

ANNUAL REPORT 2000

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Indag Rubber Limited



NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF INDAG RUBBER LIMITED WILL BE HELD ON **MONDAY, THE 4TH SEPTEMBER, 2000 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, 2000 and the audited Balance Sheet for the period ended as at that date, alongwith the Reports of Auditors and Directors thereon.
2. To appoint Mr. P.R.Khanna as a Director in place of Mr. M.K.Jhawar who retires by rotation.
3. To appoint a Director in place of Mr. Nand Khemka, 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. Batliboi & Co., Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to audit the Accounts for the Accounting Year 2000-2001 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, and subject to the approval of the Central Government if applicable, consent of the members be and is hereby accorded for re-appointment and remuneration of Mr. Ashok Wadhwa as Whole Time Director of the Company for a period of one year with effect from 6th January, 2000 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. Ashok Wadhwa".

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

"Resolved that the remuneration of Mr. Ashok Wadhwa, Whole Time Director of the company is hereby increased to RS. 12,33,000/- p.a. w.e.f. 1st April, 2000, the details of which are set out in the explanatory statement."

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 Wednesday, the 30th August, 2000 to Monday, the 4th September, 2000 (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 and 5 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. 2

Pursuant to section 256 of the Companies Act, 1956 Mr. M.K.Jhawar is liable to retire by rotation.

However, due to pre-occupations, Mr. M.K.Jhawar has expressed his inability to continue as a director on the Board. Hence, it is proposed to appoint Mr. P.R.Khanna as a director in place of the retiring director, Mr. M.K.Jhawar.

Mr. P.R.Khanna vacated the office of director from the Board of the company w.e.f. 6th September, 1999 and was appointed as an additional director on the Board w.e.f. 20th January, 2000. Mr. P.R.Khanna will hold office until the conclusion of the ensuing Annual General Meeting.

As required under Section 257, the company has received notice from a member signifying his intention to propose Mr. P.R.Khanna 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 Mr. P.R.Khanna as per proposed resolution.

Except Mr. P.R.Khanna, no other director is interested in the proposed resolution.

Item No. 4

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

Accordingly, the shareholders are requested to approve the re-appointment of Statutory Auditors by passing the special resolution.

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

Item No. 5

Pursuant to section 269 of the Companies Act 1956 Mr. Ashok Wadhwa, President of the Company was appointed as Whole Time Director, on the Board from 6th January, 1999 for a period of one year.



Considering the services rendered by Mr. Ashok Wadhwa towards the better administrative control and restructuring of the organisation, it was considered desirable to reappoint Mr. Wadhwa w.e.f. 6th January, 2000 for another period of one year on the same remuneration.

The material term & conditions of re-appointment & remuneration of Mr. Wadhwa 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.

- 1) **Salary** Rs. 60,000/- per month.
- 2) **Perquisites** Perquisites will be allowed in addition to salary restricted to an amount equal to the Annual Salary of Rs. 3,78,000/- (Rupees three lacs seventy eight thousand only) per annum, whichever is less. For this purpose, perquisites are classified into three categories, category-A, category-B and category-C and ceiling shall apply only to category-A.

CATEGORY A

Housing	The Expenditure by the Company on hiring unfurnished accommodation will be subject to the ceiling of Rs. 2,40,000/- (Rupees two lacs forty thousand only) per annum.
Leave Travel Allowance	Reimbursement towards the expenses incurred by him and his family on leave travel once in a year for an amount not exceeding Rs. 60,000/- (Rupees sixty thousand only) per annum.
Medical Expenses	Reimbursement towards medical expenses incurred on himself or on his family for an amount not exceeding Rs. 30,000/- (Rupees thirty thousand only) per annum.
Driver Salary	The expenditure on hiring a driver for his official car not exceeding Rs. 48,000/- (Rupees forty eight thousand only) per annum.

Category B

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

Gratuity payable shall not exceed one half month's salary for each completed year of service or part thereof in excess of six months, 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 December 21, 1998.

Category C

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

- D) **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.
- E) 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.
- F) 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.
- G) The Agreement may be terminated by either party by giving to the other one month notice of such termination or one month salary in lieu thereof at the Company's option which may be given at any time. 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 Companies Act, 1956 or otherwise.
- H) The Whole Time Director shall exercise such powers and functions and on such term as the Board of Directors of the Company may prescribe from time to time, it being agreed and understood that the Board shall have the power to alter, modify, revoke or withdraw all or any of the powers so conferred.
- I) The Whole Time Director shall not be liable to retire by rotation.



The Company stands to gain considerably by the appointment of Mr. Ashok Wadhwa as Whole-time Director, and accordingly your Director recommend the resolution for your approval.

None of the Directors except Mr. Ashok Wadhwa himself is concerned or interested in the proposed business.

Pursuant to section 302 of the Companies Act, 1956 the abstract of the terms and conditions governing the appointment and remuneration of Mr. Ashok Wadhwa, has already been circulated to the members.

Item No. 6

In view of enhancement of the limits prescribed under Part II of Schedule XIII of the Companies Act, 1956 w.e.f. 2nd March, 2000, the remuneration payable to Mr. Ashok Wadhwa, Whole Time Director is proposed to be increased to RS. 12,33,000/- p.a., as set out below, on same terms & conditions w.e.f. 1st April, 2000.

- | | |
|-----------------------|---|
| 1) Salary | Rs. 70,000/- per month. |
| 2) Perquisites | Perquisites will be allowed in addition to salary restricted to an amount equal to the Annual Salary of Rs. 3,93,000/- (Rupees three lacs ninety three thousand only) per annum, whichever is less. For this purpose, perquisites are classified into three categories, category-A, category-B and category-C and ceiling shall apply only to category-A. |

CATEGORY A

- | | |
|-------------------------------|---|
| Housing | The Expenditure by the Company on hiring unfurnished accommodation will be subject to the ceiling of Rs. 2,40,000/- (Rupees two lacs forty thousand only) per annum. |
| Leave Travel Allowance | Reimbursement towards the expenses incurred by him and his family on leave travel once in a year for an amount not exceeding Rs. 70,000/- (Rupees seventy thousand only) per annum. |
| Medical Expenses | Reimbursement towards the medical expenses incurred on himself or on his family for an amount not exceeding Rs. 35,000/- (Rupees thirty five thousand only) per annum. |
| Driver Salary | The expenditure on hiring a driver for his official car not exceeding Rs. 48,000/- (Rupees forty eight thousand only) per annum. |

Category B

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

Gratuity payable shall not exceed fifteen days salary for every completed year of service, or part thereof in excess of six months 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 December 21, 1998.

Category C

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

The other terms and conditions of a appointment shall remain unchanged.

Considering the increase in the operations of the company and the service rendered by Mr. Ashok Wadhwa, the proposed resolution for increase of the remuneration is recommended to the members for approval.

None of the directors except Mr. Ashok Wadhwa himself is interested in the proposed resolution.

By Order of the Board
INDAG RUBBER LIMITED

(Manali D Bijlani)
COMPANY SECRETARY

Place :- New Delhi
Date :- 2nd June, 2000



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- **BOARD OF DIRECTORS**

NAND KHEMKA
(CHAIRMAN)
S.L. KHEMKA
CHARLES J.A. BESIN
P.R. KHANNA
R. PARAMESHWAR
ASHOK WADHWA
(PRESIDENT & DIRECTOR)
- **BANKERS**

CORPORATION BANK
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 21st Annual Report together with the Audited Statement of Accounts of the Company for the accounting period ended March 31, 2000.

FINANCIAL RESULTS :

	1999-2000 Rs. (Lacs)	1998-99 Rs. (Lacs)
Profit before Interest & Depreciation	222.85	260.16
Finance Expenses	58.85	22.20
Profit before Depreciation	164.00	237.96
Depreciation	48.10	37.61
Profit before Income Tax	115.90	200.35
Provision for Income Tax	55.00	80.19
Profit after Income Tax	60.90	120.16
Income Tax refund of earlier year	0.28	-
Balance brought forward from previous year's Profit	154.61	34.45
Profit carried to balance sheet	215.78	154.61

OPERATIONAL PERFORMANCE

During the year under review your Company had achieved a sales revenue of Rs. 3380 lacs as compared to Rs. 3040 lacs in the previous year representing a growth of 11% over the previous year. The Profit before tax is Rs. 116 lacs (previous year Rs. 200 lacs) and Profit after tax amounts to Rs. 61 lacs (previous year Rs. 120 lacs), because of increase in finance costs, other expenses and write offs.

The Company continued to focus on private franchisee business and during the year we have further added to franchisee network. In addition, we refocused on the State Transport Undertakings business this year and will continue to grow in this segment as well, where a sizeable potential exists.



To meet the above increased requirement, the company has taken steps to augment upstream requirements of additional mixing capacity by adding a new intermix.

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

DIVIDEND

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

COMMITMENT TO QUALITY

"Customer satisfaction through Quality". This is the philosophy in which your company believes, and has initiated the process of implementing ISO 9002 at its Head Office and Plant. The organisation's commitment to customer satisfaction and total quality is embedded in Quality Policy. ISO 9002 certification of your company is expected shortly.

ENVIRONMENT PROTECTION

Continuous efforts to nurture, expand and preserve the environment are vigorously pursued. Safety systems are being regularly upgraded. Efforts have been made to improve the work zone environments. Awareness has been created among employees about environment, health and safety aspects.

Y2K COMPLIANCE

Your Company has successfully met the Y2K requirements and there has been no adverse effect of Y2K on the business operations.

DIRECTORS

According to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Nand Khemka and Mr. M.K.Jhawar are liable to retire by rotation at the ensuing Annual General Meeting.

Mr. Nand Khemka being eligible has offered himself for re-appointment.

Mr. M.K.Jhawar has expressed his inability to continue as a director on the Board of your company. Hence it is proposed to appoint Mr. P.R.Khanna as a director in place of Mr. M.K.Jhawar. The Board of Directors places on record its appreciation of the invaluable contribution made by Mr. M.K.Jhawar during his tenure, from the very inception of your company.

During the year, Mr. P.R.Khanna resigned from the directorship w.e.f. 6th September, 1999. Subsequently, he was appointed as an additional director w.e.f. 20th January, 2000 and will retire in the forthcoming Annual General Meeting. Pursuant to Section 257 of the Companies Act, 1956, the Company has received a notice from a member signifying the candidature of Mr. P.R.Khanna for the office of director and the requisite fee has been deposited. Your directors recommend the appointment of Mr. P.R.Khanna.

Mr. Ashok Wadhwa, Whole Time Director has been re-appointed for another period of one year w.e.f. 6th January, 2000 on same terms and conditions. On 2nd June, 2000, the Board of Directors have increased the remuneration of Mr. Wadhwa as set out in the Notice.

**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.Batliloi & 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.

LISTING

Your company is listed with the Stock Exchanges of Delhi and Mumbai and the annual listing fee for the financial year 2000-2001 has been paid.

CORPORATE GOVERNANCE

Your company recognises the importance of good corporate governance which is the platform for building strong and everlasting beneficial relationship with the customers, suppliers, bankers and more importantly with the investors.

Your company is managed by a team of professionals under the control and supervision of the Board of Directors, representing whole time and non- whole time directors.

The Board of Directors and the Share Transfer Committee meets regularly with the main task of supervising and rendering services to shareholders, in accordance with the Statutory guidelines.

Your company has complied with all Statutory regulations relating to factory, workmen, prevention of pollution and has promptly paid the dues with the Government.