

Indag Rubber Limited

11 Community Centre, Saket, New Delhi - 110017

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Annual Report

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INDAG

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Indag Rubber Limited

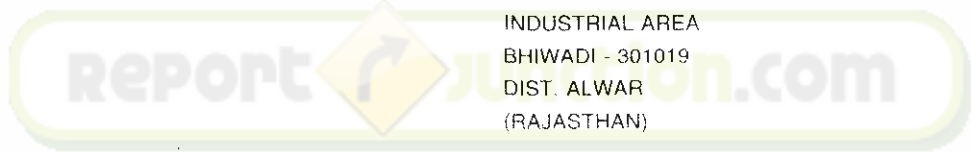


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- **BOARD OF DIRECTORS**
NAND KHEMKA
(Chairman)
S.L. KHEMKA
CHARLES J.A. BESIN
M.K. JHAWAR
P.R. KHANNA
R. PARAMESHWAR
ASHOK WADHWA
(President & Director)
- **COMPANY SECRETARY**
P.C. JAIN
- **BANKERS**
STATE BANK OF INDIA
STATE BANK OF BIKANER & JAIPUR
- **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**
11, COMMUNITY CENTRE, SAKET
NEW DELHI - 110 017
- **WORKS**
PLOT NO. SP 86
INDUSTRIAL AREA
BHIWADI - 301019
DIST. ALWAR
(RAJASTHAN)





DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors are pleased to present the 20th Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 1999.

	1998-99 Rs. (Lacs)	1997-98 Rs. (Lacs)
Profit before Interest & Depreciation	275.17	331.43
Interest for the year	22.20	112.88
Profit before Depreciation	252.97	218.55
Depreciation	37.61	36.42
Profit for the year	215.36	182.13
Prior Period Adjustments	15.01	8.02
Profit before Income Tax	200.35	174.11
Provision for Income Tax	80.19	59.00
Profit after Income Tax	120.16	115.11
Balance brought forward from previous year's Profit/(Loss)	34.45	(80.66)
Profit carried to balance sheet	154.61	34.45

OPERATIONS

During the year, the Company achieved a sales revenue of Rs. 3040 lacs as compared to Rs. 3267 lacs in the previous year. The profit before tax is Rs. 200.35 lacs as compared to Rs. 174.11 lacs in the previous year. After providing for Income tax, the net profit amounts Rs. 120.16 lacs. Having wiped off the entire accumulated losses during the year 1997-98, your Company has further improved its position of reserves during the year under review despite the recession in the Industry.

The Company has been focusing on private franchisees business and improved quality of service to its customers. During



the year, the volume of business with State Transport Undertakings was affected which resulted in a somewhat lower turnover. However, efforts are on to re-focus on the STU business this year where a sizeable potential exists.

The Company has undertaken an aggressive programme to control costs and upgrade its facilities in order that the Company's operations become more competitive and cost-effective and more responsive to the needs of the consumers.

We have also embarked on a programme to obtain ISO 9000 certification, although we already continue to meet the most stringent quality standards as well as the highest expectations of the consumers through the 15 years of our existence. The ISO 9000 certification will further endorse Indag's commitment to quality as well as determination, dedication and team spirit of its workforce.

DIVIDEND

In view of the necessity to consolidate the Company's financial position and to conserve the resources for future expansion, it is decided not to declare dividend for the year under review.

Y2K COMPLIANCE

The Company has initiated steps to meet Y2K requirements effectively and the expenditure to ensure Y2K compliance is not expected to have any material financial impact. The Company is confident that the preventive steps taken in advance are sufficient to meet the Y2K requirements.

DIRECTORS

According to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Charles J.A. Besin and Mr. P.R.Khanna are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year, Mr. Nand Khemka relinquished the office of the Managing Director; however, he continues to be the Chairman of the Company. Mr. Li Hong Yan Henry, Director and Mr. Rakeshwar Dayal Mathur, Whole Time Director also resigned from the Directorship of the company. The Board of Directors places on record its appreciation of the valuable contribution made by them during their tenure.

AUDITORS' REPORT

The 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.

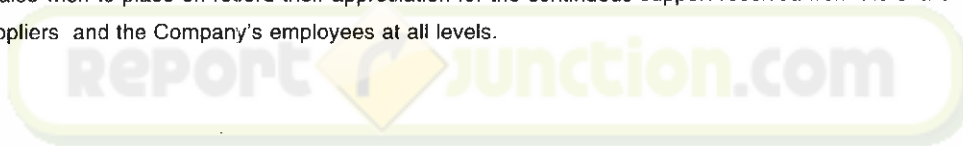
RESEARCH AND DEVELOPMENT/TECHNOLOGY ABSORPTION/FOREIGN EXCHANGE EARNING AND OUTGO.

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 -II and forms part of this Report.

ACKNOWLEDGEMENTS

Your Directors acknowledge and appreciate the active and strong support received from Bandag Inc. and the Company's Bankers.

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

Place : New Delhi
Dated : 17th May, 1999

(NAND KHEMKA)
CHAIRMAN

ANNEXURE -I

**STATEMENT CONTAINING PARTICULARS OF EMPLOYEES REFERRED TO IN
THE DIRECTOR'S REPORT FOR THE ACCOUNTING PERIOD ENDED MARCH 31, 1999
AND FORMING PART THEREOF.**

S.No.	Name	Designation	Date of Commencement of Employment	Date of Cessation of Employment	Age (Yrs)	Experience (Yrs)	Last Employ- ment Held- Name of the Company	Position Held	Remuneration (Rs. Lacs)	Qualification
A. Employed for the full Financial Year and in receipt of remuneration not less than Rs. 6,00,000/- p.a. —NONE.										
B. Employed for part of the Financial year and in receipt of remuneration not less than Rs. 50,000/- p.m.										
1.	Mr. Nand Khemka	Chairman & Managing Director	01/01/82	14/05/98	64	35	Associated Excavators & Dozers (P) Ltd	Director	0.73	M.S.(F.T), USA MBA . USA
2.	Mr. R.D. Mathur	President & Director	19/03/96	30/11/98	47	26	Escorts Claas Ltd	Chief Operating Officer	9.48	B.Tech
3.	Mr. Ashok Wadhwa	President & Director	21/12/98	—	51	28	Dunlop India Ltd.	Vice President (Marketing)	2.25	B.Sc. Engineering

NOTES :-

- The above named employees are/were in whole time employment of the Company and the terms of their employment are/were as per applicable company rules. Their employments are contractual.
- Except Mr. Nand Khemka, none of the above employees is relative of any Director of the Company.
- Remuneration as shown above includes (a) Salary, Company's contribution to Provident Fund, Leave Home Travel Facilities, Reimbursement of Medical Expenses and (b) taxable value of other perquisites as per Income Tax Rules.



ANNEXURE-II

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 :

1. Incoming main voltage has been readjusted which will result in greater efficiency of power utilisation and longer life of motors and luminaires.
2. Recovery of steam condensate has been made more effective by overhauling/changing the steam traps which will reduce consumption of fuel for boiler.
3. Corrective measures have been taken to control leakage of compressed air which will result in saving of energy.

(B) TECHNOLOGY ABSORPTION :

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

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

With the active support of Bandag Incorporated USA, our foreign collaborator, the company has been able to make export of equipment spares to South East Asian countries. We are also exploring new markets for export with the continuous support of our Collaborator.

- (b) Total Foreign Exchange used and earned:

	1998-99 (Rs. Lacs)	1997-98 (Rs. Lacs)
Foreign Exchange earned	4.99	7.00
Foreign Exchange used	119.83	60.84



FORM - B

(See Rule 2)

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

RESEARCH AND DEVELOPMENT

Sustained R&D efforts are being pursued by the Company with the assistance of Bandag Inc. , USA to develop improved tread quality and designs which suit Indian road conditions. The Company has laid special emphasis towards developing improved Radial Tyre Retreading and repair technique to meet the growing radial market.

The Company has introduced a number of New Patterns for Tyre Retreading and these have been well accepted in the market. The Company also continually upgrades compounding and processing for better performance.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | The Company being quality conscious, we continually update our technology, and greater emphasis is laid on indigenisation and cost reduction. |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. | Technology provided by Bandag has been considerably adapted and we continue to be in a position to offer our Indian customers a better and more qualitative range of services in the field of tyre retreading. |
| 3. Information regarding technology imported during last five years. | The Company continues to receive support on technology upgradation on an on-going basis from Bandag Inc. U.S.A. |