unsecured, considered doubtful	66,169	70,047
Other debts	765	-
Unsecured, considered good	76,692	80,477
Unsecured, considered doubtful	9,817	8,677
Less : Provision for doubtful debts	66,875	71,800

Schedule 8 : Cash and Bank Balances

	As at 31st March, 2009	As at 31st March, 2008
Cash on hand	66	47
Balances with scheduled banks:		
- on current accounts (Including cheques on hand of Rs.244 (Previous year Rs.80))	8,218	13,611
- on fixed deposit accounts	2,406	1,910
(Receipts pledged with Banks / Sales Tax Authorities)	4	4
Post office savings bank account	10,694	15,572
(Pass Book pledged with Excise Authorities)		

Schedule 9 : Other Current Assets

	As at 31st March, 2009	As at 31st March, 2008
Interest accrued on fixed deposits	140	45
	<u>140</u>	<u>45</u>

Schedule 10 : Loans and Advances (Unsecured)

	As at 31st March, 2009	As at 31st March, 2008
Considered good		
Advances recoverable in cash or in kind or for value to be received	3,300	7,620
Balance with Custom, Excise etc.	35	37
VAT Credit (Input) Receivable	751	976
Advance tax / tax deducted at source / income tax refundable	1,526	2,344
(Net of income tax provision of Rs.23,405, previous year Rs.14,727)	<u>23,342</u>	<u>14,751</u>
MAT credit entitlement	3,461	6,441
Deposits - others		
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	713	376
Deposits -Others	<u>120</u>	<u>120</u>
	<u>33,248</u>	<u>32,665</u>
Less : Provision for doubtful advances	<u>833</u>	<u>496</u>
	<u>32,415</u>	<u>32,169</u>

Included in loans and advances are:

- Due from Khemka Aviation Private Limited Rs.69 (Previous year Rs.1,095) Company in which one of the directors of the Company is interested as director.
- Due from Unipatch Rubber Limited Rs.66 (Previous year Rs.94) Company in which one of the directors of the Company is interested as director
- Due from The Nand and Jeet Khemka foundation Rs.10 (Previous year Rs 7) Company in which one of the directors of the Company is interested as trustee.

Schedule 11: Current Liabilities

	As at 31st March, 2009	As at 31st March, 2008
Sundry creditors		
Total outstanding dues of micro and small enterprises (Refer to note no. 11 in notes to accounts)		3,514
Total outstanding dues of creditors other than micro and small enterprises	69,184	67,355
Retention money and security deposits	11,368	8,528
Advances from customers	1,778	1,651
Unclaimed dividend	218	
(To be transferred to investor education and protection fund as an when due)	<u>3,866</u>	<u>5,566</u>
Other liabilities	<u>86,414</u>	<u>86,614</u>

INDAG

(Rs. '000)

Schedule 12: Provisions

	As at 31st March, 2009	As at 31st March, 2008
	162	160
For fringe benefit tax	712	502
For gratuity	1,897	1,400
For leave encashment	10,500	10,500
For proposed dividend	1,784	1,784
Tax on proposed dividend	15,055	14,346

Schedule 13 : Turnover (Gross)

	Year Ended March, 2009	Year Ended March, 2008
Sale of finished goods	759,829	736,252
- Manufactured	2,105	3,533
- Traded	761,934	739,785
	1,236	1,094
Less: Rebates and claims	760,698	738,691
	797	720
Sale of services	761,495	739,411

Schedule 14 : Other Income

	Year Ended March, 2009	Year Ended March, 2008
Interest income	179	716
On bank deposits (Gross, Tax deducted as source Rs.43 , Previous year Rs. 154)	71	438
On others	756	1,001
Unspent liabilities/ provisions written back	231	-
Profit on sale of fixed assets (Net of loss of Rs. 15 , Previous year Rs. nil)	249	174
Recovery of bad debts written off in earlier years		
Foreign exchange fluctuation	854	
(Net of loss of Rs. 77 , Previous year Rs. Nil)	1,294	2,620
Miscellaneous income	3,634	4,949

(Schedule 15 : Raw Materials Consumed

	Year Ended March, 2008	Year Ended March, 2007
Opening stock	41,545	42,044
Add: Purchases	501,198	522,734
Less: Closing stock	36,278	41,545
	506,465	523,233

Schedule 16 : Personnel Expenses

	Year Ended March, 2009	Year Ended March, 2008
Salaries, wages and bonus	32,823	29,620
Contribution to provident and other funds	2,313	2,002
Gratuity Expense	937	670
Workmen and staff welfare expenses	811	759
	<u>36,884</u>	<u>33,051</u>

Schedule 17 : Operating and Other Expenses

	Year Ended March, 2009	Year Ended March, 2008
Consumption of stores and spare parts	3,694	5,183
Packing expenses	5,376	6,399
Power and fuel	21,153	21,944
Repairs and maintenance :	5,250	4,403
- Plant & machinery	659	231
- Buildings	612	1,032
- Others	7,466	5,875
Rent	1,851	1,824
Rates and taxes	2,017	1,891
Insurance	11,869	9,299
Traveling and conveyance	2,873	2,604
Communication costs	1,148	1,249
Printing and stationery	7,246	4,738
Legal and professional fees	5,205	3,863
Director's remuneration		
Payment to Auditor		
As auditor:		
Audit fee	1,200	
Out of pocket expenses	271	1,233
Loss on exchange fluctuations (Net of gain of Rs.Nil, previous year Rs. 90)	-	162
Freight and forwarding charges	15,192	15,237
Provision for doubtful debts and advances	2,009	363
Bad Debts written off	97	-
Vehicle running & maintenance	1,038	1,223
Director's sitting fees	660	280
Security & other service charges	2,106	1,981
Service charges to C & F agents	4,581	4,186
Advertisement & publicity	1,380	1,247
Miscellaneous expenses	4,502	5,246
	<u>109,455</u>	<u>101,693</u>

Schedule 18 : Decrease /(Increase) in Inventories

(Rs. '000)

	Year Ended March, 2009	Year Ended March, 2008
Closing stock	4,073	4,186
Work-in-progress		
Finished goods	63,964	69,972
- Manufactured	845	955
- Traded	68,882	75,113
Opening stock	4,186	1,526
Work-in-progress		
Finished goods	69,972	43,481
- Manufactured	955	1,581
- Traded	75,113	46,588
	6,231	(28,525)

Schedule 19 : Financial Expenses

	Year Ended March, 2009	Year Ended March, 2008
Interest paid	119	174
On car finance loans from banks	2,334	5,062
On term loan from a bank	7,696	5,458
On other loans from banks	-	175
To an HUF of which director is Karta	669	581
On others	3,095	1,698
Bank charges	13,913	13,148

Schedule 20 : Earnings per share (EPS)

	Year Ended March, 2009	Year Ended March, 2008
Net profit/(loss) as per profit and loss account	76,211	82,761
No. of Equity Share at the beginning and closing of the year	5,250,000	5,250,000
Weighted average number of equity shares for calculating basic and diluted EPS	5,250,000	5,250,000
Basic and diluted Earnings per share (Rs.)	14.52	15.76

Schedule 21 : Notes to Accounts**1. Nature of Operations**

Indag Rubber Limited (hereinafter referred to as 'the Company') is engaged in manufacturing and selling of precured tread rubber and allied products.

2. Statement of Significant Accounting Policies**(a) Basis of preparation**

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Change in Accounting Policies

For better presentation of financial information, the Company during the year, changed its method of ascertaining the cost of materials for the purpose of valuation of inventory of Raw Materials, Packing Materials, Stores & Spares, and Trading Goods from First in First Out Method to Moving Weighted Average Method.

Had the Company continued to use the earlier basis of ascertaining cost of materials for aforesaid inventories, the Profit after tax for the current year would have been lower by Rs. 38 (net of tax of Rs.5) and value of inventory of Raw Materials, Packing Materials, Stores & Spares and Trading Goods would have been lower by Rs.43 and consequently surplus of profit and loss account would have been lower by Rs.38.

(d) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed asset which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(e) Depreciation / Amortisation

Depreciation on Fixed Assets is provided using Straight Line Method and Written Down Value method at the rates based on the estimated useful life of the asset, which is in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.

- i) Cost of leasehold land is being amortised over the lease period.
- ii) Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.
- iii) Depreciation on Buildings and Plant & Machinery has been provided on Straight Line Method (SLM) at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- iv) Depreciation on all other fixed assets has been provided on Written Down Value Method (WDV) at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- v) Costs relating to software and software licenses, which are acquired, are capitalized and amortized on a straight-line basis over their four year useful lives or actual period of license whichever is lower.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(g) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(h) Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares, packing materials and traded goods

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated, are expected to be sold at or above cost. Cost is determined on moving weighted average method.

Work in progress and finished goods (own manufactured)

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

(i) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales Tax and VAT deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

Sale of Services (Income from services)

Revenue from sale of services is recognized as and when the services are rendered.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable except interest on delayed payments from customers which is accounted on acceptance basis on account of uncertainties involved.

Export Benefits

Export Entitlements in the form of Duty Drawback Scheme and Duty Entitlement Passbook Scheme are recognized in the Profit and Loss account when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds

(j) Foreign Currency Translation

Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(k) Retirement and other benefits

i. Retirement benefits in the form of Provident Fund (where contributed to the Regional PF Commissioner) is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due. There are no other obligations other than the contribution payable to the respective authorities.

Retirement benefits in the form of Provident Fund contributed to Trust set up by the employer is a defined benefit scheme and the payments are charged to the Profit and Loss Account of the year when the payments to the Trust are due. Shortfall in the funds, if any, is adequately provided for by the Company

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method carried by an independent actuary made at the end of each financial year.

iii. Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method carried by an independent actuary as at the end of the year.

iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(l) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the income tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the

recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(m) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(n) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

(o) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques in hand and short term investments with an original maturity of three months or less.

(p) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset. Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds

3. Segment Information

The Company is engaged in the manufacturing of the Precured Tread Rubber, Bonding Repair and Extrusion Gum and Rubber Cement, which are used for fixing on the old used tyres. These products do not have any different risk and returns and thus the Company has only one business segment.

Segment Information

Geographical Segments

As of March 31, 2009 the Company organized its manufacturing operations into two major geographical segments : Domestic (in India) and Export (Outside India)

The analysis of geographical segments is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

The following table shows the distribution of the Company's consolidated sales and debtors by geographical market, regardless of where the goods were produced:

Sales (net) revenue by Geographical Market 31st March, 2009		(Rs.'000)
		31st March, 2008
Domestic	719,316	730,819
Export	42,178	8,592
Total	761,494	739,411

Carrying amount of Segment Assets (Debtors) by Geographical		31st March, 2008
31st March, 2009		
Domestic	66,875	71,800
Export	-	-
Total	66,875	71,800

The Company has common fixed assets for producing goods/providing services to domestic as well as overseas market. Hence separate figures for fixed assets/ addition to fixed assets have not been furnished.

4. Related Party Disclosure

Particulars	Enterprises owned or significantly influenced by key management personnel or their relatives (either individually or with others)		Relative of Key Management Personnel		Key Management Personnel		Total	
	31st March 2009	31st March 2008	31st March 2009	31st March 2008	31st March 2009	31st March 2008	31st March 2009	31st March 2008
Purchases (Raw Materials, Stores, Spares & Packing Materials)								
- Unipatch Rubber Limited	75	98	-	-	-	-	75	98
Rent paid								
- Khemka Aviation Private Limited	5,385	4,048	-	-	-	-	5,385	4,048
Interest on Loan								
- Nand Lal Khemka (HUF)	-	175	-	-	-	-	-	175
Remuneration								
- Mr. K.K. Kapur	-	-	-	-	4,405*	3,863*	4,405*	3,863
Sitting Fee								
- Mr. Shyam Lal Khemka	-	-	40	10	-	-	40	10
Reimbursement of expenses received								
- Unipatch Rubber Limited	706	435	-	-	-	-	706	435
- Khemka Aviation Private Limited	241	505	-	-	-	-	241	505

Particulars	Enterprises owned or significantly influenced by key management personnel or their relatives (either individually or with others)		Relative of Key Management		Key Management		Total	
	31st March 2009	31st March 2008	31st March 2009	31st March 2008	31st March 2009	31st March 2008	31st March 2009	31st March 2008
- Nand and Jeet Khemka Foundation	148	93	-	-	-	-	148	93
Reimbursement of expenses given								
- Unipatch Rubber Limited	78	64	-	-	-	-	78	64
Repayment of Loan								
- Nand Lal Khemka (HUF)	-	5,000	-	-	-	-	-	5,000
Trade/ Other Receivables								
- Unipatch Rubber Limited	66	-	-	-	-	-	66	-
- Khemka Aviation Private Ltd	69	1,097	-	-	-	-	69	1,097
- Nand and Jeet Khemka Foundation	10	7	-	-	-	-	10	7
Other Payables								
- Mr. K.K. Kapur	-	-	-	-	507	1,138	507	1,138
Corporate Guarantee given by								
- Khemka Aviation Private Limited	-	76,959	-	-	-	-	-	76,959

* As the future liability of gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the director is not ascertainable and, therefore, is not included above.

Names of Related Parties
Key Management Personnel

Mr.Nand Khemka (Chairman)
Mr.K.K.Kapur (Whole Time Director)

Relatives of key management personnel

Mr. Shyam Lal Khemka, brother of Director Mr.Nand Khemka

Enterprises owned or significantly influenced by key management personnel or their relatives (either individually or with others)

Unipatch Rubber Limited
Khemka Aviation Private Limited
Nand & Jeet Khemka Foundation
Nand Lal Khemka (HUF)

No amount has been provided as doubtful debt or advance written off or written back in the year in respect of debts due from/to above related parties.

5. Income tax

The Company has recognized Rs. 8,591 (previous year Rs. 9,630) in the current year and Rs.23,342 (previous year Rs. 14,751) as on 31st March 2009 as Minimum Alternate Tax (MAT) credit entitlement, which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115 JAA of the Income Tax Act, 1961. The Management based on the future profitability projections and also profit earned during the year is confident that there would be sufficient taxable profit in future which will enable the Company to utilize the above MAT credit entitlement

6. Capital Commitments

As at 31 March, 2009 As at 31st March, 2008

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of Rs. 500, Previous year Rs. 1,299 included under Capital Work-in -Progress)

675 3,829

7. Contingent Liabilities (not provided for) in respect of :

a) Demands raised by Sales Tax Authority being disputed by the Company. The Company is hopeful of getting relief in appeal. The Company has deposited a sum of Rs. 316 against the above demands. During the current year, case is decided in favor of the Company

915

b) The Company is under litigation with the revenue authorities regarding expenditure claimed by the Company arising out of an arbitration award. As per the Company, the expenditure should be allowed to them in the year the arbitrator has passed the award. The department is of the view that the liability is not accrued till the award becomes a rule of court and has therefore disallowed the expenditure in the AY 98-99 (the year in which the Company claimed the expenditure). During the financial year 2006-2007, the Company has received a demand notice from Income tax authorities pursuant to the order by Income tax Appellate Tribunal, Delhi. The Company is presently in appeal before the Hon'ble High Court.

15,915* 9147

c) Demands raised by the Service Tax Authorities but disputed by the Company and the appeal is pending before the CESTAT.

193*

d) Pending Labour cases

1,450* 1,535

e) Guarantees given by the Company

12,696 11,069

f) Excise duty liability for DG Set case pending before CESTAT

95

g) Differential amount of custom duty payable by the Company in case of non-fulfillment of export obligation including interest thereon against the import of capital goods made at concessional rate of duty. Based on future sales plans, management is quite hopeful to meet out the export obligation by executing the required volume of exports in the future.

917* 464

* Based on the discussions with the solicitor/ expert opinions taken/status of the case, the management believes that the Company has strong chances of success in above mentioned cases and hence no provision there against is considered necessary at this point in time.

2,267*

33,438

22,666

8. Leases

Operating Lease

The Company has taken office and warehouse premises under operating lease agreements. There is no escalation clause and purchase option in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

	Operating Lease	
	2009	2008
Lease payments for the year	7,408	5,659
<i>Minimum Lease Payments :</i>		
Not later than one year	6,459	6,389
Later than one year but not later than five years	1,850	6,990
Later than 5 years	-	-

9. During the year, the Company has received a capital subsidy of Rs. 3,000 (previous year Rs. Nil) from the Government of Himachal Pradesh under the Central Capital Investment Subsidy Scheme 2003. The grant is of the nature of promoter's contribution. Hence, it has been credited to capital reserve in accordance with Accounting Standard - 12 on Government Grants.
10. As per the requirement of Clause 40A of the Listing Agreement, the minimum public shareholding in a public listed company should at least be 25% or above of the total paid up capital. The public shareholding of the Company as at March 31, 2009 was 19.41%.

During the year, the Company has applied to Bombay Stock Exchange seeking the extension of time for compliance of Clause 40A and received the approval letter dated April 2, 2009 from the exchange giving the extension of time upto April 30, 2009. The Company has requested Bombay Stock Exchange for grant of further extension of time for compliance of clause 40A of the listing agreement, which is awaited till date.

11. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

	31 March, 2009	31 March 2008
1 The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	3,514
2 The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
3 The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
4 The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
5 The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

12. Supplementary Statutory Information

	31 March, 2009	31 March 2008
12.1 Directors' Remuneration	4,012	3,125
Salary and Bonus*	800	-
Commission to non whole time directors**	219	168
Contribution to Provident Fund	174	570
Perquisites	5,205	3,863

* As the future liability of gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the director is not ascertainable and, therefore, is not included above.

** Commission to non whole time directors is the fixed amount payable to them but it is subject to shareholder's approval in the forthcoming Annual General Meeting.

	2009	2008
12.2 Value of Imports calculated on CIF Basis (on accrual basis)	-	137
Raw Materials	537	-
Stores and Spares	7,420	-
Capital Goods	7,957	137

	2009	2008
12.3 Earnings in foreign currency (on accrual basis)	21,519	8,591
Exports at F.O.B. Value	21,519	8,591

13. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The Provident Fund being administered by a Trust is a defined benefit scheme whereby the Company deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to conform to the interest rate declared by the Government for the Employees Provident Fund. The Guidance Note on implementing AS-15, Employee Benefits (Revised 2005) issued by the Accounting Standard Board (ASB) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. There is no deficit in the fund.

The following tables summarize the components of net benefit expense recognized in the Profit and Loss Account and the funded status and amounts recognized in the Balance Sheet for the gratuity.

Profit and Loss Account

Net employee benefit expense (recognized in Employee Cost)	Gratuity	Gratuity
	31st March, 2009	31st March, 2008
Current service cost	563	495
Interest cost on benefit obligation	309	284
Expected return on plan assets	(307)	(93)
Net actuarial gain recognized in the year on account of return on plan assets	-	-
Actuarial (gain)/ loss recognized in the year	372	(16)
Net benefit expense	937	670
Actual return on plan assets	307	94



Balance Sheet

Details of Provision for gratuity

	Gratuity 31st March, 2009	Gratuity 31st March, 2008
Defined benefit obligation	4,499	3,918
Fair value of plan assets	3,787	3,416
Net liability	712	502
Less: Unrecognized past service cost	-	-
Net Plan Liability	712	502

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity 31st March, 2009	Gratuity 31st March, 2008
Opening defined benefit obligation	3,918	3,550
Interest cost	309	284
Current service cost	563	495
Benefits paid	(582)	(303)
Actuarial (gain)/losses on obligation	291	(108)
Closing defined benefit obligation	4,499	3,918

Changes in the fair value of plan assets are as follows:

	Gratuity 31st March, 2009	Gratuity 31st March, 2008
Opening fair value of plan assets	3,416	1,043
Expected return	307	94
Contributions by employer	726	2676
Benefits paid	(582)	(303)
Actuarial (gain)/ losses	(80)	(94)
Closing fair value of plan assets	3,787	3,416

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity 31st March, 2009 %	Gratuity 31st March, 2008 %
Investments with insurer	100	100
Cash and bank balance with the insurer	0	0

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the year over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to the improved debt market scenario.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	Gratuity 31st March, 2009 %	Gratuity 31st March, 2008 %
Discount rate	7.90	8.00
Expected rate of return on plan assets	9.00	9.00
Increase in compensation cost	5.50	5.50

Employee turnover	3	3
upto 30 years	2	2
above 30 years but upto 44 years	1	1
above 44 years		

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
The Company expects to contribute Rs.1008 to gratuity in 2009-10.

Amounts for the current and previous years are as follows:

	Gratuity 31st March, 2009	Gratuity 31st March, 2008
Defined benefit obligation	4,499	3,918
Plan assets	3,787	3,416
Deficit	(712)	(502)
Experience adjustments on plan liabilities	(261)	
Experience adjustments on plan assets	(80)	

Defined Contribution Plan:

	31st March, 2009	31st March, 2008
Provident Fund & Other Funds	2,055	1,818

14. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 (As certified by Management)

14.1 Licensed Capacity, Installed Capacity and Actual Production

Class of Goods	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		2009	2008	2009	2008	2009	2008
Precured Tread Rubber	MT	6,000	6,000	8,950	8,950	4,636	5,401
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	1,150	1,150	1,150*	1,150*	460	535
Rubber Cement	K. Ltrs	300	300	300	300	323	326
Tyre Retreading Equipment	Sets	15	15	15	15		

* Subject to installation of balancing equipment.

14.2 Sales (Gross)

	Unit	Quantity		Value (Rs. '000)	
		2009	2008	2009	2008
Precured Tread Rubber	MT	4,636	5,174	670,835	657,876
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	486	487	67,085	59,738
Rubber Cement	K.Ltrs	308	286	20,145	18,233
Miscellaneous		NA	NA	2,561	1,125
				760,626	736,972

14.3 Details of Finished Goods

	Unit	Quantity		Value (Rs. '000)	
		2009	2008	2009	2008
Opening Stock					
Precured Tread Rubber	MT	568	362	56,656	35,525
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	89	42	10,006	3,915
Rubber Cement	K.Ltrs	68	26	3,203	637
Miscellaneous		-	-	107	264
				69,972	40,341
Closing Stock					
Precured Tread Rubber	MT	513	568	58,391	56,656
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	32	89	3,613	10,006
Rubber Cement	K.Ltrs	40	68	1,959	3,203
Miscellaneous		-	-	-	107
				63,964	69,972

Difference in quantitative tally is on account of shortages, captive consumption etc.

14.4 Consumption of raw materials

	Unit	Quantity		Value (Rs. '000)	
		2009	2008	2009	2008
Rubber	MT	2,685	3196	3,11,887	3,13,418
Carbon Black	MT	1,685	1992	1,01,568	1,03,332
Chemicals		-	-	43,031	60,727
Others (Includes freight inward on materials consumed)		-	-	49,979	45,756
				5,06,465	5,23,233

14.5 Imported and indigenous Raw Materials, Packing Materials, Stores and Spares consumed

	Percentage of total consumption		Value (Rs. '000)	
	2009	2008	2009	2008
Raw Materials				
Imported	100%	100%	5,06,465	5,23,233
Indigenously obtained	100%	100%	5,06,465	5,23,233
Packing Materials				
Imported	100%	100%	5,376	6,399
Indigenously obtained	100%	100%	5,376	6,399
Stores and Spares (Including booked under Machinery Repairs)				
Imported	100%	100%	6,872	6,662
Indigenously obtained	100%	100%	6,872	6,662

14.6 Details of Trading Goods

Class of Good	Unit	Quantity		Value (Rs. '000)	
		2009	2008	2009	2008
1) Patches	Nos.			90	124
Opening Stock		2,902	2,942	43	-
Purchases		580	-	133	124
		3,482	2,942	42	3
Sales		842	40	91	90
Closing stock		1,967	2,902		
Class of Good	Unit	Quantity		Value (Rs. '000)	
		2009	2008	2009	2008
2) Poly	MT			279	643
Opening Stock		2	8	513	377
Purchases		4	3	792	1,020
		6	11	510	844
Sales		4	4	202	279
Closing stock		2	2		
3) Spares		NA	NA	587	814
Opening Stock		NA	NA	670	1,318
Purchases		NA	NA	1,257	2,132
		NA	NA	1,553	2,686
Sales		NA	NA	552	587
Closing stock		NA	NA		

Difference in quantitative tally is on account of shortages, captive consumption etc.

15. Previous Year Comparatives

Previous year's figures have been regrouped where necessary to conform to this year's classification.

16. All figures in value are rupees in thousands.

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Yogesh Midha
Partner
Membership No. 94941
Gurgaon
Date: 23 April, 2009

For and on behalf of the Board of Directors

Manali D. Bijlani
Company Secretary

K. K. Kapur
CEO & Whole Time Director

J. K. Jain
Chief Financial Officer

Nand Khemka
Chairman

