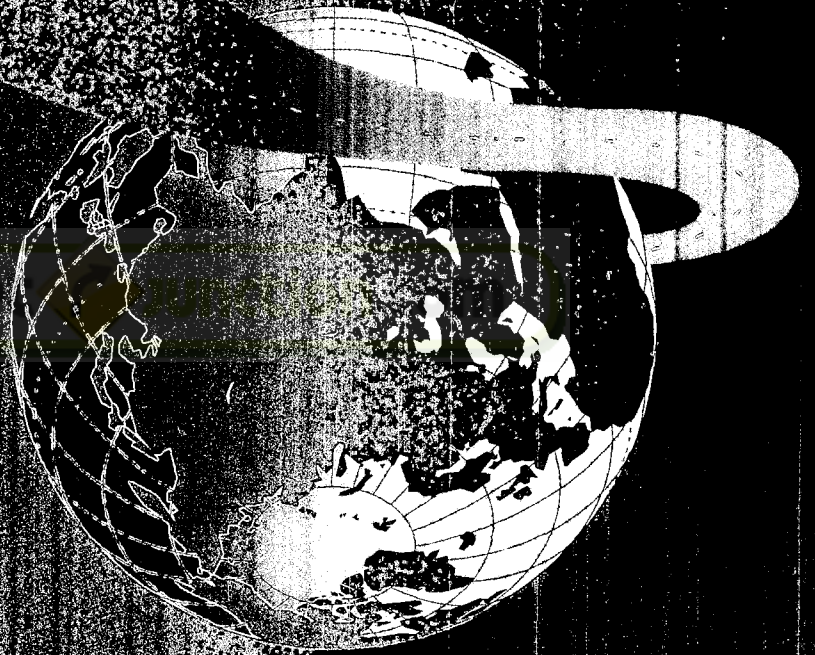


Indag Rubber Limited



98

Annual Report







MD	✓		✓
CS	✓		✓
RO	✓		✓
TRA	✓		✓
ACM	✓	✓	✓
YE	✓	✓	✓

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- **BOARD OF DIRECTORS**

NAND KHEMKA
(Chairman)
S.L. KHEMKA
LI HONG YAN HENRY
CHARLES J.A. BESIN
M.K. JHAWAR
P.R. KHANNA
R. PARAMESHWAR
R.D. MATHUR
(President & Director)

- **COMPANY SECRETARY**

P.C. JAIN

- **BANKERS**

STATE BANK OF INDIA
STATE BANK OF BIKANER & JAIPUR

- **FOREIGN COLLABORATOR**

BANDAG INC., U.S.A.

- **AUDITORS**

S.R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS
20, COMMUNITY CENTRE, PUSHP VIHAR
NEW DELHI - 110 062

- **REGISTERED AND HEAD OFFICE**

KHEMKA HOUSE
11, COMMUNITY CENTRE, SAKET
NEW DELHI - 110 017

- **WORKS**

PLOT NO. SP 86
INDUSTRIAL AREA
BHIWADI - 301019
DIST. ALWAR
(RAJASTHAN)





NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDAG RUBBER LIMITED WILL BE HELD ON MONDAY, THE 14TH SEPTEMBER, 1998 AT 11:00 A.M AT AIR FORCE AUDITORIUM, SUBROTO PARK, NEW DELHI-110 010 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the period ended 31st March, 1998 and the audited Balance Sheet for the period ended as at that date, alongwith the Reports of Auditors and Directors 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 appoint Auditors of the Company and fix their remuneration and if thought fit, to pass with or without modification the following Resolution as a **SPECIAL RESOLUTION** :-

"RESOLVED THAT M/s S.R. Battiboi & Co., Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to audit the Accounts for the Accounting Year 1998-99 and to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on a remuneration plus reimbursement of out-of-pocket expenses, as may be mutually agreed to between the Board of Directors and the Auditors.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification the following resolution as an **ORDINARY RESOLUTION**:
" RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the members be and is hereby accorded for the re-appointment and remuneration of Shri Nand Khemka, as Managing Director of the Company for a period commencing from 1st January, 1998 to 14th May, 1998 upon the terms and conditions including remuneration as set out in the explanatory statement with the liberty to the Board of Directors to alter and vary the terms and conditions thereto in such manner as may be agreed to between the Board of Directors and Mr. Nand Khemka".
6. To consider and if thought fit, to pass with or without modification the following resolution as an **ORDINARY RESOLUTION** :
" Resolved that pursuant to the provision of section 198,269,309, 310 & other applicable provisions if any of the Companies Act 1956 and subject to the approval of the Central Government if applicable and consent of the members be and is hereby accorded for appointment and remuneration of Mr. Rakeshwar Dayal Mathur as Whole Time Director of the company for a period of one year with effect from 15th May 1998, upon the terms and conditions & remuneration as set out in the explanatory statement with the liberty to the Board of Directors to alter and vary the terms & conditions thereto in such manner as may be agreed to between the Board of Directors and Mr. Rakeshwar Dayal Mathur."



NOTES

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 **Monday, the 14th September, 1998 to the Saturday, 19th September, 1998 (both days inclusive).**
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under item 4 to 6 as set out above are annexed hereto.
4. Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
5. Members desiring any information on the Accounts are required to write to the Company at its Registered Office giving atleast seven days time before the date of the Annual General Meeting to enable the Management to collect and keep the information ready.
6. Members are requested to bring their copy of Annual Report with them as the same will not be supplied again at the meeting as a measure of economy.

EXPLANATORY STATEMENT

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

Item No.4

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

None of the Directors is concerned or interested in the proposed business

Item No.5

Mr. Nand Khemka, the Chairman of your Company held office as the Managing Director till December 31, 1997 pursuant to the approval granted by the members at the 18th Annual General Meeting of the Company held on August 12, 1997.

The Board of Directors of your company in their meeting held on 7th November, 1997 approved the re-appointment of Mr. Nand Khemka as the Managing Director of your Company with effect from January 1, 1998 for a period of one year. However, It may please be noted that Mr. Nand Khemka has relinquished the office of Managing Director of the Company with effect from 14th May, 1998, while continuing in his capacity as Director and Chairman of the Board. Therefore, the consent of the members is being sought for his re-appointment and remuneration as given below as Managing Director of the Company for a period commencing from 1st January, 1998 to 14th May, 1998.

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

(B) REMUNERATION

- i) **Salary** Rs. 50,000/- per month.
- ii) **Perquisites** Perquisites will be allowed in addition to salary restricted to an amount equal to the Annual Salary or Rs. 1,35,000/- per annum, whichever is less. For this purpose, perquisites are classified into three categories, category-A, category-B and category-C and ceiling shall apply only to category-A.

CATEGORY A

Housing

The Expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceilings :

- a) Delhi, Bombay, Calcutta and Madras ; 60% of the salary over and above 10% payable by Managing Director.
- b) Other place; 50% of the salary over and above 10% payable by the Managing Director.



Explanation	The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962. This will, however be subject to a ceiling of 10% of the salary of the Managing Director. If the Company does not provide accommodation to the Managing Director, House Rent Allowance may be paid by the Company to him in accordance with Category-A. If accommodation is provided in the Company owned House, the Managing Director will pay to the Company by way of rent, 10% of the Salary.
Medical reimbursement	Expenses incurred for self and family subject to a ceiling of one month's salary over a period of three years. Insurance premia under hospitalisation insurance scheme for himself and his family shall also be paid by the Company.
Leave Travel	Actual fare by Road, Rail or Air for self and family every year to and from any place in India.
Concession	
Club fees	Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
Personal Accident Insurance	Premium not to exceed Rs. 1,000/- per annum.

CATEGORY B

Company's contribution to Provident Fund and Superannuation/Pension Fund shall not exceed 25% of the salary as laid down under the Income Tax Rules, 1962.

Gratuity payable shall not exceed one half month's salary for each completed year of service, subject to a ceiling of Rs.2,50,000/-.

CATEGORY C

The Company shall provide a car with driver and telephone facility at the residence of the Managing Director.

- C) **LEAVE** : On full salary, as per rules of the Company but not exceeding one month's leave for 11 months of service, subject to the condition that leave accumulated but not availed of, shall not be allowed to be encashed.
- D) The Managing Director shall not become interested or otherwise concerned directly or through his wife and/or minor children in any buying and selling agency of the Company in future without the prior approval of the Board of Directors or subject to such other approvals as may be considered necessary.
- E) The Managing Director shall not be entitled to fees payable to Directors for attendance at Board Meetings and of all Committees appointed by the Board.
- F) The Agreement may be terminated by either party by giving to the other six months notice of such termination.

None of the Directors except Mr. Nand Khemka himself and Mr. S.L.Khemka being his brother are concerned or interested in the proposed business.

The abstract of the terms and conditions governing the re-appointment and remunerations of Mr. Nand Khemka, pursuant to section 302 of the Act has already been mailed to the members.

Item No.6.

As Mr. Nand Khemka relinquished the office of Managing Director of Company with effect from 14th May, 1998, the Board of Directors in its meeting held on 25th March, 1998 appointed Mr. R.D.Mathur, President of the Company as Whole Time Director on the Board under section 269 of the Companies Act 1956 with effect from 15th May, 1998 for a period of one year.

Mr. Mathur's appointment and remuneration as Whole Time Director is subject to your approval & Central Government. The Board of Directors consider that it is in the interest of your company to approve the appointment & remuneration of Mr. Rakeshwar Dayal Mathur as Whole Time Director.

The material terms & conditions of appointment & remuneration of Mr. Mathur are as under :-

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



(B) Whole Time Director shall be paid the following remuneration :

- | | |
|------------------------|--|
| i) Salary | Rs. 70,000/- per month. |
| ii) Perquisites | Perquisites will be allowed in addition to salary restricted to an amount equal to the Annual Salary or Rs. 3,26,000/- per annum, whichever is less. For this purpose, perquisites are classified into three categories, Category-A, category-B and category-C and ceiling shall apply only to category-A. |

CATEGORY A

- | | |
|-------------------------------|--|
| Housing | The Expenditure by the Company on hiring unfurnished accommodation will be subject to the ceilings of Rs. 3,00,000/- (Rupees three lacs only) per annum. |
| Life Insurance Premium | Insurance premia under Life Insurance scheme for himself and his family subject to maximum limit of Rs. 26,000/- per annum will be paid by the Company. |

CATEGORY B

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

Gratuity payable shall not exceed one half month's salary for each completed year of service, subject to a ceiling as per the Payment of Gratuity Act 1972. For this purpose, he will be deemed to have been in continuous service of the Company since March 19, 1996.

CATEGORY C

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

C) LEAVE

Leave with Salary will be provided as per the rules of the company. However leave accumulated but not availed of shall be encashed at the end of the tenure.

- D) The Whole Time Director shall not become interested or otherwise concerned directly or through his wife and/or minor children in any buying and selling agency of the Company in future without the prior approval of the Board of Directors or subject to such other approvals as may be considered necessary.
- E) The Whole Time Director shall not be entitled to fees payable to Directors for attendance at Board Meetings and of all Committees appointed by the Board.
- F) The Agreement may be terminated by either party by giving to the other three months notice of such termination or three months salary in lieu thereof. Such termination may be effected by the Chairman as and when he thinks fit on behalf of the Company. Whole Time Director will not be entitled to any compensation for loss of office due to termination Under Section 318 of the Company Act, 1956 or otherwise.
- G) Whole Time Director shall exercise such power and function and on such terms as the Board of Directors of the Company may prescribe from time to time, it being agreed and understood that the Board shall have the power to alter modify, revoke or withdraw all or any of the powers so conferred.
- H) Whole Time Director shall not be liable to retire by rotation.

None of the Directors except Mr. Rakeshwar Dayal Mathur himself is concerned or interested in the proposed business.

The abstract of the terms and conditions governing the appointment and remunerations of Mr. Rakeshwar Dayal Mathur, pursuant to section 302 of the Act has already been mailed to the members.

By Order of the Board
for **INDAG RUBBER LIMITED**

Place : New Delhi
Date : 29th June, 1998

(P.C.JAIN)
COMPANY SECRETARY



DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors are pleased to present the 19th Annual Report together with the Audited Statement of Accounts of the Company for the accounting period ended March 31, 1998.

	1997-98 Rs.(Lacs)	1996-97 Rs.(Lacs)
Profit before interest & Depreciation	2,38.25	2,38.25
Interest for the year	64.30	64.30
Profit before Depreciation	1,73.95	1,73.95
Depreciation	32.82	32.82
Profit for the year	1,41.13	1,41.13
Prior Period Adjustments	2.44	2.44
Profit before Income Tax	1,38.69	1,38.69
Provision for Income Tax	8.00	8.00
Profit after Income Tax	1,30.69	1,30.69
Transfer to Investment Allowance Reserve	6.93	6.93
Balance brought forward from previous year's Profit/(Loss)	(80.66)	(2,04.42)
Profit/(Loss) carried to balance sheet	(80.66)	(80.66)

OPERATIONS

You would be pleased to note that your Company's performance has consistently improved during the last three years wiping off the entire accumulated losses during the period under review.

The prices of raw materials such as Natural and Synthetic Rubber have been favourable during this period. This, along with better management of resources has resulted in improved performance. The company has been focussing on providing better customer services and employee satisfaction.



During the year, the company achieved a sales revenue of Rs. 32,67 lacs as compared to Rs. 32,88 lacs in the previous year. The profit before tax is Rs. 1,74.11 lacs as compared to Rs. 1,38.69 lacs in the previous year. After providing for Income tax the net profit amounts to Rs. 1,15.11 lacs.

We continue to take steps to expand our range of products and improve quality. We hope to improve our performance in the coming year despite increased pressure from market place.

DIRECTORS

According to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S.L.Khemka and Mr. R.Parameswar, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

Various notes referred to in the Auditors Report, read with schedule 16 of Notes to the Accounts, are self explanatory.

AUDITORS

The Auditors of the Company, M/s S.R. Batliboi & Co., 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

A Statement of particulars of employees as required under Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975, is appended hereto as Annexure-I and forms part of this report.