



32ND ANNUAL REPORT

2011



Indag Rubber Limited

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY-SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF INDAG RUBBER LIMITED WILL BE HELD ON TUESDAY THE 9TH AUGUST 2011 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 2011 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. R. Parameswar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.S.L.Khemka, who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend.
5. To appoint M/s. S.R. Batliboi & Company, Chartered Accountants as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the members be and is hereby accorded for re-appointment and remuneration of Mr.K.K.Kapur as Whole-time Director (designated as Chief Executive Officer) of the Company for a period of five years with effect from June 1, 2011 who has attained the age of 73 years, upon the terms and conditions & remuneration as set out below with the liberty to the Board of Directors to alter and vary the terms & conditions thereto in such manner as may be agreed to between the Board of Directors and Mr.K.K.Kapur.

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

(B) **Period of Agreement:** Five Years w.e.f. June 1, 2011.

(C) REMUNERATION**Fixed Salary Component**

- 1) Salary : Rs.3,00,000/- per month
- 2) House Rent Allowance : Rs.65,457/- per month.
- 3) Perquisites : Perquisites will be allowed in addition to salary restricted to an amount equal to the Annual Salary or Rs.91,000/- per annum, whichever is less. For this purpose, perquisites are classified into three categories, Category-A, category-B and category-C and ceiling shall apply only to category-A.
- 4) The remuneration will be increased every year at the rate of Rs.50,000/- per month.

Variable Salary Component

- 5) Bonus : The Whole-time Director will also be entitled to profit sharing bonus, at the rate of 2% of profits calculated as per the provisions of section 349 and 350 of the Companies Act, 1956.

Classification of Perquisites :**Category A**

Leave Travel Concession: Reimbursement towards the expenses incurred by him and his family on leave travel once in a year for an amount not exceeding Rs. 76,000/- per annum.

Medical Expenses : Reimbursement towards the medical expenses incurred on himself or on his family for an amount not exceeding Rs. 15, 000/- per annum.

Category B

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

Gratuity payable shall not exceed fifteen days salary for each completed year of services or part thereof in excess of six months, subject to a ceiling as per Payment of Gratuity of Act 1972. For this purpose, he will be deemed to have been in continuous service of the company since 9th April 2001.

Category C

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

Notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of Mr. K K Kapur as Whole Time Director, the Company incurs losses or its profits are inadequate, the Company shall pay to Mr. K K Kapur, the above remuneration by way of Fixed salary, Perquisites, allowances and other benefits payable as a minimum remuneration, subject to complying with restrictions / requirements in this regard under relevant provision of the Companies Act, 1956 and related statutory regulations.

Other Terms and conditions:

- 1) The Whole Time Director shall not become interested or otherwise concerned directly or through his wife and/or minor children in any buying and selling agency of the Company in future without the prior approval of the Board of Directors or subject to such other approvals as may be considered necessary.
- 2) The Whole Time Director shall not be entitled to fees payable to Directors for attendance at Board Meetings and of all Committees appointed by the Board.
- 3) The Agreement may be terminated by either party by giving to the other one-month notice of such termination or one month salary in lieu thereof at the Company's option, which may be given at any time. The Whole Time Director will not be entitled to any compensation for loss of office due to termination under Section 318 of the Company Act, 1956 or otherwise.
- 4) The Whole Time Director shall exercise such power and function and on such term as the Board of Directors of the Company may prescribe from time to time, it being agreed and understood that the Board shall have the power to alter modify, revoke or withdraw all or any of the powers so conferred.
- 5) The Whole Time Director shall be liable to retire by rotation.

For and on behalf of the Board of Directors

New Delhi
April 18, 2011

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 1st August 2011 to 9th August 2011 (both days inclusive).
3. Members/Proxies must bring the Attendance Slip duly filled in for attending the meeting and hand it over at the entrance duly signed.
4. Members desiring any information on the Accounts are required to write to the company at its Registered Office giving at least seven days time before the date of the Annual General Meeting to enable the Management to collect and keep the information ready.
5. Members are requested to bring their copy of Annual Report with them, as the same will not be supplied again at the meeting as a measure of economy.
6. Pursuant to the prohibition imposed vide Secretarial Standard on General Meetings (SS-2) issued by ICSI, no gifts/coupon will be distributed at or in connection with the meeting.

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING
(IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)**

Name of Directors	Shri. R. Parameswar	Shri S.L.Khemka	Shri K.K.Kapur
Date of Birth	17 th May 1933	1 st January 1927	15 th October 1937
Date of Appointment	27 th April 1993	Since incorporation	9 th April 2001
Qualifications	Post Graduate (History) Indian Audit and Accounts Service	Graduate	- Post-graduate in Mathematics - Member of the Institute of Cost and Works Accountants of India
List of outside Directorship held on 31st March 2011	Nil	Nil	Nil
Number of shares held in the company	Nil	Nil	Nil

Explanatory Statement

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

Item No. 6: Appointment of Whole-time Director

Mr. K.K.Kapur has been re-appointed as a Whole-time Director of the company by the Board of Directors with effect from June 1, 2011, for a period of five years, pursuant to the provisions of the Companies Act, 1956.

Mr. K. K. Kapur was initially appointed as Whole Time Director on 9th April 2001, Thereafter, his term of office was renewed in the year 2002, 2003, 2004, 2005 and 2008.

Mr.K.K.Kapur, aged 73 years, is a post-graduate in Mathematics and a Member of the Institute of Cost and Works Accountants of India. Mr.K.K.Kapur has an experience of over 50 years and has served in various capacities with Steel Authority of India Limited, Gas Authority of India Limited and Enron India.

Mr.K.K.Kapur has retired from the office of Chairman & Managing Director of Gas Authority of India in the year 1996, thereafter served as Managing Director of Enron India (NG) till the year 1998.

Presently, Mr.K.K.Kapur is not a director on the Board of any other company or a member/chairman of any other Committee.

The terms & conditions of appointment & remuneration of Mr.K.K.Kapur as a Whole-time Director are outlined in the resolution placed before the members.

The Remuneration Committee and the Board of Directors in their meetings dated 18th April 2011 approved the terms of appointment and remuneration of Mr.K K Kapur.

The special resolution as set out in item no. 6 of the annexed notice is, therefore recommended for your approval. The Board considers that it would be in interest of the Company to appoint Mr.K K Kapur as the Whole-time Director of the Company.

Except Mr.K.K.Kapur, no other director is interested in the proposed resolution.

Abstract of the terms of appointment and memorandum of interest pursuant to Section 302 of the Companies Act, 1956 has already been sent to all the Members of the Company.

For and on behalf of the Board of Directors

Manali D.Bijlani
Company Secretary

DIRECTORS' REPORT

To

THE MEMBERS,

Your Directors are pleased to present the 32nd Annual Report together with the Audited Statement of Accounts of the Company for the accounting year ended March 31, 2011. Management's discussion and Analysis has been included as part of this report.

FINANCIAL RESULTS:

Particulars	2010-11 (Rs.in lacs)	2009-10 (Rs.in lacs)
Sales and Operating Income	15027.62	11213.06
Profit before Interest & Depreciation	1670.22	1396.41
Finance Expenses	112.37	41.12
Profit before Depreciation	1557.85	1355.29
Depreciation	193.27	163.27
Profit before tax	1364.58	1192.02
Profit after tax	1075.25	1157.36
Interim Dividend	78.75	78.75
Proposed Final Dividend	131.25	131.25

OPERATIONAL PERFORMANCE

During the year under review your company has achieved a turnover of Rs.150.27 crores as against Rs. 112.13 crores in the previous year. The Operational Profit, before making provision for interest and depreciation, amounted to Rs.16.70 crores as against Rs. 13.96 crores in the previous year.

The year saw unprecedented increase in the prices of raw materials in the second half. The price of Natural Rubber as well as Synthetic Rubber increased by over 50% between October 2010 to February, 2011. As a result we were compelled to increase the price of our products on more than one occasion during this period. There was considerable consumer resistance which adversely affected the demand.

Due to employment of funds for expansion and for meeting the high cost of raw materials, the working capital requirements increased substantially resulting in increase in interest and financing cost from Rs. 0.41 Crores in the previous year to Rs. 1.12 Crores in the current year.

Your company has taken several steps to reduce costs and increase operational efficiency, as a result of which, the company despite inflationary pressures made profits before tax of Rs.13.65 Crores compared to Rs.11.92 Crores in the previous year showing a growth of 14%.

Your company was enjoying 100% Income Tax exemption for previous five years which ended in financial year 2009-2010. During next five years only 30% of the profits will be exempt from income tax.

The company will continue its efforts to grow so that impact of loss of tax benefit is minimized.

DIVIDEND

During the year your directors declared Interim dividend of Rs. 1.50 per share on November 9, 2010 which has been paid.

The Directors are pleased to recommend a final dividend of Rs.2.50 per equity share thus making a total dividend of Rs.4.00 per equity share for the financial year 2010-2011. The dividend is tax free in the hands of the shareholders.

INDUSTRY EXPERIENCE

The raw materials prices particularly of Natural and Synthetic rubber reached very high levels, especially during the last four five months of the year. With raw material costs accounting for nearly 70% of the cost of production, combined

with intense competition, profitability could not increase proportionately to sales increase.

The Automotive Tyre Manufacturers Association (ATMA) of India has requested the Government for allowing duty-free imports of key raw materials, including synthetic rubber and rubber chemicals. This would help the industry in cutting down the cost of raw materials imported from China, South Korea, Malaysia and Russia.

The established network of the company has enabled fast delivery of material to customers wherever they may be. 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.

We continuously undertake research to improve the tread compounds which can perform better and reduce costs.

OPPORTUNITIES AND THREATS

Tyre retreading in India has gained greater acceptance in the commercial segment, due to operational savings. High quality retreading products gave acceptance in commercial segment which offer added financial benefits.

Retreading cost is approximately 25% - 30% the cost of a new tyre and helps increase the service life of tyres. Increasing price of tyres and supply deficit of rubber for tyre manufacturing may give further boost to retread industry.

Improvement in quality of roads and reduced overloading are expected to give fillip to retreading.

However 80% of the Indian retreading industry which is fragmented and lies with numerous unorganized participants, who produce low quality tread rubber or do poor retreads, 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.

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 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, supply of good quality tread etc., and obtaining PDC before delivery wherever possible.
- **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 increased costs. In case of fixed price contracts, mainly with STUs, unprecedented increase in raw material prices have serious impact on margins. Some STUs do not agree to tread prices being indexed to prices of raw material.
- **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 continuously 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 251 regular employees during the year.

INTERNAL CONTROL SYSTEM

The Company has adequate internal control systems and procedures designed to effectively control the operations at its Head Office, Plants and depots. The internal control systems are designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining account of assets. The Company has adequate Budgetary Control System and actual performance is constantly monitored by the management. The Company has well designed organization structure, authority levels and internal guidelines and rules.

Independent internal auditors conduct audit covering a wide range of operational matters and ensure compliance with specified standards. Planned periodic reviews are carried out resulting in identification of control deficiencies, opportunities for bridging gaps with best practices. The findings of Internal audit are reviewed by the top management and by the Audit Committee of the Board of Directors.

The external auditors have evaluated the system of internal controls in the company and have reported that the same is adequate and commensurate with the size of the Company and the nature of its business.

COMMITMENT TO QUALITY

Indag recognizes quality and productivity as a pre-requisite for its operations and has implemented ISO 9001:2008 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, Mr. R. Parameswar and Mr. S L Khemka will retire from office by rotation, and being eligible, offer themselves for re-appointment.

Pursuant to the terms of appointment, Mr. K K Kapur will vacate the office of Whole Time Director on 31st May 2011. The Board has recommended to reappoint Mr. K K Kapur as Whole Time Director for further period of five years on the terms and conditions as set out in the notice.

AUDITORS' REPORT

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

AUDITORS

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

PARTICULARS OF EMPLOYEES

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, 2011, total of 1677245 equity shares which forms 31.95% 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, are already dealt with in various sections of this Report.

CAUTIONERY STATEMENT

Statements in this report, describing the Company's objectives, expectations and/or predictions may be forward looking within the meaning of applicable securities law and regulations.

Actual results may differ materially from those stated in the statement. Important factors that could influence the company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, availability of inputs and their prices, changes in the Government policies, regulations, tax laws, economic developments within the country and outside and other factors such as litigation and industrial relations.

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

DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors wish to inform Members that the Audited Accounts containing Financial Statements for the Financial Year 2010-11 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.

APPRECIATIONS

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

For and on behalf of the Board

INDAG RUBBER LIMITED

NAND KHEMKA

CHAIRMAN CUM MANAGING DIRECTOR

New Delhi

April 18, 2011

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. 291.05 lacs.

(b) Total Foreign Exchange used and earned:

Particulars	2010 - 11 (Rs. In lacs)	2009 - 10 (Rs. In lacs)
Foreign Exchange Earned	291.05	239.39
Foreign Exchange used	148.47	26.86

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:

- Development of new designs and products.
- 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 (Years)	Age in years	Last Employment
Nand Khemka	Chairman cum Managing Director	75,76,875	M.S and MBA	1 April 2010	50	75	Promoter Director
K.K. Kapur	Whole Time Director & CEO	63,68,448	Masters in Mathematics, ICWA	9 April 2001	50	73	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.

I. BOARD OF DIRECTORS

The Board comprises of six directors, which include two executive director and four non-executive directors as on March 31, 2011. The composition of Board with their attendance at the Board Meetings and at the last Annual General Meeting is given below:

Directors	Executive/Non-executive/Independent	Number of Board Meetings attended	Attendance at the last AGM held on July 30 2010	No. of Other Directorship Held in Public Companies	No. of membership in Committees (including INDAG)	
					Member	Chairman
Mr. Nand Khemka	Executive, (Interested)	4	Yes	1	1	1
Mr.S.L.Khemka	Non-Executive, (Interested)	1	No	Nil	Nil	Nil
Mr.P.R.Khanna	Non-Executive, (Independent)	4	Yes	6	9	4
Mr.R. Parmeswar	Non-Executive, (Independent)	4	Yes	Nil	2	1
Mr.K.K.Kapur (Whole-time Director)	Executive, (interested)	4	Yes	Nil	1	Nil
Prof.Hitendra Wadhwa	Non-Executive, (independent)	Nil	No	Nil	Nil	Nil

Four meetings of the Board of Directors were held during the year, viz on April 15 2010, July 30 2010, November 9 2010 and January 19 2011. 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 was placed before the Board from time to time.

II. AUDIT COMMITTEE

The Committee comprises of two non-executive directors and one executive director 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 14, 2010, July 30 2010, November 9, 2010 and January 19 2011. 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.Parmeswar	Chairman (Independent)	4
Mr.P.R.Khanna	Member (Independent)	4
Mr.Nand Khemka	Member (Interested)	4

III. REMUNERATION COMMITTEE

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

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

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 2010-11 (Rs.)	Commission paid for the year (Rs.)		Number of shares and convertible instruments held
				2009-10	2010-11	
Mr. S.L.Khemka	Brother of Mr. Nand Khemka	Nil	40,000	Nil	Nil	Nil
Mr.P.R.Khanna	Nil	Nil	1,60,000	5,00,000	6,00,000	Nil
Mr.R.Parmeswar	Nil	Nil	1,80,000	5,00,000	6,00,000	Nil
Prof.Hitendra Wadhwa	Nil	Nil	Nil	2,48,000	3,15,000	Nil

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

B. Whole Time Director

Executive Directors	Relationship with other Directors	Business relationship with the company, if any	Remuneration paid during the 2010-11 (Rs. in lacs)			
			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	63.69	59.91	-	-

- 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. 28.18 lacs as bonus for the year 2010-2011.
- The appointment is subject to termination by one month notice in writing on either side. Mr.K K Kapur will be reappointed as the Whole Time Director w.e.f. June 1, 2011 for a period of five years.
- The Company does not have at present any scheme for grant of Stock options to its Directors or Employees.

C. MANAGING DIRECTOR

Executive Directors	Relationship with other Directors	Business relationship with the company, if any	Remuneration paid during the 2010-11 (Rs. In lacs)			
			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. Nand Khemka	Brother of S.L. Khemka	Managing Director	75.77	75.63	-	-

- a. The appointment is subject to termination by one month notice in writing on either side. Mr. Nand Khemka has been appointed as the Chairman cum Managing Director w.e.f. April 1, 2010.
- b. 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
29 th AGM- 30 th JULY, 2008	10:00AM	Sai International Centre Pragati Vihar, Lodi Road New Delhi 110003
30 th AGM- 22 nd JULY, 2009	10:00AM	Sai International Centre Pragati Vihar, Lodi Road New Delhi 110003
31 st AGM- 30 th JULY, 2010	10:00AM	Sai International Centre Pragati Vihar, Lodi Road New Delhi 110003

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

VI. DISCLOSURES

During the financial year ended the 31st March, 2011 there were no materially significant related party transactions that may have potential conflict with the interests of Company at large.

No penalties were imposed nor were any strictures 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** : Tuesday, the 9th August 2011 at 10:00am.
Sai International Centre, Pragati Vihar, Lodi Road, New Delhi-110003

(ii) Financial Calendar & Financial Reporting

For 1 st quarter ending 30 th June	By mid of August
For half year ending 30 th September	By mid of November
For 3 rd quarter ending 31 st December	By mid of February
For year ending 31 st March	By mid of May
Annual General Meeting for the year ending 31 st March	By mid of September

(iii) **Date of Book Closure** : 1st August 2011 to 9th August 2011 (Both dates inclusive)

(iv) **Dividend Payment Date** : 16th August 2011

(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 2010	115.9	98.1	188333
May 2010	111.9	86.1	78020
June 2010	115.8	91	833948
July 2010	118	97.1	368954
August 2010	104.2	80.6	146728
September 2010	114	97.4	174557
October 2010	113.5	95.05	114246
November 2010	114.25	92	218040
December 2010	105	92	59883
January 2011	103	86.5	80317
February 2011	101	76.05	37565
March 2011	97.90	83.50	37510

(viii) Registrar & Share Transfer Agents : Skyline Financial Services (P) Limited
D-153/A, 1st Floor, Okhla Industrial Area
Phase-1, New Delhi-110020

(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, 2011

No. of equity shares held	Shareholders		% of Shareholding	
	Number	% to total	Total shares	% in total
UP to 500	5188	94.46	442424	8.43
501 to 1000	146	2.66	118479	2.26
1001 to 2000	67	1.22	101258	1.93
2001 to 3000	28	0.51	71673	1.37
3001 to 4000	11	0.20	40274	0.77
4001 to 5000	7	0.13	31555	0.60
5001 to 10000	26	0.47	185188	3.53
10001 and above	19	0.35	4259194	81.13
Total	5492	100	5250000	100

(xi) Categories of Shareholding : As on March 31, 2011

Category	No. of Shares held	% of Shareholding
Indian Promoters	1687965	32.16
Foreign Promoters	0	0
Directors & their relatives	2357002	44.89
UTI/Financial Institutions & Banks	2050	0.04
Body Corporate	120458	2.29
NRI/ OCB	16654	0.32
Foreign Institutional Investors	48819	0.93
Indian Public	1017052	19.37
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, 2011, a total of 1677245 equity shares which forms 31.95% 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 Solar (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
D-153/A, 1st Floor, Okhla Industrial Area,
Phase-1, New Delhi-110020

(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 2010 to 31st March 2011.

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, 2011 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 **S.K.JAIN & ASSOCIATES**
Company Secretaries

S K Jain

Company Secretary
C.P.No. 2657

Place: New Delhi
Date: April 18, 2011

INDAG RUBBER LTD.

FIVE YEAR PROFILE

(A) FINANCIAL

	(Rs. '000')				
	2006-07	2007-08	2008-09	2009-10	2010-11
PAID-UP CAPITAL	52,500	52,500	52,500	52,500	52,500
RESERVES & SURPLUS	79,600	150,028	216,955	308,122	391,261
SECURED LOANS	124,923	77,839	1,778	73,026	72,305
UNSECURED LOANS	5,000	-	-	-	-
DEFERRED TAX LIABILITY (NET)	1,642	3,878	3,491	6,957	4,692
	263,665	284,245	274,724	440,605	520,758
REPRESENTED BY :					
GROSS BLOCK	252,575	261,837	283,544	346,319	392,956
LESS : DEPRECIATION	119,332	133,338	146,448	162,081	181,120
NET FIXED ASSETS	133,243	128,499	137,096	184,238	211,836
CAPITAL WORK-IN-PROGRESS	222	11,432	13,653	11,616	11,716
CURRENT ASSET	204,722	245,274	225,444	412,867	469,579
CURRENT LIABILITY	74,522	100,960	101,469	168,116	172,373
NET CURRENT ASSETS	130,200	144,314	123,975	244,751	297,206
	263,665	284,245	274,724	440,605	520,758
SALES	609,018	739,411	761,495	1,112,965	1,494,674
EBIDTA	74,544	113,213	104,868	139,641	167,022
DEPRECIATION & AMORTISATION	13,520	14,006	14,225	16,327	19,327
EBIT	61,024	99,207	90,643	123,314	147,695
INTEREST	16,857	13,148	13,913	4,112	11,237
PROFIT BEFORE TAX	44,167	86,059	76,730	119,202	136,458
TAX	2,067	3,298	519	3,466	28,933
PROFIT AFTER TAX	42,100	82,761	76,211	115,736	107,525
DIVIDEND INCL. CORPORATE DIVIDEND TAX	-	12,284	12,284	24,569	24,386
INTERNAL GENERATION	55,620	96,767	90,436	132,063	126,852
NET WORTH	132,100	202,528	269,455	360,622	443,761
CAPITAL EMPLOYED	263,665	284,245	274,724	440,605	520,758

(B) FINANCIAL RATIOS

NET WORTH PER RUPEE OF PAID-UP CAPITAL (RS.)	2.52	3.86	5.13	6.87	8.45
BORROWINGS TO NET WORTH (RS)	0.98	0.38	0.01	0.20	0.16
EBIDTA TO CAPITAL EMPLOYED (%)	28.27	39.83	38.17	31.69	32.07
PROFIT BEFORE TAX TO NET WORTH (%)	33.43	42.49	28.48	33.05	30.75
PROFIT BEFORE TAX TO SALES (%)	7.25	11.64	10.08	10.71	9.13
EARNING PER SHARE (RS.)	8.02	15.76	14.52	22.04	20.48
DIVIDEND PER SHARE (RS.)	0.00	2.00	2.00	4.00	4.00
DIVIDEND PAYOUT RATIO (INCLUDING DIVIDEND TAX)	0.00	14.84	16.12	21.23	22.68

(C) PHYSICAL

(I) PRODUCTION (QTY.)

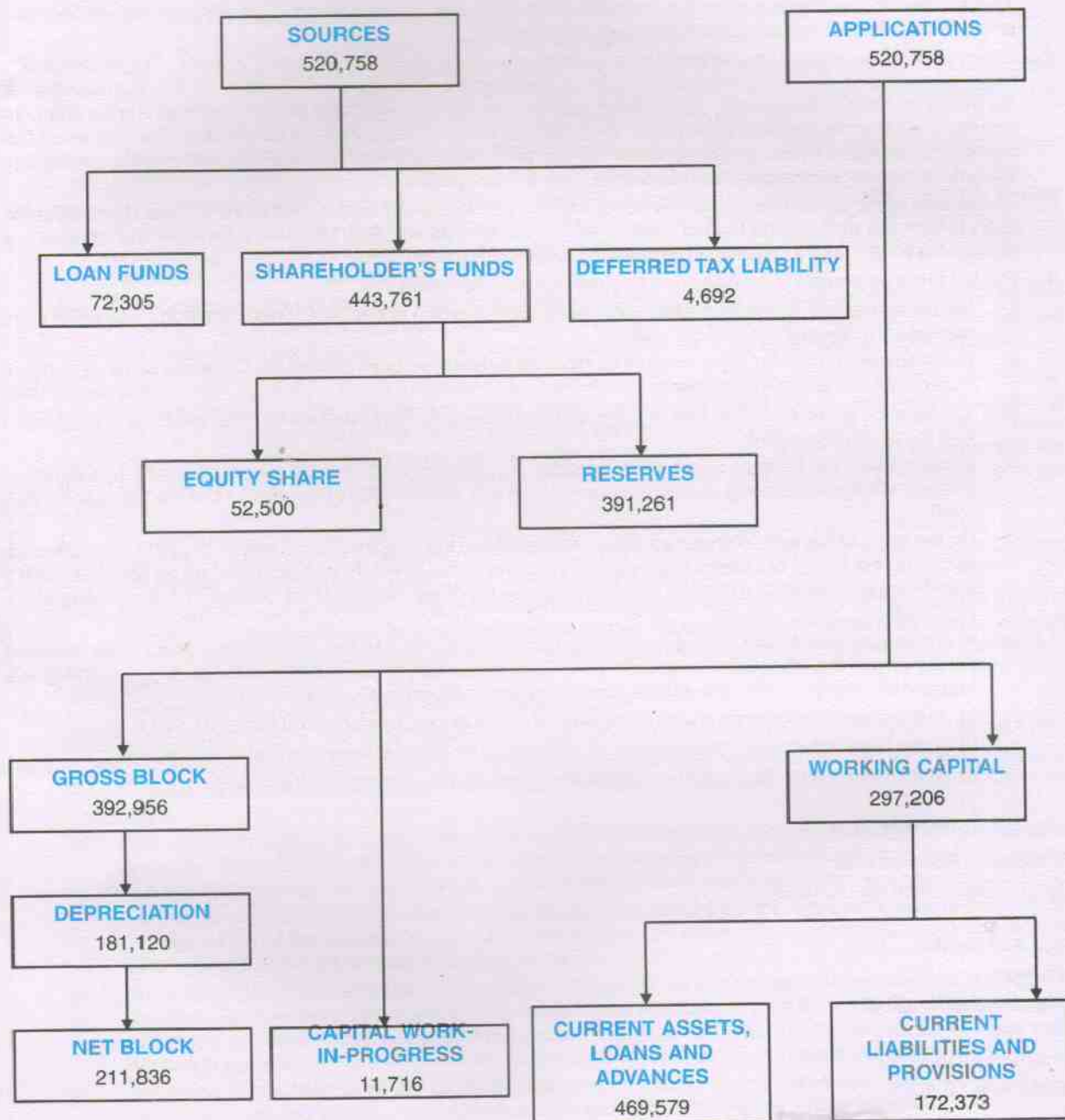
Precured Tread Rubber (MT)	4,455	5,401	4,636	7,849	7,739
URSG (Including Envelopes) (MT)	321	535	460	721	709
USC (K. Ltrs.)	260	326	323	446	757

(II) SALES (QTY.)

Precured Tread Rubber (MT)	4,472	5,174	4,636	7,592	7,849
URSG (Including Envelopes) (MT)	307	487	486	695	713
USC (K. Ltrs.)	247	285	308	470	676

INDAG RUBBER LTD.
SOURCES AND APPLICATION OF FUNDS
AS AT 31ST MARCH 2011

(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, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011;
 - 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 & CO.

Chartered Accountants

Firm's Registration No. : 301003E

per **Anil Gupta**

Partner

Membership No. : 87921

Place: Gurgaon

Date: April 18, 2011

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. 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) 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) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (b) 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. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- (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 and other material statutory dues applicable to it. Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (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, sales tax, service 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
Finance Act-1994	Service Tax	193	2006-07	Custom, Excise, Service Tax Appellate Tribunal
Madhya Prades Commercial Tax Act, 1994	Sales Tax	1.111	2004-05 & 2005-06	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 the management, term loans 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) We have been informed that there were fraudulent electronic transfers of Rs. 700 thousand from the Company's bank account to the bank accounts of four individuals, out of which Rs.400 thousand were recovered before withdrawal from these bank accounts of individuals. The individuals in whose account the balance funds of Rs 300 thousand were transferred could not be traced and hence the balance amount has not been recovered. The Company has taken up the matter with the bank for the recovery of the balance amount and considered the amount as fully recoverable.

For S.R. BATLIBOI & CO.
Chartered Accountants
 Firm's Registration No.: 301003E

Per **Anil Gupta**
 Partner
 Membership No.: 87921

Place: Gurgaon
 Date: April 18, 2011

BALANCE SHEET AS AT 31st MARCH 2011

(Rs. '000)

	Schedule	As at 31st March 2011	As at 31st March 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	52,500	52,500
Reserves and surplus	2	391,261	308,122
		<u>443,761</u>	<u>360,622</u>
Loan funds			
Secured loans	3	72,305	73,026
		<u>72,305</u>	<u>73,026</u>
Deferred Tax Liabilities (net)	4	4,692	6,957
		<u>520,758</u>	<u>440,605</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	392,956	346,319
Less : Accumulated depreciation / amortisation		<u>181,120</u>	<u>162,081</u>
Net block		211,836	184,238
Capital work in progress (including capital advances)		<u>11,716</u>	<u>11,616</u>
		<u>223,552</u>	<u>195,854</u>
Current Assets, Loans and Advances			
Inventories	6	248,263	211,595
Sundry debtors	7	146,845	129,128
Cash and bank balances	8	12,709	11,306
Other current assets	9	1,722	1,315
Loans and advances	10	60,040	59,523
		<u>469,579</u>	<u>412,867</u>
Less : Current Liabilities and Provisions			
Current Liabilities	11	151,681	150,048
Provisions	12	20,692	18,068
		<u>172,373</u>	<u>168,116</u>
Net Current Assets		<u>297,206</u>	<u>244,751</u>
		<u>520,758</u>	<u>440,605</u>
Notes to Accounts	21		

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

As per our report of even date

For and on behalf of the Board of Directors

For **S.R. BATLIBOI & CO.**

Firm's Registration No.: 301003E

Chartered Accountants

Manali D. Bijlani

Company Secretary

J.K. Jain

Chief Financial Officer

Per **Anil Gupta**

Partner

Membership No. 87921

Place : Gurgaon

Date : April 18, 2011

K. K. Kapur

CEO & Whole Time Director

Nand Khemka

Chairman cum Managing Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

(Rs. '000)

	Schedule	Year Ended 31st March 2011	Year Ended 31st March 2010
INCOME			
Turnover (net)	13	1,494,674	1,112,965
Other Income	14	8,088	8,341
TOTAL		1,502,762	1,121,306
EXPENDITURE			
Raw materials consumed	15	1,100,677	826,228
Purchase of traded goods		2,343	1,066
Personnel expenses	16	63,325	50,741
Operating and other expenses	17	182,904	161,130
(Increase) in inventories	18	(13,509)	(57,500)
Depreciation / amortisation	5	19,327	16,327
Financial expenses	19	11,237	4,112
		1,366,304	1,002,104
Profit before tax		136,458	119,202
Current Tax-Minimum Alternative Tax (MAT)		27,113	19,914
Less : MAT Credit Entitlement			(19,914)
Add : Utilisation of MAT Credit		4,096	-
Net Current Tax		31,209	-
Deferred tax (credit) / charge		(2,265)	3,466
Income tax adjustment for earlier years		(11)	(427)
Excess MAT credit entitlement of earlier years written off		-	427
Total tax expenses		28,933	3,466
Net Profit after tax for the year		107,525	115,736
Balance brought forward from previous year		232,973	153,426
Amount available for Appropriation		340,498	269,162
APPROPRIATIONS			
Transfer to general reserve		10,760	11,620
Interim dividend		7,875	7,875
Proposed final dividend		13,125	13,125
Tax on Dividend		3,386	3,569
Surplus carried to Balance Sheet		305,352	232,973
Earnings per share (Rs.)	20	20.48	22.04
Basic & diluted (Nominal value of shares Rs.10) (Previous year Rs.10)			
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 & CO.**

Firm's Registration No.: 301003E

Chartered Accountants

Manali D. Bijlani
Company Secretary

J.K. Jain
Chief Financial Officer

Per **Anil Gupta**

Partner

Membership No. 87921

Place : Gurgaon

Date : April 18, 2011

K. K. Kapur
CEO & Whole Time Director

Nand Khemka
Chairman cum Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

(Rs. '000')

	As at 31st March 2011	As at 31st March 2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	136,458	119,202
Adjustments for:		
Depreciation / Amortisation	19,327	16,327
Profit on sale/ disposal of fixed assets (net)	(394)	(14)
Dividend received	-	(259)
Profit on sale of investments	-	(765)
Provision for doubtful debts written back	(441)	(2,043)
Interest expenses	7,087	2,011
Interest Income	(227)	(141)
Operating profit before working capital changes	161,810	134,318
Movements in working capital:		
(Increase) in sundry debtors	(17,276)	(60,210)
(Increase) in inventories	(36,668)	(96,275)
(Increase) in loans and advances	(2,440)	(9,308)
Increase in current liabilities and provisions	3,803	63,736
Cash generated from operations	109,229	32,261
Direct taxes (paid)	(29,685)	(19,183)
Net cash flow from operating activities	79,544	13,078
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(47,265)	(61,631)
Proceeds from sale of fixed assets	634	214
Interest received	231	188
Fixed deposits made during the year	(1,127)	(1,791)
Fixed deposits matured	958	1,651
Current investments made	-	(93,170)
Proceeds from sale of current investments	-	93,935
Dividend received	-	259
Net cash (used in) investing activities	(46,569)	(60,345)
C CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) of long-term borrowings	(265)	(236)
(Repayment)/ Proceeds of short term borrowings	(456)	71,484
Interest Paid	(7,087)	(2,011)
Dividend paid	(20,444)	(18,375)
Tax on dividend paid	(3,489)	(3,123)
Net cash (used in) financing activities	(31,741)	47,739
Net increase in cash and cash equivalents (A+B+C)	1,234	472
Cash and cash equivalents at the beginning of the year	8,756	8,284
Cash and cash equivalents at the end of the year	9,990	8,756
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	310	33
Balance with scheduled banks:		
-on current accounts	8,497	8,096
-on unclaimed dividend accounts*	1,183	627
-on fixed deposit accounts	2,715	2,546
Post Office Saving Bank Account**	4	4
TOTAL	12,709	11,306
Less- Fixed deposit considered in investing activity	2,715	2,546
Less- Post Office Saving Bank Account considered in investing activity	4	4
Cash and cash equivalents at the end of the year	9,990	8,756

*These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

** Pledged with excise authorities

Notes

- Previous year figures have been regrouped, where necessary to conform to current year's classification.
- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard- 3 on Cash Flow Statements.

As per our report of even date

For and on behalf of the Board of Directors

For **S.R. BATLIBOI & CO.**
Firm's Registration No.: 301003E
Chartered Accountants

Manali D. Bijlani
Company Secretary

J.K. Jain
Chief Financial Officer

Per **Anil Gupta**
Partner
Membership No. 87921
Place : Gurgaon
Date : April 18, 2011

K. K. Kapur
CEO & Whole Time Director

Nand Khemka
Chairman cum Managing Director

Schedule 1 : Share Capital

(Rs. '000')

	As at 31st March, 2011	As at 31st March, 2010
Authorised		
7,000,000 (Previous Year 7,000,000) Equity Shares of Rs. 10 each Issued, subscribed & paid up	70,000	70,000
5,250,000 (Previous year 5,250,000) Equity Shares of Rs. 10 each fully paid-up	52,500	52,500

Schedule 2 : Reserves and Surplus

	As at 31st March, 2011	As at 31st March, 2010
Capital Reserve		
a) Central Cash Subsidy (As per last Balance Sheet)	3,000	4,500
Less: Transferred to General Reserve on Completion of specified terms	-	1,500
	3,000	3,000
b) Profit on reissue of forfeited shares (As per last Balance Sheet)	29	29
Securities Premium account (As per last Balance Sheet)		
General reserve	45,000	45,000
Balance as per last Balance Sheet	27,120	14,000
Add: Transferred from Capital Reserve on completion of specified Terms	-	1,500
Add: Transferred from profit and loss account	10,760	11,620
Profit and Loss account	37,880	27,120
	305,352	232,973
	391,261	308,122

Schedule 3 : Secured Loans

	As at 31st March, 2011	As at 31st March, 2010
Car finance loans from banks (Secured by hypothecation of vehicles financed out of proceeds of loan) (Repayable within one year Rs. 213 (Previous year Rs. 265))	213	478
Cash credit borrowings (Secured by first charge on entire current assets and fixed assets of the Company including stock and book debts. Such charge is shared both present and future parri passu inter se.)	72,092	72,548
	72,305	73,026

Schedule 4 : Deferred Tax Liabilities (net)

	As at 31st March, 2011	As at 31st March, 2010
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	8,945	9,647
Gross deferred tax liabilities	8,945	9,647
Effect of expenditure debited to profit and loss account but allowable for tax purpose in following years	1,712	645
Provision for doubtful debts and advances	2,541	2,045
Gross deferred tax assets	4,253	2,690
Net Deferred Tax Liability	4,692	6,957

(Rs. '000')

Particulars	Tangible Assets				Intangible Assets		Total	As at 31st March, 2010
	Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Software		
Gross Block								
As on 01.04.2010	9,900	74,986	236,467	16,244	3,883	4,698	141	283,544
Additions	-	36,941	8,301	1,407	-	516	-	63,668
Deductions	-	228	256	44	-	-	-	893
As at 31.03.2011	9,900	111,699	244,512	17,607	3,883	5,214	141	346,319
Depreciation / Amortisation								
As on 01.04.2010	172	17,648	128,595	11,825	2,529	1,309	3	146,448
Additions	19	2,492	13,990	1,252	351	1,188	35	16,327
Deductions	-	18	243	27	-	-	-	694
As at 31.03.2011	191	20,122	142,342	13,050	2,880	2,497	38	162,081
For Previous Year	19	2,122	11,349	1,262	415	1,157	3	14,225
Net Block								
As at 31.03.2011	9,709	91,577	102,170	4,557	1,003	2,717	103	184,238
As at 31.03.2010	9,728	57,338	107,872	4,419	1,354	3,389	138	137,096
Capital Work in Progress :								
Capital work in progress including capital advances, unsecured considered good Rs.1,541 (Previous year Rs. 9,917)								11,716
Total								11,716
Grand Total								195,854

Note:
Land includes Leasehold land of Rs. 1,863 thousand (Gross block) and Rs. 1,685 thousand (Net block) (Previous year Rs. 1,863 thousand (Gross block) and Rs. 1,690 thousand (Net block)).

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

(Rs. '000')

	As at 31st March, 2011	As at 31st March, 2010
Raw materials [Including stock in transit Rs. 10,855 (Previous year Rs. 29,546)]	96,347	74,967
Packing materials	2,069	710
Stores and spare parts [Including stock in transit Rs. Nil (Previous year Rs. 273)]	9,956	9,536
Work-in-progress	17,760	18,280
Finished goods [Include traded goods of Rs. 1,069 (Previous year Rs. 559)]	122,131	108,102
	<u>248,263</u>	<u>211,595</u>

Schedule 7 : Sundry Debtors

	As at 31st March, 2011	As at 31st March, 2010
Debts outstanding for a period exceeding six months		
Unsecured, considered good	2,966	495
Unsecured, considered doubtful	7,333	7,774
Other debts		
Secured, considered good	8,711	7,613
Unsecured, considered good *	<u>135,168</u>	<u>121,020</u>
	<u>154,178</u>	<u>136,902</u>
Less : Provision for doubtful debts	<u>7,333</u>	<u>7,774</u>
	<u>146,845</u>	<u>129,128</u>

*Net of debts amounting to Rs. 5,237 (Previous year Rs. 4,305) discounted from a bank

Schedule 8 : Cash and Bank Balances

	As at 31st March, 2011	As at 31st March, 2010
Cash on hand	310	33
Balances with scheduled banks :		
-on current accounts	8,497	8,096
-on unclaimed dividend accounts	1,183	627
-on fixed deposit accounts	2,715	2,546
(Receipts pledged with Banks / Sales Tax / Excise Authorities)		
Post office savings bank account	4	4
(Pass Book pledged with Excise Authorities)		
	<u>12,709</u>	<u>11,306</u>

Schedule 9 : Other current Assets

	As at 31st March, 2011	As at 31st March, 2010
Interest accrued on fixed deposits	89	93
Export benefits receivable	1,633	1,222
	<u>1,722</u>	<u>1,315</u>

Schedule 10 : Loans and Advances (Unsecured)

(Rs. '000')

	As at 31st March, 2011	As at 31st March, 2010
Considered good		
Advances recoverable in cash or in kind or for value to be received	13,315	10,866
Balances with customs, excise etc.	31	35
Advance tax/tax deducted at source/income tax refundable (Net of income tax provision of Rs. 55,619, (Previous year Rs. 38,197))	3,496	1,060
MAT credit entitlement	38,882	42,830
Deposits- others	4,316	4,732
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	713	713
Deposits- others	110	110
	<u>60,863</u>	<u>60,346</u>
Less : Provision for doubtful advances	823	823
	<u>60,040</u>	<u>59,523</u>
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. 457 (Previous year Rs. 1,076)).	-	1
- 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. 35 (Previous year Rs. 38)).	-	8

Schedule 11: Current Liabilities

	As at 31st March, 2011	As at 31st March, 2010
Sundry creditors		
Total outstanding dues of micro and small enterprises (Refer to note no.10 in notes to accounts)	-	-
Total outstanding dues of creditors other than micro and small enterprises*	126,890	128,453
Retention money and security deposits	12,744	11,989
Advances from customers	1,037	1,963
Unclaimed dividend with bank	1,183	627
(To be transferred to investor education and protection fund as an when due)	9,827	7,016
Other liabilities	<u>151,681</u>	<u>150,048</u>

*Included payable to directors Rs. 4,807 (Previous year Rs. 2,057)

Schedule 12 : Provisions

	As at 31st March, 2011	As at 31st March, 2010
For gratuity (Refer to note no.12)	2,047	359
For leave encashment	3,391	2,353
For proposed final dividend	13,125	13,125
For tax on proposed final dividend	2,129	2,231
	<u>20,692</u>	<u>18,068</u>

Schedule 13 : Turnover (Net)

(Rs. '000')

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Sales	1,494,382	1,112,311
Less: Rebates and claims	868	5
	<u>1,493,514</u>	<u>1,111,806</u>
Sale of services	1,160	1,160
	<u>1,494,674</u>	<u>1,112,966</u>

Schedule : 14 Other Income

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Interest Income		
On bank deposits (Gross, Tax deducted at source Rs. 25, Previous year Rs. 9)	227	137
On others (Gross, Tax deducted at source Nil, Previous year Nil)	-	4
Unspent liabilities / credit balances written back	1,943	979
Profit on sale/ disposal of fixed assets (Net of loss of Rs. Nil, Previous year Rs. 57)	394	14
Provision for doubtful debts written back	441	2,043
Foreign exchange fluctuation (Net of loss of Rs. 28, Previous year Nil)	361	
Dividend received on current investments - Trade	-	259
Profit on sale of current investments - Trade	-	765
Miscellaneous income	4,722	4,140
	<u>8,088</u>	<u>8,341</u>

Schedule 15: Raw Materials Consumed

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Opening Stock	74,967	36,278
Add : Purchases	1,122,057	864,917
Less : Closing Stock	96,347	74,967
	<u>1,100,677</u>	<u>826,228</u>

Schedule 16 : Personnel Expenses

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Salaries, wages and bonus	54,237	46,138
Contribution to provident and other funds	3,714	2,939
Gratuity expense (Refer to note no.12)	4,268	627
Workmen and staff welfare expenses	1,106	1,037
	<u>63,325</u>	<u>50,741</u>

Schedule 17: Operating and Other Expenses

(Rs. '000')

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Consumption of stores and spare parts	8,607	10,013
Packing expenses	11,884	8,677
Power and fuel	40,150	38,002
Repairs and maintenance:		
-Plant & Machinery	10,237	12,577
-Buildings	701	480
-Others	1,669	839
Rent (including rent on leasehold land of Rs. 282, (Previous year Rs.464)	8,524	7,407
Rates & taxes	2,803	1,755
Insurance	2,541	1,522
Travelling & conveyance	14,004	12,274
Communication costs	3,972	3,219
Printing & stationary	1,301	1,373
Legal & professional fees	8,019	7,384
Director's remunerations	15,461	6,954
Payment to Auditor		
As auditor:		
Audit Fee	1,985	1,280
Tax Audit Fee	221	149
As adviser or in any other capacity in respect of :		
For Company Law Matters	304	-
In other manner:		
Certification etc.	-	540
Out of pocket expenses	69	100
Loss on exchange fluctuations	-	235
Freight and forwarding charges	30,629	26,868
Bad debts written off	13	1,115
Vehicle running & maintenance	1,832	1,585
Director's sitting fees	380	720
Security and other service charges	2,280	2,036
Service charges to C & F agents	6,088	5,417
Advertisement & publicity	1,340	2,077
Commission on sales (other than to sole selling agents)	3,810	1,891
Miscellaneous expenses	4,080	4,641
	<u>182,904</u>	<u>161,130</u>

Schedule 18 : (Increase) in Inventories

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Closing stock		
Work-in-progress	17,760	18,280
Finished goods	122,131	1 08,102
	<u>139,891</u>	<u>1 26,382</u>
Opening stock		
Work-in-progress	18,280	4,073
Finished Goods	108,102	64,809
	<u>126,382</u>	<u>6 8,882</u>
	<u>(13,509)</u>	<u>(57,500)</u>

Schedule 19: Financial Expenses

(Rs. '000')

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Interest charges		
On car loans from banks	42	70
On other loans from banks	6,642	1,430
On others	403	511
Bank charges	4,150	2,101
	<u>11,237</u>	<u>4,112</u>

Schedule 20: Earnings per share (EPS)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Net profit as per profit and loss account	107,525	115,736
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
Nominal value of shares	10	10
Basic and Diluted Earnings per share (Rs.)	<u>20.48</u>	<u>22.04</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 accounting standards notified by the 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 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) 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 assets 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.

(d) 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 of 95/99 years.
- 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.

(e) 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 using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, 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.

(g) Inventories

Inventories are valued as follows:

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

Lower of cost and net realizable value. However, 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.

(h) 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.

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.

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

(i) 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 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 a expenses in the year in which they arise.

(j) 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 the 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 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 year.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(K) 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. 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.

(l) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(m) Segment Reporting Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(n) 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 number 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 effect of all dilutive potential equity shares.

(o) 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.

(p) 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.

(q) 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

The Company has 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, 2011	31st March, 2010
Domestic	1,417,286	1,065,721
Export	77,388	47,244
Total	1,494,674	1,112,965

(Rs.'000)

Carrying amount of Segment Assets (Debtors) by Geographical Market

	31st March, 2011	31st March, 2010
Domestic	137,767	126,501
Export	9,078	2,627
Total	146,845	129,128

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 Personal		Key Management Personal		Total	
	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010
Purchases (Raw Materials, Stores, Spares & Packing Materials)								
- Unipatch Rubber Limited	280	-	-	-	-	-	280	-
Rent paid								
-Khemka Aviation Private Ltd.	5,956	5,294	-	-	-	-	5,956	5,294
Remuneration								
- Mr. K.K. Kapur	-	-	-	-	6,369	5,706	6,369	5,706
- Mr. Nand Khemka	-	-	-	-	7,577	-	7,577	-
Sitting Fee								
- Mr. Shyam Lal Khemka	-	-	40	40	-	-	40	40
- Mr. Nand Khemka	-	-	-	-	-	220	-	220
Reimbursement of expenses Received								
- Unipatch Rubber Limited	42	29	-	-	-	-	42	29
- Khemka Aviation Private Limited	41	35	-	-	-	-	41	35
- Nand and Jeet Khemka Foundation	75	62	-	-	-	-	75	62
Reimbursement of expenses Given								
- Unipatch Rubber Limited	113	107	-	-	-	-	113	107
Interest paid								
- Khemka Aviation Private Ltd	8	-	-	-	-	-	8	-

	Enterprises owned or significantly influenced by key Management personnel or their relatives (either individually or with Others)		Relative of Key Management Personal		Key Management Personal		Total	
	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010
Dividends paid								
- Nand Khemka	-	-	-	-	15	13	15	13
- Jeet Khemka	-	-	7,412	6,485	-	-	7,412	6,485
- Khemka Aviation Private Ltd	5,042	5,942	-	-	-	-	5,042	5,942
- Unipatch Rubber Ltd.	1,029	-	-	-	-	-	1,029	-
- Others	705	617	2,002	1,749	-	-	2,707	2,366
Advances recoverable								
- Khemka Aviation Private Ltd	-	1	-	-	-	-	-	1
- Nand and Jeet Khemka Foundation	-	8	-	-	-	-	-	8
Sundry Creditors								
- Unipatch Rubber Limited	76	16	-	-	-	-	76	16
- Mr. K.K. Kapur	-	-	-	-	1,947	809	1,947	809
- Mr. Nand Khemka	-	-	-	-	1,495	-	1,495	-

* 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 directors is not included above.

Names of Related Parties

Key Management Personnel

Mr. Nand Khemka (Chairman cum Managing Director)
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 period in respect of debts due from/to above related parties.

5. Income tax

The Company has till date recognized Rs. 38,882 (previous year Rs. 42,830) as Minimum Alternate Tax (MAT) credit entitlement, which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115 JAA of the Income Tax Act, 1961. The Management based on the future profitability projections and also profit earned during the year is confident that there would be sufficient taxable profit in future which will enable the Company to utilize the above MAT credit entitlement.

(Rs. '000)

6. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for. (Net of advances of Rs. 1,541, Previous year Rs. 2,658)

31st March 2011	31st March 2010
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2,702	10,560
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7. 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	1,250*	1,120*
d) Demands raised by the Sales Tax Authorities, being disputed by the Company.	1,111*	1,158*
e) Excise duty liability for DG Set case pending before CESTAT	-	917*
f) 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
g) Claims against the Company not acknowledged as debts	1,829*	-

* 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.

22,565	21,570
--------	--------

8. Leases

Operating Lease

The Company has taken office and warehouse premises under operating lease agreements. There is no purchase option in the lease agreements. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases. The agreements are generally cancelable at the mutual consent of both the lessor and the lessee.

(Rs. '000)

Lease payments for the year	31st March 2011 8,205	31st March 2010 6,893
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9. As per the requirement of Clause 40A of the Listing Agreement, the minimum public shareholding in a public company should at least be 25% or above of the total paid up capital. The public shareholding of the Company at March 31, 2011 was 22.95%. The promoters of the Company are in the process of off loading the share to ensure that the Company complies with the aforesaid clause.

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

	31st March 2011	31st March 2010
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

11.1 Directors' Remuneration

	31st March 2011	31st March 2010
Salary and Bonus*	11,769	5,36
Commission to non whole time directors	1,515	1,24
Contribution to Provident Fund	286	25
Perquisites (LTA + Medical + Rent)	1,891	9
	15,461	6,95

* 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.

11.2 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 2011	31st March 2010
Profit before taxation	136,458	119,202
Less:- Provision for doubtful debts written back	(441)	(2,043)
Less:- Profit on sale/ disposal of fixed assets (net) as per Profit and Loss account	(394)	(14)
Add: Profit on sale of fixed assets as per Section 349 of the Companies Act, 1956	74	14
Add:- Managerial Remuneration - Director's Sitting Fees	15,461 380	6,954 720
Net Profit as per Section 349 of the Companies Act, 1956	151,538	124,833
Commission payable to non whole time directors @ 1% of Net Profit	1,515	1,248
Restricted to	1,515	1,248

11.3 Value of Imports calculated on CIF Basis (on accrual basis) (Rs. '000)

Particulars	31st March 2011	31st March 2010
Raw materials	12,724	1,805
Stores and Spares	-	218
Capital Goods	1,209	-
	<u>13,933</u>	<u>2,023</u>

11.4 Earnings in Foreign Currency (on accrual basis) (Rs. '000)

Particulars	31st March 2011	31st March 2010
Exports at F.O.B value	29,105	23,939
	<u>29,105</u>	<u>23,939</u>

11.5 Expenditure in Foreign Currency (on accrual basis) (Rs. '000)

Particulars	31st March 2011	31st March 2010
Travelling & conveyance	729	278
Commission on sales	75	-
Others	110	-
	<u>914</u>	<u>278</u>

11.6 Net Dividend remitted in foreign currency (Rs. '000)

	31st March 2011	31st March 2010
Number of NRI shareholders	8	8
Number of Shares held by them	2,459,602	2,459,602
Dividend paid (Rs. in '000)*	-	-
Year to which dividend relates	2008-09, 2009-10 & 2010-11	2008-09 & 2009-10

*Excluding dividend of Rs. 9,838 (Previous year Rs. 8,250) credited to FCNR/ NRE account of NRI's and paid to Overseas Corporate Bodies on repatriation basis.

12. 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 or part thereof in excess of six months. 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. Guidance Note on implementing AS-15, Employee Benefits (Revised 2005) issued by the Accounting Standards Board (ASB) states that provident funds set up by employers, which requires interest shortfall to be met by 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 2011	31st March 2010
Current service cost	1,264	63
Past service cost	2,108 *	35
Interest cost on benefit obligation	424	35
Expected return on plan assets	(458)	(34)
Net actuarial (gain)/ loss recognized in the year	930	(1)
Net benefit expense	4,268	63
Actual return on plan assets	458	35

*Due to enhancement of maximum limit of gratuity from Rs. 350 to Rs. 1,000 per employee under the payment Gratuity Act, 1972.

Balance Sheet

Details of Provision for gratuity		(Rs. '000)
	31st March 2011	31st March 2010
Defined benefit obligation	10,112	5,360
Fair value of plan assets	8,065	5,000
Net (Liability)/Asset	(2,047)	(35)
Less: Unrecognized past service cost	-	-
Net Plan (Liability)/Asset	(2,047)	(35)

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

	31st March 2011	31st March 2010
Opening defined benefit obligation	5,360	4,450
Interest Cost	424	35
Past Service Cost	2,108	-
Current Service Cost	1,264	63
Benefits paid	(419)	(27)
Actuarial (gain)/ losses on obligation	1,375	15
Closing defined benefit obligation	10,112	5,360

Change in the fair value of plan assets are as follows : (Rs. '000)

	31st March 2011	31st March 2010
Opening fair value of plan assets	5,001	3,780
Expected return	458	35
Contributions by employer	2,581	1,010
Benefits paid	(419)	(27)
Actuarial gain/ (losses)	444	13
Closing fair value of plan assets	8,065	5,000

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

	31st March 2011	31st March 2010
	%	%
Investments with insurer	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 is no change in expected rate of return on assets.

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

	31st March 2011	31st March 2010	31st March 2009
Discount rate	7.90	7.90	7.90
Expected rate of return on plan assets	9.15	9.15	9.00
Increase in compensation cost	8.00	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 years are as follows: (Rs. '000)

	31st March 2011	31st March 2010	31st March 2009	31st March 2008
Defined benefit Obligation	10,112	5,360	4,499	3,918
Plan assets	8,065	5,001	3,787	3,416
Deficit	(2,047)	(359)	(712)	(502)
Experience adjustment on plan liabilities	1,957	(151)	(261)	-
Experience adjustment on plan assets	444	18	(80)	-

Note: The actuarial valuation of gratuity liability in the current year and in 3 years prior to the previous year was done in accordance with the revised Accounting Standard 15, Employee Benefits. Accordingly, comparative numbers have been disclosed since the date of adoption.

The Company expects to contribute Rs. 915 to gratuity fund in the year 2011-12. (Rs. '000)

Defined Contribution Plan:	31st March 2011	31st March 2010	31st March 2009	31st March 2008
Provident Fund & Other Funds	2,863	2,251	1,718	1,501

13. 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)

13.1 Licensed Capacity, Installed Capacity and Actual Production

Class of Goods	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Precured Tread Rubber	MT	6,000	6,000	13,800	13,800	7,739	7,849
Bonding Repair & Extrusion							
Gums (Including Envelopes)	MT	1,150	1,150	1,800	1,800	709	721
Rubber Cement	K. Ltrs	300	300	300	300	757	446
Tyre Retreading Equipment	Sets	15	15	15	15	-	-

13.2 Sales (Gross)

	Unit	Quantity		Value (Rs. '000)	
		2010-11	2009-10	2010-11	2009-10
Precured Tread Rubber	MT	7,849	7,592	1,318,289	992,819
Bonding Repair & Extrusion					
Gums (Including Envelopes)	MT	713	695	126,436	89,289
Rubber Cement	K.Ltrs	676	470	46,930	27,368
Miscellaneous		NA	NA	1,859*	2,328
				1,493,514	1,111,804

* Including sale of traded items Rs. 1,859, previous year Rs. 2,308

13.3 Details of finished goods

Opening Stock	Unit	Quantity		Value (Rs. '000)	
		2010-11	2009-10	2010-11	2009-10
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	1,955
Miscellaneous		-	-	1,088	845
				108,102	64,809
Closing Stock					
Precured Tread Rubber	MT	660	770	105,365	97,146
Bonding Repair & Extrusion					
Gums (Including Envelopes)	MT	51	55	8,371	8,772
Rubber Cement	K.Ltrs	95	14	6,080	1,096
Miscellaneous */ **				2,315	1,088
				122,131	108,102

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

*includes stock of traded goods of Rs. 1,069, (previous year Rs. 559.)

** It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total turnover of the Company.

13.4 Consumption of raw materials

	Unit	Quantity		Value (Rs. '000)	
		2010-11	2009-10	2010-11	2009-10
Rubber	MT	4,353	4,560	757,142	519,955
Carbon Black	MT	2,619	2,757	176,440	164,708
Chemicals		-	-	109,945	100,361
Others*		-	-	57,150	41,204
				1,100,677	826,228

* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

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

	Percentage of total Consumption		Value (Rs. '000)	
	2010-11	2009-10	2010-11	2009-10
Raw Materials				
Imported	1%	-	5,699	-
Indigenously obtained	99%	100%	1,094,978	826,228
	100%	100%	1,100,677	826,228
Packing Materials				
Imported	-	-	-	-
Indigenously obtained	100%	100%	11,884	8,677
	100%	100%	11,884	8,677
Stores and Spares (Including booked under Repairs – Machinery)				
Imported	-	-	-	-
Indigenously obtained	100%	100%	17,121	18,973
	100%	100%	17,121	18,973

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

Sl No.	Particulars	Currency	31st March 2011		31st March 2010	
			Amount in Foreign Currency	Ex. Rate	Amount in Foreign Currency	Ex. Rate
1.	Advance from Customer	USD	1,354	44.65	9,768	45.14
2.	Sundry Debtors	USD	60,359	44.65	-	-
3.	Cash in Hand	EURO	1,200	63.24	-	-
		RINGGIT	433	15.75	-	-
		USD	2,125	44.65	-	-

15. There were fraudulent electronic transfers of Rs.700 thousand from the Company's bank account to the bank accounts of three individuals, out of which Rs.400 thousand were recovered before withdrawal from these bank accounts of individuals and the balance amount of Rs. 300 thousand has not been recovered. The Company has taken up the matter with the bank for the recovery of the balance amount and considered the amount as fully recoverable.

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 & CO.**
Chartered Accountants
Firm's Registration No.: 301003E

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

per **ANIL GUPTA**
Partner
Membership No. 87921
Place: Gurgaon
Date: April 18, 2011

Manali D. Bijiani
Company Secretary

J.K. Jain
Chief Financial Officer

K.K. Kapur
CEO and Whole Time Director

Nand Khemka
Chairman cum Managing Director

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 32nd Annual General Meeting of the company on Tuesday 9th August 2011 at Sai International Center, Pragati Vihar, Lodhi Road, New Delhi - 110003 and adjournment(s) thereof.

signed this _____ day of _____ 2011

Affix Revenue Stamp of Rs.1/-

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 32nd Annual General Meeting of the company on Tuesday 9th August 2011 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 along with them to the meeting. No duplicate attendance slip will be issued at the time of meeting.

Entry Pass

Indag Rubber Limited

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

Folio No./DP ID & Client ID Number _____

Name _____

(Authorised Signature with Rubber Stamp)

(Signature at Attendance Counter)

(Signature at Entry Counter)

Note : * Members may please note that Entry Pass will be issued only after verification of signature of member/proxy recorded with company at the computerised attendance registration counter at the meeting.
No gift/coupon will be distributed at the meeting.

ADDITIONAL INFORMATION AS REQUIRED UNDER PART-IV OF SCHEDULE-VI TO THE COMPANIES ACT, 1956.

Balance Sheet Abstract and Company's General Business Profile.

I. Registration Details

Registration No.

 9 0 3 8

State Code

 5 5

Balance Sheet Date

 3 1 0 3 2 0 1 1

Date Month Year

(Refer Code List)

II. Capital raised during the year (Amount in Rs. Thousands)**Public Issue** NIL**Rights Issue** NIL**Bonus Issue** NIL**Private Placement** NIL**III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousands)****Total Liabilities** 5 2 0 7 5 8**Total Assets** 5 2 0 7 5 8**Sources of Funds****Paid-up Capital** 5 2 5 0 0**Reserves & Surplus** 3 9 1 2 6 1**Secured Loans** 7 2 3 0 5**Unsecured Loans** NIL**Deferred Tax Liability** 4 6 9 2**Application of Funds****Misc. Expenditure** NIL**Net Fixed Assets** 2 2 3 5 5 2**Investment** NIL**Net Current Assets** 2 9 7 2 0 6**Accumulated losses** NIL**IV. Performance of Company (Amount in Rs. Thousands)****Turnover (including Other Income)** 1 5 0 2 7 6 2**Total Expenditure** 1 3 6 6 3 0 4

+ / -

Profit/Loss before Tax

+ / -

Profit/Loss after Tax + 1 3 6 4 5 8 + 1 0 7 5 2 5**Earning per Share in Rs.** 2 0 . 4 8**Dividend Rate %** 4 0**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No.

 4 0 0 8 - 2 1

(ITC Code)

Product Description

PRE CURED TREAD RUBBER

Item Code No.

 4 0 0 6 - 1 0

(ITC Code)

Product Description

CUSHION GUM

Item Code No.

 8 4 - 7 7

(ITC Code)

Product Description

RETREAD SHOP EQUIPMENT **Manali D. Bijlani**

Company Secretary

J. K. Jain

Chief Financial Officer

K.K. Kapur

CEO & Whole Time Director

Nand Khemka

Chairman cum Managing Director

BOOK-POST



INDAG[®]

INDIA'S MOST TRUSTED RETREAD
Indag Rubber Limited

Registered Office
11, Community Centre, Saket, New Delhi-110017, India