

31st Annual Report

2010



INDAG[®]

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 THIRTY-FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF INDAG RUBBER LIMITED WILL BE HELD ON FRIDAY, JULY 30, 2010 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 2010 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.P R Khanna, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.K K Kapur, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit to pass with or without modifications, if any the following resolution as an Ordinary resolution:
5. "Resolved that pursuant to the provisions of section 224 of the Companies Act, 1956 and other applicable provisions if any, M/s.S R Batliboi & Co., (Registration no. 301003E) Chartered Accountants are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company, in place of M/s. S R Batliboi & Associates (Registration no. 101049W), Chartered Accountants, the retiring Auditors of the Company who expressed their unwillingness to be reappointed as Statutory Auditors of the Company on their retirement at this Annual General Meeting, on such remuneration as may be fixed by the Board of Directors."

For and on behalf of the Board of Directors

New Delhi
April 15, 2010

Manali D.Bijlani
Company Secretary

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 July 15, 2010 to July 30, 2010 (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.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956

Item no. 5

M/s. S R Batliboi & Associates, Chartered Accountants, the retiring Statutory Auditors have expressed their unwillingness to be reappointed at the Statutory Auditors of the Company in the forthcoming Annual General Meeting.

In view of the above and based on the recommendation of the Audit Committee, the Board of Directors in their meeting held on April 15, 2010 proposed the appointment of M/s. S R Batliboi & Co., Chartered Accountants as the Statutory Auditors in place of M/s. S R Batliboi & Associates.

The Company has received a special notice from a Member of the company proposing the appointment of M/s. S R Batliboi & Co., Chartered Accountants as the Statutory Auditors of the Company.

The Members approval is being sought to the appointment of M/s. S R Batliboi & Co., Chartered Accountants as the Statutory Auditors and to authorize the Board of Directors on the recommendation of the Audit Committee to fix the remuneration.

The Board recommends this resolution for your approval. None of the Directors are interested in the resolution.

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 P.R. Khanna	Shri K.K. Kapur
Date of Birth	2nd July 1933	15th October 1937
Date of Appointment	8th September 1983	9th April 2001
Qualifications	- Member of Institute of Chartered Accountants of India	Post-graduate in Mathematics - Member of the Institute of Cost and Works Accountants of India
List of outside Directorship	1. Ansal Properties & Industries Ltd. 2. DCM Shriram Industries Ltd. 3. Uniproducts India Limited 4. UTI Asset Management Co. Limited 5. C & S Electric Ltd. 6. Carnation Auto India (P) Limited 7. Modi Tyres (P) Limited.	Nil
Number of shares held in the company	Nil	Nil

DIRECTORS REPORT

**TO
THE MEMBERS,**

Your Directors are pleased to present the 31st Annual Report together with the Audited Statement of Accounts of the Company for the accounting year ended March 31, 2010. Management's discussion and Analysis has been included as part of this report.

FINANCIAL RESULTS :

Particulars	2009-2010 (Rs. in lacs)	2008-2009 (Rs. in Lacs)
Sales and Operating Income	11213.06	7648.80
Profit before Interest & Depreciation	1336.41	1048.68
Finance Expenses	41.12	139.13
Profit before Depreciation	1355.29	909.55
Depreciation	163.27	142.25
Net Profit for the year	1192.02	767.30
Interim Dividend	78.75	-
Proposed Final Dividend	131.25	105.00
Transferred to General Reserve	116.20	70.00

OPERATIONAL PERFORMANCE

During the year under review your company has achieved a turnover of Rs.112.13 crores as against Rs. 76.48 crores in the previous year. The Operational Profit, before making provision for interest and depreciation, amounted to Rs.13.96 crores as against Rs. 10.48 crores in the previous year.

The recent increase in raw material prices has exerted pressure on operating costs.

We have increased our operational efficiencies and fine-tuned our manufacturing processes to refine quality levels even further. The company has put in efforts to go the extra mile in ensuring higher productivity and quality.

The company has completed an expansion of its manufacturing plant at Nalagarh, Himachal Pradesh. As a result of this expansion, the monthly production capacity of Precured Tread Rubber of the plant stands now at around 1200 tons a month besides over 1800 tons of uncured rubber gum. This expansion was completed in a record time enabling the company to avail the benefits of excise etc, on the increased production for nearly next five years.

The financial year saw the company registering increased sales in all the customer segments that it operates in i.e. retail, institutional and exports.

Due to increased demand of our primary product i.e. Precured tread rubber, product accessories such URSG and vulcanizing cement saw a heightened demand. We were manufacturing to capacity and still not able to meet the demand of all the customers. The increase in capacity because of expansion would now allow us to meet this demand.

DIVIDEND

During the year your directors declared Interim dividend of Rs. 1.50 per share on October 13, 2009, which has been paid.

The Directors are pleased to recommend final dividend of Rs.2.50 per equity share thus making a total of Rs.4.00 per equity share for the financial year 2009-2010. The dividend is tax free in the hands of the shareholders.

INDUSTRY EXPERIENCE

Customers have become more cost conscious and competition more fierce. The past year saw new entrants in the form of Tyre companies launching their own brand of retreads. The response so far has been tepid and we are confident of holding our own against these entrants.

The established network of the company by way of dealers has allowed fast delivery of material to customers wherever they may be. This has given our customers an added advantage over the competition in lowering their working capital requirements.

Since tread compounds and patterns also contribute to a tyre's fuel efficiency, we continue working on new compounds and designs to help customers with fuel economy and eco-friendly retreads.

OPPORTUNITIES AND THREATS

The tyre retreading industry as whole has seen growth over the past year. The level of radialization is steadily increasing which necessitates the use of best quality retreads to get the maximum benefit out of the use of radial tyres. Further, the transportation industry is slowly adopting a hub and spoke model, thus allowing for the use of more retreads as transporters prefer to use retreads on short distances.

The presence of local manufacturers who are producing low quality tread rubber poses a big threat to the industry as a whole. The absence of quality manufacturing standards in retread industry hurts the consumer confidence in retreading in general.

The steep rise in raw material prices poses another major threat to retreading industry.

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 rigorous follow-up.
- 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. 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 211 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 accountal 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. P.R.Khanna and Sh.K.K.Kapur will retire from office by rotation, and being eligible, offer themselves for re-appointment.

The Board at its meeting held on January 13, 2010 appointed Mr. Nand Khemka as Chairman cum Managing Director for a period of five years effective April 1, 2010. Approval of the Members to the above appointment was sought and obtained by way of postal ballot.

AUDITORS' REPORT

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

AUDITORS

The retiring auditors of the Company, S.R.Batliloi & Associates, Chartered Accountants, have expressed their unwillingness to be reappointed for the next year.

The company has received special notice from a member signifying the intention to propose the appointment of M/s. S R Batliloi & Company, Chartered Accountants as the Statutory Auditors of the company. The requisite certificate under section 224(1B) of the Companies Act 1956 has been received from them.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended, regarding employees is given in Annexure II.

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 Mumbai and Delhi.

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, 2010, a total of 1661171 equity shares which forms 31.64% of the share capital stands dematerialized.

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.

THE DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors wish to inform Members that the Audited Accounts containing Financial Statements for the Financial Year 2009-2010 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 as disclosed in Annual Accounts 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 approved policies and procedures have been followed.

CONCLUSION

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 15, 2010

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 overall electrical energy and fuel consumption per ton 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.239.39 lacs.

(b) Total Foreign Exchange used and earned:

Particulars	2008-2009 (Rs. in Lacs)	2007-2008 (Rs. Lacs)
Foreign Exchange earned	239.39	215.20
Foreign Exchange used	26.86	92.50

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.

ANNEXURE-II

PARTICULARS OF EMPLOYEES

(UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Name	Designation & Nature of Duties	Remuneration Gross (Rs.)	Qualifications	Date of Commencement of Employment	Total Experience	Age in years	Last Employment
K K Kapur	Whole Time Director & CEO	57,05,537	Masters in Mathematics, ICWA	9 April 2001	50	72	Enron India Pvt.Ltd.

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.

BOARD OF DIRECTORS

The Board comprises of six directors, which include one executive director and five non-executive directors as on March 31, 2010. 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 22, 2009	No. of Other Directorship Held in Public Companies	Number of Membership in Committees (including INDAG)	
					Member	Chairman
Mr. Nand Khemka	Chairman, (interested)	4	Yes	1	1	1
Mr.S.L.Khemka	Non-Executive, (interested)	2	No	Nil	Nil	Nil
Mr. P.R.Khanna	Non-Executive, (independent)	4	Yes	6	4	4
Mr.R.Parnameswar	Non-Executive, (independent)	4	Yes	Nil	1	1
Mr. K.K.Kapur (Whole-time Director)	Executive, (interested)	4	Yes	Nil	1	Nil
Prof. Hitendra Wadhwa	Non-Executive, (independent)	2	No	Nil	Nil	Nil

Four meetings of the Board of Directors were held during the year, viz on April 23, 2009, July 22, 2009, October 13, 2009 and January 19, 2010. 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.

A. 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 April 23 2009, July 22 2009, October 13 2009 and January 19 2010. 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)	4

B. 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.Parmeswar	Member (Independent)
Mr.P.R.Khanna	Member (Independent)

Remuneration Committee meetings were held as under

Date of meeting	Purpose
April 23, 2009	To review and approve the payment of commission not exceeding one percent of the net profits to Non Executive Directors for a period of five years with effect from April 1, 2008.
January 19, 2010	To approve terms of appointment and remuneration of Mr.Nand Khemka as Chairman cum Managing Director for a period of five years with effect from April 1, 2010.

A. Non-Executive Directors

The remuneration of Non Executive Directors of company is decided by the Board of Directors. The Non Executive Directors are paid remuneration by way of Commission and Sitting fee. In terms of the approval of the members at the 30th Annual General Meeting of the company held on July 22, 2009, Commission is paid at the rate not exceeding one percent of net profits of the company calculated in accordance with the provisions of section 198, 349 and 350 of the Companies Act, 1956. The distribution of the Commission amongst the Non Executive Directors is determined by the Board and is broadly on contribution at the Board meeting and various Committee meetings as well as time spent on operational matters.

Directors	Relationship with other Directors	Business relationship with the company, if any	Sitting fee paid during 2009-2010 (Rs.)	Commission Paid Year (Rs.)		Number of share and convertible Instruments help
				2008-09	2009-10	
Mr. Nand Khemka	Brother of Mr.S.L. Khemka	Nil	2,20,000	Nil	Nil	3701 equity shares
Mr. S.L.Khemka	Brother of Mr. Nand Khemka	Nil	40,000	Nil	Nil	Nil
Mr.P.R.Khanna	Nil	Nil	1,80,000	4,00,000	5,00,000	Nil
Mr.R.Parameswar	Nil	Nil	2,20,000	4,00,000	5,00,000	Nil
Prof.Hitendra Wadhwa	Nil	Nil	60,000	Nil	2,48,000	Nil

No severance fee is payable to non- executive directors of the Company.

B. Whole Time Director

Executive Director	Relationship with other Directors	Business relationship with the Company, if any	Remuneration paid during the 2009-2010			
			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.57.06 lacs	Rs.53.61 lacs	Ref. note b	Ref. note c

- a. 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.24.96 lacs as bonus for the year 2009-2010.
- b. 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.
- c. 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
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	10:00AM	Sai International Centre Pragati Vihar, Lodhi Road New Delhi - 110003
30th AGM - 22nd July 2009	10:00 AM	Sai International Center Pragati Vihar, Lodi Road New Delhi - 110003

No special resolutions were put through postal ballot in the last AGM. However the special resolution for appointment of Mr.Nand Khemka as Chairman cum Managing Director with effect from 1st April 2010 for a period of five years was put through postal ballot. The result was declared on April 22, 2010 as under

No. of votes (shares) voted in favour of resolution	No. of votes (shares) voted against resolution	No. of votes (shares) invalid
3977661	1172	15

VI. DISCLOSURES

During the financial year ended the 31st March, 2010 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". Bombay Stock Exchange vide their letter no.DCS/COMP/SD/509162/413/2008-09 dated March 17, 2010 has served Show Cause Notice to the company to raise Minimum Public Shareholding. We informed the Stock Exchange that the promoters have off-loaded 0.68% shares and would bring down their shareholding to 75% in next 6-8 months.

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 have 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 : July 30, 2010 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 : July 15, 2010 to July 30, 2010 (Both dates inclusive)

(iv) Dividend Payment Date : August 4, 2010

(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 2009	32.25	19.70	12704
May 2009	52.00	33.85	90987
June 2009	66.75	46.00	66895
July 2009	59.90	45.50	49048
August 2009	60.00	50.40	65546
September 2009	67.00	52.25	108656
October 2009	85.00	55.00	241691
November 2009	85.00	71.70	82119
December 2009	92.40	78.00	174693
January 2010	101.95	85.05	254711
February 2010	93.00	80.00	77753
March 2010	102.90	83.00	197196

(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, 2010

No. of equity shares held	Shareholders		% of Shareholding	
	Number	% to total	Total (in Rs.)	% in total
Up to 500	5094	95.27	428727	8.17
501 to 1000	121	2.26	99930	1.90
1001 to 2000	53	0.99	76253	1.45
2001 to 3000	23	0.43	60053	1.14
3001 to 4000	10	0.19	35769	0.68
4001 to 5000	9	0.17	42179	0.80
5001 to 10000	18	0.34	129714	2.47
10001 and above	19	0.36	4377375	83.38
Total	5347	100	5250000	100

(xi) Categories of Shareholding : As on March 31, 2010

Category	No. of Shares held	% of Shareholding
Indian Promoters	1836113	34.97
Foreign Promoters	0	0
Directors & their relatives	2357002	44.90
UTI/Financial Institutions & Banks	2050	0.04
Body Corporate	193747	3.69
NRI/ OCB	15830	0.30
Indian Public	845258	16.10
Total	5250000	100

(xii) Payment of dividend through Electronic Clearing Service:

The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends. As per the recent RBI guidelines, effective from September 30, 2009, ECS credit will be moved completely on National Electronic Clearance System (NECS) platform through core banking system. Accordingly, dividend will be credited to the shareholders' bank account through NECS where complete core banking details are available with the Company. In the event any branch of a bank has not migrated to core banking system, or where the core banking account number is not furnished by the shareholder to the Depository/Company as the case may be, the Company will print the details available in its records on the dividend warrants to be issued to the shareholders. The Company is complying with SEBI's directive in this regard.

(xiii) Unclaimed Dividends

The Company is required to transfer dividends which have remained unpaid /unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. The Company will not require transferring any unclaimed dividend to such fund.

As in the past, the Company will send intimation to shareholders whose dividend warrants have not been encashed. Shareholders are requested to revert to the Company if they have not received / encashed their dividend warrants.

(xiv) Dematerialization of shares : Shares dematerialized with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on March 31, 2010, a total of 1661171 equity shares which forms 31.64% of the share capital stands dematerialised.

(xv) Plant Location : Plot No.86, Industrial Area, Bhiwadi - 301019, Dist.Alwar, Rajasthan (India)

: Village Jhiriwala, Hadbast No. 73, Nalagarh District-Solan (Himachal Pradesh)

(xvi) 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 2009 to 31st March 2010.

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, 2010 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

Place: New Delhi
Date: April 15, 2010

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



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. **FirstShareholder'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

INDAG RUBBER LTD.
FIVE YEAR PROFILE
(A) FINANCIAL

(Rs '000)

	2005-06	2006-07	2007-08	2008-09	2009-10
PAID-UP CAPITAL	52,500	52,500	52,500	52,500	52,500
RESERVES & SURPLUS	46,529	79,600	150,028	216,955	308,122
SECURED LOANS	112,910	124,923	77,839	1,778	73,026
UNSECURED LOANS	0	5,000	0	0	0
DEFERRED TAX LIABILITY (NET)	0	1,642	3,878	3,491	6,957
	211,939	263,665	284,245	274,724	440,605
REPRESENTED BY :					
GROSS BLOCK	240,676	252,575	261,837	283,544	346,319
LESS : DEPRECIATION	106,472	119,332	133,338	146,448	162,081
NET FIXED ASSETS	134,204	133,243	128,499	137,096	184,238
CAPITAL WORK-IN-PROGRESS	35	222	11,432	13,653	11,616
CURRENT ASSET	161,120	204,722	245,274	225,444	412,867
CURRENT LIABILITY	92,449	74,522	100,960	101,469	168,116
NET CURRENT ASSETS	68,671	130,200	144,314	123,975	244,751
LOSS	9,029	0	0	0	0
	211,939	263,665	284,245	274,724	440,605
SALES	378,345	609,018	739,411	761,495	1,112,965
EBIDT	17,312	74,544	113,213	104,868	139,641
INTEREST	8,380	16,857	13,148	13,913	4,112
DEPRECIATION	6,414	13,520	14,006	14,225	16,327
PROFIT BEFORE TAX	2,518	44,167	86,059	76,730	119,202
PROFIT AFTER TAX	-4,136	42,100	82,761	76,211	115,736
DIVIDEND INCL. CORPORATE DIVIDEND TAX	0	0	12,284	12,284	24,569
INTERNAL GENERATION	2,278	55,620	96,767	90,436	132,063
NET WORTH	90,000	132,100	202,528	269,455	360,622
CAPITAL EMPLOYED	202,875	263,443	272,813	261,071	428,989

(B) FINANCIAL RATIOS

NET WORTH PER RUPEE OF					
PAID-UP CAPITAL (RS.)	1.71	2.52	3.86	5.13	6.87
BORROWINGS TO NET WORTH (RS)	1.25	0.98	0.38	0.01	0.20
EBIDT TO CAPITAL EMPLOYED (%)	8.53	28.30	41.50	40.17	32.55
PROFIT BEFORE TAX TO NET WORTH (%)	2.80	33.43	42.49	28.48	33.05
PROFIT BEFORE TAX TO SALES (%)	0.67	7.25	11.64	10.08	10.71
EARNING PER SHARE (RS.)	-0.79	8.02	15.76	14.52	22.04
DIVIDEND PER SHARE (RS.)	0.00	0.00	2.34	2.34	4.68
DIVIDEND PAYOUT RATIO (INCLUDING DIVIDEND TAX)	0.00	0.00	14.84	16.12	21.23

(C) PHYSICAL
(i) PRODUCTION (QTY)

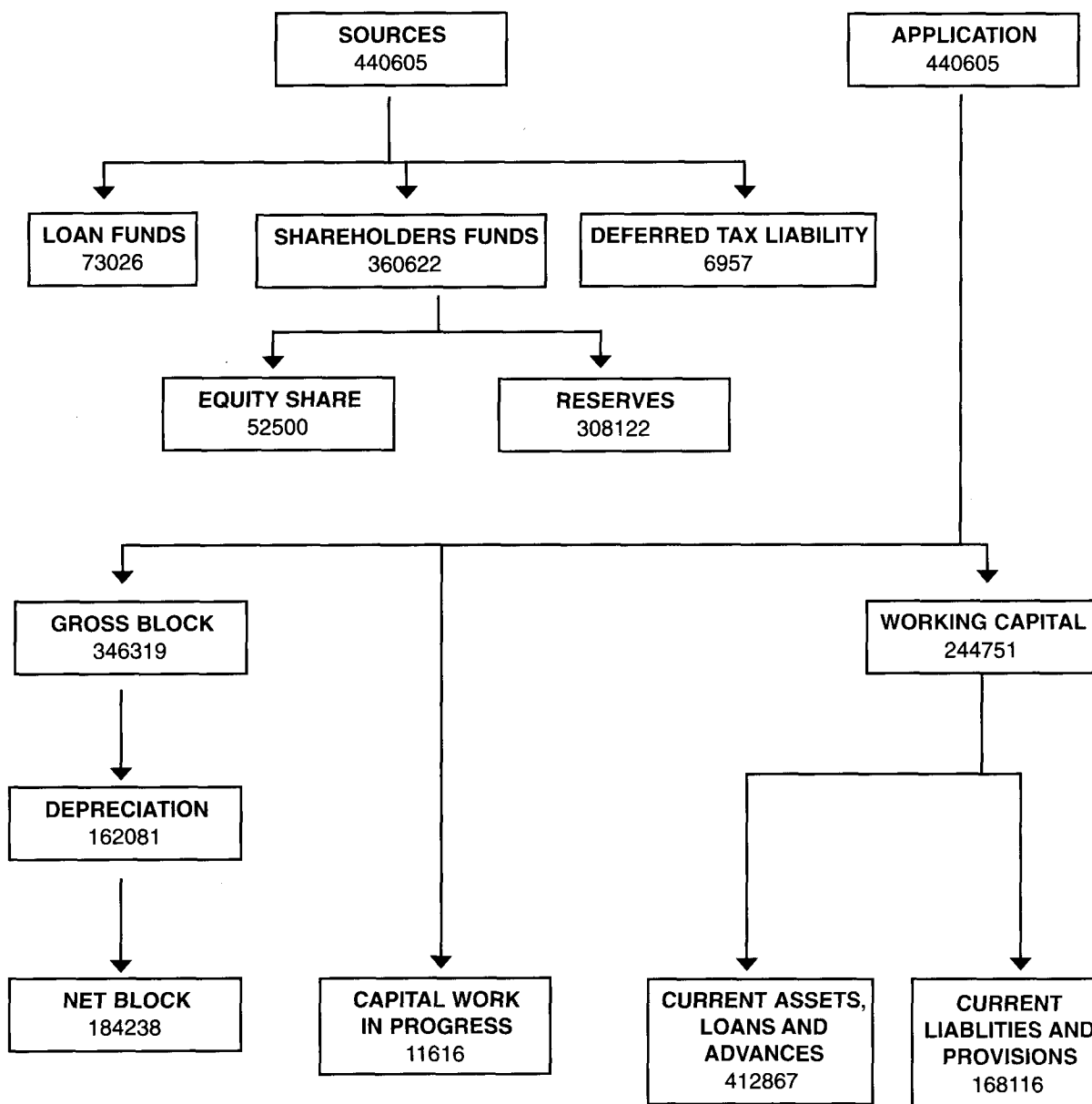
Precured Tread Rubber (MT)	3,784	4,455	5,401	4,636	7,849
URSG (Including Envelopes) (MT)	285	321	535	460	721
USC (K. Ltrs.)	230	260	326	323	446

(ii) SALES (QTY.)

Precured Tread Rubber (MT)	3,682	4,472	5,174	4,636	7,592
URSG (Including Envelopes) (MT)	257	307	487	488	695
USC (K. Ltrs)	196	247	285	308	470

**INDAG RUBBER LTD.
SOURCES AND APPLICATION OF FUNDS
AS AT 31ST MARCH 2010**

(RS. '000)



AUDITORS' REPORT

TO

THE MEMBERS OF INDAG RUBBER LIMITED

1. We have audited the attached balance sheet of Indag Rubber Limited (the Company) as at March 31, 2010 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. 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, 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2010 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, 2010;
 - 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**

Firm's Registration No.: 101049W

per Yogesh Midha**Partner**

Membership No.: 94941

Gurgaon

Date: April 15, 2010

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.
 - (b) 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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth Tax, sales tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
 - (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
Uttar Pradesh Value Added Tax, 2008	Sales Tax	349	2009-10	Additional Commissioner Sales Tax
Madhya Pradesh Commercial Tax, 1994	Sales Tax	569	2004-05	Deputy Commissioner, Commercial Tax

- (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 did not have any outstanding debentures and loan from financial institution during the year.
- (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 management term loan were applied for the purpose for which the loans were obtained.
- (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

Firm's Registration No.: 101049W

per Yogesh Midha

Partner

Membership No.: 94941

Gurgaon

Date: April 15, 2010

BALANCE SHEET AS AT MARCH 31, 2010**(Rs. '000)**

	<i>Schedule</i>	As at 31st 31st March 2010	As at 31st 31st March 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	52,500	52,500
Reserves and surplus	2	<u>308,122</u>	<u>216,955</u>
		360,622	269,455
Loan funds			
Secured loans	3	<u>73,026</u>	<u>1,778</u>
		73,026	1,778
Deferred tax liabilities (net)	4	<u>6,957</u>	<u>3,491</u>
		440,605	274,724
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	346,319	283,544
Less : Accumulated depreciation /amortisation		<u>162,081</u>	<u>146,448</u>
Net Block		184,238	137,096
Capital work in progress (including capital advances)		<u>11,616</u>	<u>13,653</u>
		195,854	150,749
Current Assets, Loans And Advances			
Inventories	6	211,595	115,320
Sundry debtors	7	129,128	66,875
Cash and bank balances	8	11,306	10,694
Other current assets	9	93	140
Loans and advances	10	<u>60,745</u>	<u>32,415</u>
		412,867	225,444
Less : Current Liabilities and Provisions			
Current liabilities	11	150,048	86,414
Provisions	12	<u>18,068</u>	<u>15,055</u>
		168,116	101,469
Net Current Assets		244,751	123,975
Notes to Accounts	21	440,605	274,724

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
Firm's Registration No.: 101049W

Manali D. Bijlani
Company Secretary

J. K. Jain
Chief Financial Officer

per **Yogesh Midha**
Partner
Membership No. 94941
Gurgaon
Date: April 15, 2010

K. K. Kapur
CEO & Whole Time Director

Nand Khemka
Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. '000)

	<i>Schedule</i>	Year Ended March 2010	Year Ended March 2009
INCOME			
Turnover (Gross)	13	1,112,965	761,495
Less : Excise duty		-	-
Turnover (Net)		1,112,965	761,495
Other income	14	8,341	3,385
TOTAL		1,121,306	764,880
EXPENDITURE			
Raw materials consumed	15	826,228	506,465
Purchases of traded goods		1,066	1,226
Personnel expenses	16	50,741	36,884
Operating and other expenses	17	161,130	109,206
(Increase)/Decrease in inventories	18	(57,500)	6,231
Depreciation / amortisation	5	16,327	14,225
Financial expenses	19	4,112	13,913
		1,002,104	688,150
Profit before tax		119,202	76,730
Current Tax - Minimum Alternative tax (MAT)		19,914	8,591
Less: MAT Credit Entitlement		(19,914)	(8,591)
Net Current Tax		-	-
Deferred tax charge/(credit)		3,466	(386)
Fringe Benefit Tax [including Rs Nil (Previous year Rs.153 thousand) pertaining to prior year]		-	905
Excess tax provision of earlier years written back		(427)	-
Excess MAT credit entitlement of earlier years written off		427	-
Total tax expense		3,466	519
Net profit after tax for the year		115,736	76,211
Balance brought forward from previous year		153,426	96,499
Amount available for Appropriation		269,162	172,710
APPROPRIATIONS			
Transfer to general reserve		11,620	7,000
Interim dividend		7,875	-
Proposed final dividend		13,125	10,500
Tax on dividends		3,569	1,784
Surplus carried to Balance Sheet		232,973	153,426
Earnings per share (Rs.)	20		
Basic & diluted (Nominal value of shares Rs. 10) (Previous year Rs. 10)		22.04	14.52
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
Firm's Registration No.: 101049W

Manali D. Bijlani
Company Secretary

J. K. Jain
Chief Financial Officer

per **Yogesh Midha**
Partner
Membership No. 94941
Gurgaon
Date: April 15, 2010

K. K. Kapur
CEO & Whole Time Director

Nand Khemka *
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. '000)

	As at March 31, 2010	As at March 31, 2009
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	119,202	76,730
Adjustments for :		
Depreciation/amortisation	16,327	14,225
Profit on disposal of fixed assets (net)	(14)	(231)
Dividend Received	(259)	-
Profit on sale of Investments	(765)	-
Provision for Doubtful debts and advances	(2,043)	1,760
Interest expenses	2,011	10,818
Interest income	(141)	(250)
Operating profit before working capital changes	134,318	103,052
Movement in working capital:		
Decrease /(Increase) in sundry debtors	(60,210)	3,165
Decrease /(Increase) in inventories	(96,275)	10,368
Decrease /(Increase) in loans and advances	(9,308)	7,527
Increase in current liabilities and provisions	63,736	506
Cash generated from operations	32,261	124,617
Direct taxes (paid)	(19,183)	(8,678)
Net cash from operating activities	13,078	115,939
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(61,631)	(25,512)
Proceeds from sale of fixed assets	214	701
Interest received	188	155
Fixed deposits made during the year	(1,791)	(495)
Fixed deposits matured during the year	1,651	-
Investments made during the year	(93,170)	-
Investments redeemed during the year	93,935	-
Dividend Received	259	-
Net cash (used in) investing activities	(60,345)	(25,151)
C CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) of long-term borrowings	(236)	(24,250)
(Repayment)/Proceeds of short-term borrowings	71,484	(51,811)
Interest paid	(2,011)	(10,818)
Dividends paid	(18,375)	(10,500)
Tax on dividends paid	(3,123)	(1,784)
Subsidy received from the government	-	3,000
Net cash from / (used in) financing activities	47,739	(96,163)
Net (decrease) in cash and cash equivalents (A+B+C)	472	(5,374)
Cash and cash equivalents at the beginning of the year	8,284	13,658
Cash and cash equivalents at the end of the year	8,756	8,284
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	33	66
Balances with scheduled banks:		
-on cash credit account	-	2,369
-on current accounts	8,096	5,631
-on unclaimed dividend accounts	627	218
-on fixed deposit accounts	2,546	2,406
Post Office Savings Bank Account *	4	4
Total	11,306	10,694
Less- Fixed deposits considered in the investing activity	2,550	2,410
Cash and cash equivalents at the end of the year	8,756	8,284

* Pledged with Excise Authorities

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 and on behalf of the Board of Directors

For S R. BATLIBOI & ASSOCIATES
Chartered Accountants
Firm's Registration No.: 101049W

Manali D. Bijlani
Company Secretary

J. K. Jain
Chief Financial Officer

per Yogesh Midha
Partner
Membership No. 94941
Gurgaon
Date: April 15, 2010

K. K. Kapur
CEO & Whole Time Director

Nand Khemka
Chairman *

Schedule 1 : Share Capital

(Rs. '000)

	As at 31st March, 2010	As at 31st March, 2009
Authorised 7,000,000 (Previous year 7,000,000) Equity Shares of Rs. 10 each	<u>70,000</u>	<u>70,000</u>
Issued, subscribed & paid up 5,250,000 (Previous year 5,250,000) Equity Shares of Rs. 10 each fully paid-up	<u>52,500</u>	<u>52,500</u>

Schedule 2 : Reserves and Surplus

	As at 31st March, 2010	As at 31st March, 2009
Capital Reserve		
a) Central cash subsidy (as per last Balance Sheet) 4,500		
Less: Transferred to General Reserve on completion of specified terms	<u>1,500</u>	3,000
b) Profit on reissue of forfeited shares (as per last Balance Sheet)	29	29
Securities premium account (as per last Balance Sheet)	45,000	45,000
General reserve		
Balance as per last Balance Sheet	14,000	7,000
Add: Transferred from Capital Reserves on completion of specified terms	1,500	-
Add: Transferred from profit and loss account	11,620	7,000
Profit and loss account	<u>232,973</u>	<u>153,426</u>
	<u>308,122</u>	<u>216,955</u>

Schedule 3 : Secured Loans

	As at 31st March, 2010	As at 31st March, 2009
(Car finance loans from banks (Secured by hypothecation of vehicles financed out of proceeds of loan) (Repayable within one year Rs. 265 (Previous year Rs. 236)	478	714
Cash credit borrowings "(Secured by a first charge on entire current assets of the Company including stock and book debts and fixed assets at Bhiwadi and Nalagarh units. Such charge is shared both present and future parri passu inter se.)	<u>72,548</u>	1,064
	<u>73,026</u>	<u>1,778</u>

Schedule 4 : Deferred Tax Liabilities

	As at 31st March, 2010	As at 31st March, 2009
Arising on account of timing differences in depreciation	9,647	3,491
Gross deferred tax liabilities	<u>9,647</u>	<u>3,491</u>
Effect of expenditure debited to Profit and Loss account but allowable for tax purposes in following years	645	-
Provision for doubtful debts and advances	<u>2,045</u>	-
Gross deferred tax assets	<u>2,690</u>	-
Net deferred tax liabilities	<u>6,957</u>	<u>3,491</u>

Schedule 5 : Fixed Assets

(Rs. '000)

Particulars	Tangible Assets					Intangible Assets		Total	Year ended March 31, 2009
	Land	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Software	Website Development		
Gross Block									
As on 01.04.2009	9,900	65,828	185,383	14,097	3,766	4,570	-	283,544	261,838
Additions	-	9,158	51,540	2,179	522	128	141	63,668	23,291
Deductions	-	-	456	32	405	-	-	893	1,585
As at 31.03.2010	9,900	74,986	236,467	16,244	3,883	4,698	141	346,319	283,544
Depreciation / Amortisation									
As on 01.04.2009	153	15,526	117,646	10,579	2,392	152	-	146,448	133,338
Additions	19	2,122	11,349	1,262	415	1,157	3	16,327	14,225
Deductions	-	-	400	16	278	-	-	694	1,115
As at 31.03.2010	172	17,648	128,595	11,825	2,529	1,309	3	162,081	146,448
For Previous year	19	1,678	10,695	1,168	518	147	-	14,225	14,006
Net Block									
As at 31.03.2010	9,728	57,338	107,872	4,419	1,354	3,389	138	184,238	137,096
As at 01.04.2009	9,747	50,302	67,737	3,518	1,374	4,418	-	137,096	128,499
Capital Work in Progress :									
Capital Work in Progress including capital advances, unsecured considered good Rs. 2,658 (previous year Rs.500)								11,616	13,653
Grand Total								195,854	150,749

Note:

Land includes Leasehold land of Rs.1,863 thousand (Gross block) and Rs. 1,690 thousand (Net block) (Previous year Rs.1,863 thousand (Gross block) and Rs 1,709 thousand (Net block))

Schedule 6 : Inventories (at lower of cost and net realisable value)
(Rs. '000)

	As at 31st March, 2010	As at 31st March, 2009
Raw materials [Including Rs. 29,546 in Transit (Previous Year Rs 5,685)]	74,967	36,278
Packing materials	710	1,014
Stores and spare parts [Including Rs. 273 in Transit (Previous Year Rs. Nil)]	9,536	9,146
Work-in-progress	18,280	4,073
Finished goods (Include traded items Rs. 559, Previous year Rs. 845)	108,102	64,809
	<u>211,595</u>	<u>115,320</u>

Schedule 7 : Sundry Debtors

	As at 31st March, 2010	As at 31st March, 2009
Debts outstanding for a period exceeding six months		
Unsecured, considered good	495	706
Unsecured, considered doubtful	7,774	9,052
Other debts		
Unsecured, considered good*	128,633	66,169
Unsecured, considered doubtful	-	765
	<u>136,902</u>	<u>76,692</u>
Less : Provision for doubtful debts	7,774	9,817
	<u>129,128</u>	<u>66,875</u>

* Net of debts amounting to Rs. 4,305 (Previous year Rs.Nil) discounted from a bank.

Schedule 8 : Cash and Bank Balances

	As at 31st March, 2010	As at 31st March, 2009
Cash on hand	33	66
Balances with scheduled banks:		
-on cash credit account	-	2,369
-on current accounts (Including cheques on hand of Rs. Nil (Previous year Rs.244)	8,096	5,631
-on unclaimed dividend accounts	627	218
-on fixed deposit accounts (Receipts pledged with Banks / Sales Tax Authorities)	2,546	2,406
Post office savings bank account	4	4
(Pass Book pledged with Excise Authorities)		
	<u>11,306</u>	<u>10,694</u>

Schedule 9 : Other Current Assets
(Rs. '000)

	As at 31st March, 2010	As at 31st March, 2009
Interest accrued on fixed deposits	93	140
	<u>93</u>	<u>140</u>

Schedule 10 : Loans and Advances (Unsecured)

	As at 31st March, 2010	As at 31st March, 2009
Considered good		
Advances recoverable in cash or in kind or for value to be received	11,183	3,300
Balance with Custom, Excise etc.	35	35
VAT Credit (Input) Receivable	905	751
Advance tax / tax deducted at source / income tax refundable (Net of income tax provision of Rs. 38,197, previous year Rs.23,405)	1,060	1,526
MAT credit entitlement	42,830	23,342
Deposits - others	4,732	3,461
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	713	713
Deposits -Others	110	120
	61,568	33,248
Less : Provision for doubtful advances	823	833
	60,745	32,415

Included in loans and advances are:

- Due from Khemka Aviation Private Limited, a Company in which one of the directors of the Company is interested as director (Maximum amount outstanding during the year Rs. 1,076 (Previous year Rs. 267)).	1	69
- Due from The Nand and Jeet Khemka foundation, trust in which one of the directors of the Company is interested as trustee (Maximum amount outstanding during the year Rs. 38 (Previous year Rs. 38)).	8	10

Schedule 11: Current Liabilities

	As at 31st March, 2010	As at 31st March, 2009
Sundry creditors		
Total outstanding dues of micro and small enterprises (Refer to note no. 11 in notes to accounts)	-	-
Total outstanding dues of creditors other than micro and small enterprises*	128,453	69,184
Retention money and security deposits	11,989	11,368
Advances from customers	1,963	1,778
Unclaimed dividend with Bank (To be transferred to investor education and protection fund as an when due)	627	218
Other liabilities	7,016	3,866
	150,048	86,414

* Included payable to a director Rs. 809 (Previous year Rs. 507)

Schedule 12: Provisions**(Rs. '000)**

	As at 31st March, 2010	As at 31st March, 2009
For fringe benefit tax	-	162
For gratuity	359	712
For leave encashment	2,353	1,897
For proposed final dividend	13,125	10,500
Tax on proposed final dividend	2,231	1,784
	<u>18,068</u>	<u>15,055</u>

Schedule 13 : Turnover (Gross)

	Year Ended March, 2010	Year Ended March, 2009
Sales	1,112,316	761,934
Less: Rebates and claims	<u>512</u>	<u>1,236</u>
	1,111,804	760,698
Sale of services	<u>1,161</u>	<u>797</u>
	<u>1,112,965</u>	<u>761,495</u>

Schedule 14 : Other Income

	Year Ended March, 2010	Year Ended March, 2009
Interest income		
On bank deposits (Gross, Tax deducted as source Rs.9, Previous year Rs. 43)	137	179
On others	4	71
Unspent liabilities/ provisions written back	979	756
Profit on sale of fixed assets (Net of loss of Rs. 57, Previous year Rs. 15)	14	231
Provision for doubtful Debts written back	2,043	-
Foreign exchange fluctuation (Net of loss of Rs. nil, Previous year Rs. 77)	-	854
Dividend received on current investments - Trade	259	-
Profit on sale of current investments - Trade	765	-
Miscellaneous income	4,140	1,294
	<u>8,341</u>	<u>3,385</u>

Schedule 15 : Raw Materials Consumed

	Year Ended March, 2010	Year Ended March, 2009
Opening stock	36,278	41,545
Add: Purchases	864,917	501,198
Less: Closing stock	74,967	36,278
	<u>826,228</u>	<u>506,465</u>

Schedule 16 : Personnel Expenses

(Rs. '000)

	Year Ended March, 2010	Year Ended March, 2009
Salaries, wages and bonus	46,138	32,823
Contribution to provident and other funds	2,939	2,313
Gratuity Expense	627	937
Workmen and staff welfare expenses	1,037	811
	<u>50,741</u>	<u>36,884</u>

Schedule 17 : Operating and Other Expenses

	Year Ended March, 2010	Year Ended March, 2009
Consumption of stores and spare parts	10,013	3,694
Packing expenses	8,677	5,376
Power and fuel	38,002	21,153
Repairs and maintenance :		
- Plant & machinery	12,577	5,250
- Buildings	480	659
- Others	839	612
Rent	7,407	7,466
Rates and taxes	1,755	1,851
Insurance	1,522	2,017
Traveling and conveyance	12,274	11,869
Communication costs	3,219	2,873
Printing and stationery	1,373	1,148
Legal and professional fees	7,384	7,246
Director's remuneration	6,954	5,205
Payment to Auditor		
As auditor:		
Audit fee	1,160	1,140
Tax audit fee	135	-
Certification etc.	490	60
Out of pocket expenses (including Service Tax)	284	271
Loss on exchange fluctuations (net)	235	-
Freight and forwarding charges	26,868	15,192
Provision for doubtful debts and advances	-	1,760
Bad Debts written off	1,115	97
Vehicle running and maintenance	1,585	1,038
Director's sitting fees	720	660
Security and other service charges	2,036	2,106
Service charges to C & F agents	5,417	4,581
Advertisement and publicity	2,077	1,380
Commission on sales	1,891	1,388
Miscellaneous expenses	4,641	3,114
	<u>161,130</u>	<u>109,206</u>

Schedule 18 : Decrease /(Increase) in Inventories

(Rs. '000)

	Year Ended March, 2010	Year Ended March, 2009
Closing stock		
Work-in-progress	18,280	4,073
Finished goods	108,102	64,809
	<u>126,382</u>	<u>68,882</u>
Opening stock		
Work-in-progress	4,073	4,186
Finished goods	64,809	70,927
	<u>68,882</u>	<u>75,113</u>
	<u>(57,500)</u>	<u>6,231</u>

Schedule 19 : Financial Expenses

	Year Ended March, 2010	Year Ended March, 2009
Interest paid		
On car finance loans from banks	70	119
On term loan from a bank	-	2,334
On other loans from banks	1,430	7,696
On others	511	669
Bank charges	2,101	3,095
	<u>4,112</u>	<u>13,913</u>

Schedule 20 : Earnings per share (EPS)

	Year Ended March, 2010	Year Ended March, 2009
Net profit as per profit and loss account	115,736	76,211
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.)	<u>22.04</u>	<u>14.52</u>

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

Indag Rubber Limited (hereinafter referred to as 'the Company') is engaged in the 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 with the notified accounting standards by Companies Accounting Standards Rules, 2006 (as amended) 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 change 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 Policy

For reflection of better position of stocks in the financial statements and to follow uniform basis of valuation of all kinds of stocks at the year end, the Company has changed its method of ascertaining the cost of materials and overheads for the purpose of valuation of inventory of work in progress and finished goods from annual weighted average method to monthly moving weighted average method.

Had the Company continued to use the earlier basis of accounting, cost of materials and overheads for aforesaid inventory, the profit after tax would have been lower by Rs. 19,402 and value of inventory of work in progress and finished goods would have been lower by Rs. 2,782 and Rs. 16,620 respectively, consequently surplus of profit and loss account would have been lower by Rs. 19,402.

(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) Costs relating to software, software licenses and website development, 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.
- iv) Depreciation on Buildings and Plant & Machinery has been provided on SLM at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- v) Depreciation on all other fixed assets has been provided on WDV at the rates prescribed in Schedule XIV to the Companies Act, 1956.

(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 capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, 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 monthly 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 arises 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.

Dividends

Revenue is recognised when the right to receive payment is established by the balance sheet date.

(j) Foreign currency translation

(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

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 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.

(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 each financial 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 and deferred tax. Current income 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 situations 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 realized.

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 realized. 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 year 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year 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 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

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, 2010	31st March, 2009	(Rs.'000)
Domestic	1,065,720	719,317	
Export	47,244	42,178	
Total	1,112,964	761,495	

Carrying amount of Segment Assets (Debtors) by Geographical Market

	31st March, 2010	31 March, 2009	(Rs.'000)
Domestic	126,500	66,875	
Export	2,627	-	
Total	129,127	66,875	

The Company has common fixed assets in India 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

(Rs. '000)

	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 2010	31st March 2009	31st March 2010	31st March 2009	31st March 2010	31st March 2009	31st March 2010	31st March 2009
Purchases (Raw Materials, Stores, Spares & Packing Materials)								
- Unipatch Rubber Limited	-	75	-	-	-	-	-	75
Rent paid								
- Khemka Aviation Private Limited	5,294	5385	-	-	-	-	5,294	5385
Remuneration								
- Mr. K.K. Kapur	-	-	-	-	5,706	4,405	5,706	4,405
Sitting Fee								
- Mr. Shyam Lal Khemka	-	-	40	40	-	-	40	40
- Mr. Nand Khemka	-	-	-	-	220	220	220	220

	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 2010	31st March 2009	31st March 2010	31st March 2009	31st March 2010	31st March 2009	31st March 2010	31st March 2009
Reimbursement of expenses received								
- Unipatch Rubber Limited	29	706	-	-	-	-	29	706
- Khemka Aviation Private Limited	35	241	-	-	-	-	35	241
- Nand and Jeet Khemka Foundation	62	148	-	-	-	-	62	148
Reimbursement of expenses given								
- Unipatch Rubber Limited	107	78	-	-	-	-	107	78
Dividends paid								
- Nand Khemka	-	-	-	-	13	1,007	13	1,007
- Jeet Khemka	-	-	6,485	1,007	-	-	6,485	1,007
- Shiv Khemka	-	-	1	1007	-	-	1	1007
- Uday Khemka	-	-	1	1007	-	-	1	1007
- Khemka Aviation Private Ltd	5942	3395	-	-	-	-	5942	3395
- Others	617	353	1749	686	-	-	2366	1039
Trade/ Other Receivables								
- Unipatch Rubber Limited	-	66	-	-	-	-	-	66
- Khemka Aviation Private Ltd	1	69	-	-	-	-	1	69
- Nand and Jeet Khemka Foundation	8	10	-	-	-	-	8	10
Trade/Other Payable								
- Unipatch Rubber Limited	16	-	-	-	-	-	16	-
Other Payables								
- Mr. K.K. Kapur	-	-	-	-	809	507	809	507

* 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 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
Mrs. Jeet Khemka
Mr. Shiv Vikram Khemka
Mr. Uday Harsh Khemka
Mrs Nitya Mohan Khemka
Mrs Urvashi 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 and Jeet Khemka Foundation
Khemka & Co. Pvt. Ltd
Pankaj Dilip Pvt. Ltd.
Sun Securities Ltd.
Sun London Limited
Khemka Technical Services Pvt. Ltd
Khemka Instruments Pvt. Ltd

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. Particulars of investments purchased and sold during the year are as under:

Particulars	(Amount in Rs. '000)			
	Purchase		Sale	
	Units	Amount	Units	Amount
HDFC Cash Management Fund-Treasury Advantage Plan - Retail Daily Dividend	2,243,461	22,505	2,243,461	22,505
HDFC Cash Management Fund-Treasury Advantage Plan - Whole Sale Daily Dividend	3,495,097	35,061	3,495,097	35,061
HDFC Short Term Plan Dividend	530,902	5,471	530,902	5,501
HDFC -Top 200 Fund-Dividend	135,586	5,000	135,586	5,342
HDFC High Interest Fund Short Term Plan Dividend	472,902	5,016	472,902	5,022
HDFC Index Fund-Sensex Plan (Post Addendum) (Growth)	42,340	5,000	42,340	5,407
ICICI Prudential Flexible Income Plan Regular- Daily Dividend	24,962	2,503	24,962	2,503
ICICI Prudential Short Term Institutional Plan-Fort nightly Dividend	208,419	2,529	208,419	2,506
LICMF Income Plus Fund - Daily Dividend	503,631	5,036	503,631	5,036
LICMF Saving Plus Fund - Daily Dividend	251,484	2,515	251,484	2,515
Principal Income Fund- Short Term Plan Institutional Plan- Weekly Dividend	234,099	2,534	234,099	2,535

6. Income tax

The Company has till date recognized Rs. 42,830 (previous year Rs. 23,342) as Minimum Alternate Tax (MAT) credit entitlement (including Rs. 19,914 (previous year Rs. 8,591) recognized during the current year), 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.

7. Capital Commitments

	(Rs. '000)	
	31st March, 2010	31st March, 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for. (Net of advances of Rs. 2,658, Previous year Rs. 500)	10,560	675

8. Contingent Liabilities (not provided for) in respect of :		
a) 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. The Company has deposited Rs. 2,000 against the demand and which is appearing in the schedule of Loans and Advances.	15,915*	15,915*
b) Demands raised by the Service Tax Authorities but disputed by the Company and the appeal is pending before the CESTAT.	193*	193*
c) Pending Labour cases	1,120*	1,450*
d) Demands raised by the Sales Tax Authorities, being disputed by the Company. The Company has deposited Rs. 241 against the demands and which is appearing in the schedule of Loans and Advances.	1,158*	-
e) Excise duty liability for DG Set case pending before CESTAT. The Company has deposited Rs. 464 against the demand and which is appearing in the schedule of Loans and Advances.	917*	917*
* 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.		
f) Guarantees given by the Company.	13,513	12,696
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.	2,267	2,267
	35,083	33,438

9. Leases

Operating Lease

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

(Rs. '000)

	31st March 2010	31st March 2009
Lease payments for the year	6,893	6,605
Minimum Lease Payments		
Not later than one year	7,982	6,469
Later than one year but not later than five years	7,277	1,850
Later than 5 years	-	-

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, 2010 was 20.13%.

During the previous year, the Company had 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 time upto April 30, 2009. The Company had again requested Bombay Stock Exchange for grant of further extension of time for compliance of clause 40A of the listing agreement. The Company during the current year has received show cause notice from Bombay Stock Exchange to increase the minimum public shareholding from promoters. The promoters of the Company are in the process of off loaded the shares to ensure that Company complies the said clause.

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

	31st March, 2010	31st March, 2009
1 The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
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

12.1 Directors' Remuneration

(Rs. '000)

	31st March, 2010	31st March, 2009
Salary and Bonus*	5,361	4,012
Commission to non whole time directors	1,248	800
Contribution to Provident Fund	254	219
Perquisites (LTA + Medical)	91	174
	6,954	5,205

* 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 included above.

12.2 Computation of Net Profit in accordance with Section 198 read with Section 349 and 350 of the Companies Act, 1956 (Rs. '000)

Particulars	31st March 2010	31st March 2009
Profit before taxation	119,202	76,730
Add:- Provision for doubtful debts and advances	-	1,760
Less:- Provision for doubtful debts and advances written back	(2,043)	-
Add:- Managerial Remuneration	6,954	5,205
- Director's Sitting Fee	720	660
Net Profit as per Section 349 of the Companies Act, 1956	124,833	84,355
Commission payable @ 1% of Net Profit	1,248	843
Restricted to	1,248	800

12.3 Value of Imports calculated on CIF Basis (on accrual basis)

	31st March 2010	31st March 2009
Raw Materials	1,805	-
Stores and Spares	218	537
Capital Goods	-	7,420
	<u>2,023</u>	<u>7,957</u>

12.4 Earnings in Foreign Currency (on accrual basis)

	31st March 2010	31st March 2009
Exports at F.O.B value	<u>23,939</u>	<u>21,519</u>
	23,939	21,519

12.5 Net Dividend remitted in foreign currency

	31st March 2010	31st March 2009
Number of NRI shareholders	8	7
Number of Shares held by them	2,459,602	2,459,602
Dividend paid (Rs. in '000)*	-	741
Year to which dividend relates	2008-09 & 2009-10	2007-08

* Excluding dividend of Rs. 8,250 (Previous year Rs. 4,028) credited to FCNR/ NRE account of NRI's and paid to Overseas Corporate Bodies on repatriation basis.

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) (Rs. '000)

	31st March 2010	31st March 2009	31st March 2008
Current service cost	634	563	495
Interest cost on benefit obligation	355	309	284
Expected return on plan assets	(346)	(307)	(93)
Net actuarial (gain)/ loss recognized in the year	(16)	372	(16)
Net benefit expense	627	937	670
Actual return on plan assets	346	307	94

Balance Sheet

Details of Provision for gratuity (Rs. '000)

	31st March 2010	31st March 2009	31st March 2008
Defined benefit obligation	5,360	4,499	3,918
Fair value of plan assets	5,001	3,787	3,416
Net (Liability)/Asset	(359)	712	502
Less: Unrecognized past service cost	-	-	-
Net Plan (Liability)/Asset	(359)	712	502

Changes in present value of the defined benefit obligation are as follows : (Rs. '000)

	31st March 2010	31st March 2009	31st March 2008
Opening defined benefit obligation	4,499	3,918	3,550
Interest Cost	355	309	284
Current Service Cost	634	563	495
Benefits paid	(278)	(582)	(303)
Actuarial (gain)/ losses on obligation	151	291	(108)
Closing defined benefit obligation	5,360	4,499	3,918

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

(Rs. '000)

	31st March 2010	31st March 2009	31st March 2008
Opening fair value of plan assets	3,787	3,416	1,043
Expected return	346	307	94
Contributions by employer	1,011	726	2,676
Benefits paid	(278)	(582)	(303)
Actuarial (gain)/ losses	135	(80)	(94)
Closing fair value of plan assets	5,001	3,787	3,416

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

	31st March 2010	31st March 2009	31st March 2008
	%	%	%
Investments with insurer	100	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period 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:

	31st March 2010	31st March 2009	31st March 2008
Discount rate	7.90	7.90	8.00
Expected rate of return on plan assets	9.15	9.00	9.00
Increase in compensation cost	5.50	5.50	5.50
Employee turnover			
upto 30 years	3	3	3
above 30 years but upto 44 years	2	2	2
above 44 years	1	1	1

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.

Amounts for the current year and previous year are as follows:

	31st March 2010	31st March 2009	31st March 2008
Defined benefit Obligation	5,360	4,499	3,918
Plan assets	5,001	3,787	3,416
Deficit	(359)	(712)	(502)
Experience adjustment on plan liabilities	(151)	(261)	-
Experience adjustment on plan assets	18	(80)	-

Note: The actuarial valuation of gratuity liability in the current year, previous year and the year prior to previous year was done in accordance with the revised Accounting Standard 15, Employee Benefits. Accordingly, comparative numbers has been disclosed since the date of adoption.

The Company expects to contribute Rs. 754 to gratuity fund in the year 2010-11.

(Rs. '000)

	31st March 2010	31st March 2009	31st March 2008
Defined Contribution Plan:			
Provident Fund & Other Funds	2,573	1,976	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	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Precured Tread Rubber	MT	6,000	6,000	13,800	8,950	7,849	4,636
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	1,150	1,150	1,800	1,150*	721	460
Rubber Cement	K. Ltrs	300	300	300	300	446	323
Tyre Retreading Equipment	Sets	15	15	15	15	-	-

* Subject to installation of balancing equipment.

14.2 Sales (Gross)

	Unit	Quantity		Value (Rs. '000)	
		2009-10	2008-09	2009-10	2008-09
Precured Tread Rubber	MT	7,592	4,636	992,819	670,835
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	695	486	89,289	67,085
Rubber Cement	K.Ltrs	470	308	27,368	20,145
Miscellaneous		NA	NA	2,328*	2,633*
				1,111,804	760,698

* Including sale of traded items Rs. 2,328, previous year Rs. 2,105

14.3 Details of finished goods

Opening Stock	Unit	Quantity		Value (Rs. '000)	
		2009-10	2008-09	2009-10	2008-09
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		-	-	846	107
				64,809	69,972
Closing Stock					
Precured Tread Rubber	MT	770	513	97,146	58,391
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	55	32	8,772	3,613
Rubber Cement	K.Ltrs	14	40	1,096	1,959
Miscellaneous		-	-	1,088	846
				108,102	64,809

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

14.4 Consumption of raw materials

	Unit	Quantity		Value (Rs. '000)	
		2009-10	2008-09	2009-10	2008-09
Rubber	MT	4,560	2,685	519,955	311,887
Carbon Black	MT	3,126	1,917	182,381	112,321
Chemicals		-	-	100,361	57,695
Others		-	-	23,531	24,562
				<u>826,228</u>	<u>506,465</u>

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

	Percentage of total consumption		Value (Rs. '000)	
	2009-10	2008-09	2009-10	2008-09
Raw Materials				
Imported	-	-	-	-
Indigenously obtained	100%	100%	<u>826,228</u>	<u>506,465</u>
	100%	100%	<u>826,228</u>	<u>506,465</u>
Packing Materials				
Imported	-	-	-	-
Indigenously obtained	100%	100%	<u>8,677</u>	<u>5,376</u>
	100%	100%	<u>8,677</u>	<u>5,376</u>
Stores and Spares (Including booked under Repairs - Machinery)				
Imported	-	8%	-	537
Indigenously obtained	100%	92%	<u>18,973</u>	<u>6,335</u>
	100%	100%	<u>18,973</u>	<u>6,872</u>

15. Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date (amount in reporting currency)

Sl No.	Particulars	Currency	31st March 2010		31st March 2009	
			Amount in Foreign Currency	Ex. Rate	Amount in Foreign Currency	Ex. Rate
1.	Advance from Customer	USD	9,768	45.14	-	-

16. Previous Year Comparatives

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

17. All figures in values are rupees in thousands.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants
Firm's Registration No. : 101049W

For and on behalf of the Board of Directors of Indag Rubber Limited

per **Yogesh Midha**
Partner
Membership No. 94941
Gurgaon
Date: April 15, 2010

Manali D. Bijlani
Company Secretary

K. K. Kapur
CEO & Whole Time Director

J.K. Jain
Chief Financial Officer

Nand Khemka
Chairman



Indag Rubber Limited
 Regd. Off. 11, Community Centre,
 Saket, New Delhi-110017

Proxy Form

Regd. Folio No. _____
 No. of Shares _____

I/We _____
 R/o _____

being a _____
 Member(s) of Indag Rubber Limited hereby appoint _____
 R/o _____

or failing him _____

as my/our Proxy to attend for me/us and to vote on my/our behalf at the 31st Annual General Meeting of the company on Friday 30th July 2010 at Sai International Center, Pragati Vihar, Lodhi Road, New Delhi - 110003 and at adjournment(s) thereof.

signed this _____ day of _____ 2010

Proxy Signature _____ Member(s) Signature(s) _____

Note : * The proxy must be submitted so as to reach at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting. * The Proxy need not be a member.

Indag Rubber Limited
 Regd. Off. 11, Community Centre,
 Saket, New Delhi-110017

Attendance Slip

Regd. Folio No. _____
 DP ID & Client ID Number _____
 DP Name _____
 No. of Shares _____

I hereby record my presence at the 31st Annual General Meeting of the company on Friday 30th July 2010 at Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110003 and at adjournment(s) thereof.

Name

(Signature of Member/Proxy Present)

Note : * Please handover this attendance slip duly signed as Member or Proxy, as the case may be at the attendance registration counter at the meeting. * Members are requested to bring this attendance slip alongwith them to the meeting. No duplicate attendance slip will be issued at the time of meeting.

Indag Rubber Limited
 Regd. Off. 11, Community Centre,
 Saket, New Delhi-110017

Entry Pass

Folio No./DP ID & Client ID Number _____

Name

(Authorised Signature with Rubber Stamp)

Note : * Members may please note that Entry Pass will be issued only after verification of signature of member/proxy as recorded with company at the computerised attendance registration counter at the meeting.

No gift/coupon will be distributed at the meeting.

BOOK-POST

Indag Rubber Limited
Registered Office
11, Community Centre, Saket, New Delhi-110017