



28th

ANNUAL REPORT

2007



INDAG[®]

Indag Rubber Limited

- **BOARD OF DIRECTORS**

Nand Khemka
Chairman

S.L. Khemka
P.R. Khanna
R. Parameswar
K.K. Kapur
(Whole Time Director)
- **BANKERS**

Corporation Bank
State Bank of Bikaner & Jaipur
- **AUDITORS**

S.R. Batliboi & Associates
Chartered Accountants
U & I Building, Plot No. 47
Sector-32, Institutional Area,
Gurgaon-122001 (HR) India
- **REGISTERED OFFICE**

11, Community Centre, Saket,
New Delhi-110017
- **WORKS**
 1. Plot No. SP 86, Industrial Area,
Bhiwadi-301019, Dist. Alwar, (Rajasthan)
 2. Village Jhiriwala, Hadbast No. 73,
Nalagarh, District Solan (HP)

Indag Rubber Limited

Quality Policy

Indag is committed to

1. **CONSISTENTLY** deliver world class quality products and services.
2. **CONTINUOUSLY** improve upon its quality standards to meet the best expectation of customers.
3. Ensure that each employee is **CONTINUALLY** of the need to respect and participate in the quality improvement mission.

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDAG RUBBER LIMITED WILL BE HELD ON FRIDAY 21ST SEPTEMBER 2007 AT 2:00 P.M AT DOLLY FARMS & RESORTS (P) LIMITED, (NEAR EXECUTIVE CLUB), 439 VILLAGE SHAHOORPUR, P.O.FATEHPUR BERI, NEW DELHI – 110030 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 2007 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.S.L.Khemka, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.R.Parameswar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. S.R. Batliboi & Associates, Chartered Accountants as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. Increase of borrowing power

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

“ RESOLVED THAT in supersession of the resolution passed in the Annual General Meeting of the Company held on 30th September 1981, the Board of Directors be and is hereby authorized, in accordance with Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding 200% (two hundred per cent) of the aggregate of the paid-up capital of the Company and its free reserves, and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit.”

For and on behalf of the Board of Directors

New Delhi
April 27, 2007

Manali D.Bijlani
Company Secretary

NOTES

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business set out at item no. 5 of the Notice is annexed hereto.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 18th September 2007 to 21st September 2007 (both days inclusive).
4. Members/Proxies must bring the Attendance Slip duly filled in for attending the meeting and hand it over at the entrance duly signed.
5. 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.
6. Members are requested to bring their copy of Annual Report with them, as the same will not be supplied again, at the meeting as a measure of economy.
7. Pursuant to the prohibition imposed vide Secretarial Standard on General Meetings (SS-2) issued by ICSI, **no gifts/coupon will be distributed at or in connection with the meeting.**

Explanatory Statement

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

Item No. 5 Borrowing Powers

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting, borrow monies in excess of the aggregate of the paid-up capital of the Company and its free reserves.

The Shareholders of the Company had in the Annual General Meeting held on 30th September 1981, approved, inter alia, borrowings in terms of Section 293(1)(d) of the Companies Act, 1956, up to Rs. 600 lacs. The increasing business operations and future growth plans of the Company would necessitate restructuring of the borrowing limits by authorising the Board of Directors to borrow monies which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves by a sum not exceeding two hundred per cent of the aggregate of the paid-up capital of the Company and its free reserves. The Directors while exercising their powers shall however observe the debt/equity norms as applicable.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

For and on behalf of the Board of Directors

New Delhi
April 27, 2007

Manali D.Bijlani
Company Secretary

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
Date of Birth	17 th May 1933	1 st January 1927
Date of Appointment	27 th April 1993	Since incorporation
Qualifications	Post Graduate (History) Indian Audit and Accounts Service	Graduate
List of outside Directorship held on 31st March 2005	Universal Print System Ltd	Nil
Number of shares held in the Company	Nil	Nil

DIRECTORS' REPORT**TO
THE MEMBERS,**

Your Directors are pleased to present the 28th Annual Report together with the Audited Statement of Accounts of the Company for the accounting year ended March 31, 2007. We have included, as a part of this report the Management Discussion and Analysis.

FINANCIAL RESULTS :

Particulars	2006-2007 (Rs.in lacs)	2005-2006 (Rs.in Lacs)
Sales and Operating Income	6143.55	4343.82
Profit before Interest & Depreciation	745.44	173.12
Finance Expenses	168.57	83.80
Profit before Depreciation	576.87	89.34
Depreciation	135.20	64.14
Profit before Income Tax	441.67	25.18
Provision for Minimum Alternate Tax	(48.72)	-
MAT credit entitlement	51.22	-
Fringe Benefit Tax	(6.75)	(7.71)
Deferred Tax Assets/(Liabilities)	(16.42)	(58.83)
Profit (Loss) for the year	421.00	(41.36)
(Debit) Balance brought forward from previous year	(90.29)	(55.86)
Profit carried to balance sheet	330.71	(90.29)

OPERATIONAL PERFORMANCE

During the year under review your company has achieved a turnover of Rs.61.43 crores as against Rs.43.43 crores in the previous year – a jump of 41%. The Operational Profit, before making provision for interest and depreciation, amounted to Rs. 7.45 crores as against Rs.1.73 crores in the previous year.

In spite of our plan to continue operations both at Bhiwadi and Nalagarh, several illegal and coercive acts by workers union created a situation where operations at Bhiwadi plant had to be curtailed from March 2006.

The operations at Nalagarh have stabilised at a high level of efficiency. The quality of product at Nalagarh has been very well accepted and due to number of technological improvements at Nalagarh plant, the quality is maintained at a high level.

DIVIDEND

Considering the future expansion plan and in order to conserve the resources of your company, your directors do not recommend any dividend for the period under review.

INDUSTRY EXPERIENCE

Retreaded tyres play an important, if unseen and unappreciated role in the economy. If all of us were to depend on new tyres, their prices will increase considerably. We would have to import large additional quantities of oil, as it takes three times more oil to manufacture one new truck tyre than what the retreading process involves. Retreading also reduces the problem of dumping of tyre casings which is quite serious in some countries. Therefore, the retreading process has gained considerable acceptance and the retread industry has been growing steadily in the country.

OPPORTUNITIES AND THREATS

The company has steadily grown since its operations commenced at its new plant at Nalagarh (Himachal Pradesh). Your company is continuously examining options to operate Bhiwadi plant as soon as it may become economically viable. With the termination of Joint Venture Agreement with Bandag Inc. USA, your company is exploring the export markets like Middle East, Africa etc.

We are trying to improve our market potential in Tamil Nadu, Karnataka and Kerela, which constitute 30 percent of the Indian retreading market. We are making vigorous efforts to strengthen existing customers and expanding our share of market.

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:-

- (i) Financial risk: Credit risk on account of material supplied to customers has been mitigated to a large extent by insisting on most of the 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 reduced by cutting down the supplies if payment is delayed much beyond the contracted period.
- (ii) Increase in price of raw materials: Normal increase in prices of raw materials is generally factored while fixing products prices to the customers. Unexpected increases however do affect the profitability for some time till prices are revised to pass on the cost increases to the customers. In the case of fixed price, fixed period contracts, unprecedented increase in raw material prices do affect profitability.
- (iii) 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.
- (iv) 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.
- (v) Product risk: Research and development is being undertaken to deliver better products, service and value to end-customers.

HUMAN RESOURCE DEVELOPMENT

During the year, the Company had generally cordial industrial relations, except that at Bhiwadi plant where long period of unrest and illegal acts were committed by workers against legal orders of transfer of few workers to Nalagarh (HP), forcing the Management to agree to unreasonable demands and resulting in closing down of operations at Bhiwadi.

Focus on efficient shop floor management, strengthening Sales and Marketing team, continuous training to enhance the human capital has resulted in amiable association with our 177 employees. We believe in empowering our employees through greater knowledge, opportunity, responsibility and accountability.

INTERNAL CONTROL SYSTEM

The Company has adequate 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 as a pre-requisite for its operations and has implemented ISO 9001:2000 standards at Nalagarh, Plant and the Head Office.

ENVIRONMENT PROTECTION

Anti Pollution systems are fully installed and operational. Continuous efforts to nurture and preserve the environment are vigorously pursued.

DIRECTORS

In accordance with Article 99 of the Articles of Association of the Company, Sh. S.L.Khemka and Sh.R.Parneswar will retire from office by rotation, and being eligible, offer themselves for re-appointment.

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.Batliloi & Associates., 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

The Company had no employee during the year, whose particulars are required to be disclosed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975.

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 Delhi and Mumbai .

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, 2007, a total of 774350 equity shares which forms 14.74% of the share capital stands dematerialised.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is included in the Annual Report and the Certificate from the practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement is annexed thereto.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report, as required by clause 49 of the listing agreement, is already dealt with in various sections of this Report.

CAUTIONERY STATEMENT

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

Actual results may differ materially from those stated in the statement. Important factors that could influence the company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, availability of inputs and their prices, changes in the Government policies, regulations, tax laws, economic developments within the country and outside and other factors such as litigation and industrial relations. The Company assumes no responsibility in respect of the forward-looking statements, which may undergo changes in future on the basis of subsequent developments, information or events.

DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors wish to inform Members that the Audited Accounts containing Financial Statements for the Financial Year 2006-2007 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 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 established 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

New Delhi
April 27, 2007

NAND KHEMKA
CHAIRMAN

ANNEXURE-I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

(A) CONSERVATION OF ENERGY:

The company has implemented various energy conservation measures during the financial year which has resulted in the reduction of the fuel consumption per ton of production and reduction in overall electrical energy 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:

a) 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 not made any exports. However, we are exploring new markets for export.

(b) Total Foreign Exchange used and earned:

Particulars	2006-2007 (Rs. in Lacs)	2005-2006 (Rs. Lacs)
Foreign Exchange earned	Nil	Nil
Foreign Exchange used	25.38	3.33

**FORM - B
(See Rule 2)**

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

RESEARCH AND DEVELOPMENT

Sustained R&D efforts are being made by the Company to develop improved tread quality and designs, which suit Indian road conditions.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

The Company being quality conscious, continually updates technology, and greater emphasis is laid on indigenisation and cost reduction.

Specific Areas in which R&D is carried out by the Company are:

- a) Evaluation and assessment of raw materials from alternate sources.
- b) Evaluation of new raw materials.
- c) Development of new designs and products.
- d) Process improvisation to further improve consistency of the product.
- e) Development of substitutes for imported raw materials and equipments.

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 range of 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.

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 five directors, which includes one executive director and four non-executive directors. The composition of the directors and the number of other Directorships, along with their attendance at the Board Meetings during the year and at the last Annual General Meeting were as follows:

Directors	Executive/Non-executive/ Independent	Number of Board Meetings attended	Attendance at the last AGM held on 24th June, 2006	No. of Other Directorship Held in Public Companies	Number of Membership in Committees Including INDAG	
					Member	Chairman
Mr. Nand Khemka	Chairman, interested	3	Yes	4	1	1
Mr.S.L.Khemka	Non-Executive, interested	Nil	No	Nil	Nil	Nil
Mr. P.R.Khanna	Non-Executive, independent	4	Yes	4	5	1
Mr.R.Parameswar	Non-Executive, independent	4 *	Yes	1	1	1
Mr. K.K.Kapur (Whole-time Director)	Executive, independent	4	Yes	Nil	1	Nil

* Meeting held on April 18 2006 was attended by Mr.Prakash Kalothia (Alternate Director to Mr.Parameswar).

Four meetings of the Board of Directors were held during the year on April 18 2006, July 28 2006, October 27 2006 and January 22 2007. Agenda papers along with notes were circulated to the Directors in advance of each meeting. All relevant information as required under Clause 49 of the Stock Exchange Listing Agreement were placed before the Board from time to time.

II. AUDIT COMMITTEE

The Committee comprises of three non-executive directors having financial management expertise. The terms of reference of Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Four meetings of the Audit Committee were held during the year on April 18 2006, July 28 2006, October 27 2006 and January 22 2007. 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)	Non-executive, Independent	4 *
Mr. P.R.Khanna (Member)	Non-executive, Independent	4
Mr. Nand Khemka (Member)	Non-executive, Interested	3

* Meeting held on April 18 2006 was attended by Mr.Prakash Kalothia (Alternate Director to Mr.Parameswar).

III. REMUNERATION COMMITTEE

The Board has framed the remuneration policy, which is in consonance with the existing industry practice and applicable laws. Indag's remuneration strategy aims at attracting and retaining high calibre talent and leverage performance significantly.

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

A. Non-Executive Directors

Directors	Relationship with other Directors	Business relationship with the company, if any	Sitting fee paid during 2006-2007 (Rs.)	Number of share and convertible Instruments help
Mr. Nand Khemka	Brother of Mr. S.L.Khemka	Nil	60,000	503701 equity shares
Mr. S.L.Khemka	Brother of Mr. Nand Khemka	Nil	Nil	Nil
Mr. P.R.Khanna	Nil	Nil	80,000	Nil
Mr. R.Parmeswar	Nil	Nil	60,000	Nil

Indag has a policy of not advancing any loans and or paying commission on profits to its non-executive/independent directors. No severance fee is payable to non- executive directors of the Company.

B. Whole Time Director

Executive Director	Relationship with other Directors	Business relationship with the Company, if any	Remuneration paid during the 2005-2006			
			All elements of remuneration package i.e. salary, benefits, bonuses, pension etc.	Fixed component & performance linked incentives, along with performance criteria	Service contracts, notice period, severance fee	Stock option details, if any
Mr. K.K. Kapur	Nil	Whole Time Director	Rs.20.87 lacs	Rs.9.00 lacs Ref. note a	Ref. note b	Ref. note c

- 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.9.00 lacs as bonus for the year 2006-2007.
- The appointment is subject to termination by one month notice in writing on either side. Mr. Kapur was re-appointed as Whole-time Director on the Board w.e.f. June 1, 2005 for a period of three years.
- 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 is mandated to look 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. During the year, grievance was received from 2 shareholders, which has been resolved.

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
25th AGM – 20th July, 2004	10:00 AM	Dolly Farms & Resorts (P) Limited, (Near Executive Club), 439 Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110030
26th AGM – 29th September 2005	10:00 A.M.	Dolly Farms & Resorts (P) Limited, (Near Executive Club), 439 Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110030
27th AGM – 24th June 2006	10:00 A.M.	Dolly Farms & Resorts (P) Limited, (Near Executive Club), 439 Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110030

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 on show of hands.

VI. DISCLOSURES

During the financial year ended the 31st March, 2007 there were no materially significant related party transactions that may have potential conflict with the interests of Company at large.

The Company complied with all the statutory requirements mentioned in the listing agreements/regulations/guidelines/rules of the Stock Exchanges/SEBI/other statutory authorities. No penalties were imposed nor any strictures were passed on any capital markets related matters during the last three years.

The company has not announced any formal Whistle Blower policy. However no personnel has 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 Unaudited quarterly and Audited 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 "The Financial Express" (English) and "Jansatta" (Hindi).

The quarterly results and audited annual results are also displayed on the Company's website www.indagrubber.com.

The Management discussion and analysis report forms a part of the Directors' Report.

VIII. GENERAL SHAREHOLDERS INFORMATION

- (i) AGM Date, time & venue : 21st September 2007 at 2:00 p.m.
Dolly Farms & Resorts (P) Limited, (Near Executive Club), 439 Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110030

(ii) Financial Calendar & Financial Reporting

For 1st quarter ending 30th June	By end of July
For half year ending 30th September	By end of November
For 3rd quarter ending 31st December	By end of January
For year ending 31st March	By end of June
Annual General Meeting for the year ending 31st March	By end of September

- (iii) Date of Book Closure : 18th September 2007 to 21st September 2007 (Both dates inclusive)
 (iv) Dividend Payment Date : No dividend has been recommended
 (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 2006	25.90	21.00	8444
May 2006	26.00	21.24	46551
June 2006	24.50	19.85	11439
July 2006	24.15	20.80	3121
August 2006	25.10	20.00	5267
September 2006	28.50	18.80	25350
October 2006	28.40	21.40	27025
November 2006	30.00	25.25	164621
December 2006	40.60	25.25	167603
January 2007	38.15	31.50	39322
February 2007	42.35	31.20	83957
March 2007	33.00	26.95	38422

- (viii) Registrar & Share Transfer Agents : Skyline Financial Services (P) Limited
246, 1st Floor, Sant Nagar, East of Kailash,
New Delhi - 110065
- (ix) Share Transfer System : In order to expedite the process of share transfers the Board has delegated the power to approve share transfers to senior executives, who attend to share transfer formalities fortnightly. The Company has appointed Sky-line 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, 2007

No. of equity shares held	Shareholders		% of Shareholding	
	Number	% to total	Total (in Rs.)	% in total
Up to 5000	4167	96.68	3338930	6.36
5001 to 10000	57	1.32	473140	0.90
10001 to 20000	33	0.77	492720	0.94
20001 to 30000	14	0.32	345500	0.65
30001 to 40000	3	0.07	103500	0.20
40001 to 50000	8	0.19	376610	0.72
50001 to 100000	9	0.21	733920	1.40
100001 and above	19	0.44	46635680	88.83
Total	4310	100	52500000	100

- (xi) Categories of Shareholding : As on March 31, 2007

Category	No. of Shares held	% of Shareholding
Indian Promoters	3727194	70.99
Foreign Promoters	00	0.00
Directors & their relatives	503701	9.59
UTI/Financial Institutions & Banks	2100	0.04
Body Corporate	143711	2.74

NRI/ OCB	21961	0.42
Indian Public	851333	16.22
Total	5250000	100

- (xii) Dematerialization of shares : Shares dematerialized with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
As on March 31, 2007, a total of 774350 equity shares which forms 14.74% of the share capital stands dematerialised.
- (xiii) Plant Location : Plot No.86, Industrial Area
Bhiwadi – 301019, Dist.Alwar, Rajasthan (India)
: Village Jhiriwala, Hadbast No. 73, Nalagarh
District Solan (Himachal Pradesh)
- (xiv) Address for Correspondence
- (a) For Transfer of physical shares, request for : Skyline Financial Services (P) Limited
Dematerialisation of shares, change of man- 246, 1st Floor, Sant Nagar, East of Kailash,
dates/ address or any other query New Delhi – 110065
Tel.: 26292682, 26292683 Fax : 26292681
Email : admin@skylinerta.com
- (b) For any investor grievance : The Company Secretary
Indag Rubber Limited,11, Community Centre,
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 2006 to 31st March 2007.

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, 2007, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **P.K.JAIN & ASSOCIATES**

Company Secretaries

Place: New Delhi

Date: 27-04-2007

Pradeep Kumar Jain

Company Secretary

C.P.No.834

AUDITORS' REPORT

TO

THE MEMBERS OF INDAG RUBBER LIMITED

1. We have audited the attached Balance Sheet of Indag Rubber Limited as at March 31, 2007 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, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 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, 2007;
 - b) In the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For **S. R. BATLIBOI & ASSOCIATES**

Chartered Accountants

per **Anil Gupta**

Partner

Membership No.: 87921

Gurgaon

Date: April 27, 2007

Annexure referred to in paragraph 3 of our report of even date**Re: Indag Rubber Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of paragraph 4 (iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 except for an unsecured loan taken from a Hindu Undivided Family of which director of the Company is the Karta, as per the stipulations of the term loan agreement with the bank. The maximum amount involved during the year was Rs. 8,000 thousand and the year-end balance was Rs. 5,000 thousand.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for the loan are not prima facie prejudicial to the interest of the Company.
- (d) In respect of the loan taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it *except for slight delays in deposit of dues of sales tax in a few cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax , sales-tax, wealth-tax, service tax, custom 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
Uttar Pradesh Trade Tax Act.,1948	Sales tax demand	562	1998-99 and 2004-05	Joint Commissioner, Ghaziabad
Uttar Pradesh Trade Tax Act, 1948	Sales Tax demand	37	1999-00	Tribunal Trade Tax. Ghaziabad
Income Tax Act, 1961	Income Tax demand	13,915	1998-99	Delhi High Court

- (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 banks. The Company has not taken any loan from a financial institution nor has issued any debenture.
- (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 and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment .

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S. R. BATLIBOI & ASSOCIATES**

Chartered Accountants

per **Anil Gupta**

Partner

Membership No.: 87921

Gurgaon

Date: April 27, 2007

BALANCE SHEET AS AT MARCH 31, 2007
(Rs. '000)

	<i>Schedule</i>	As at 31st 31st March 2007	As at 31st 31st March 2006
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	52,500	52,500
Reserves and surplus	2	79,600	46,529
		<u>132,100</u>	<u>99,029</u>
Loan funds			
Secured loans	3	124,923	112,910
Unsecured loan	4	5,000	-
		<u>129,923</u>	<u>112,910</u>
Deferred Tax Liabilities	5	1,642	-
TOTAL		<u>263,665</u>	<u>211,939</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	6	252,575	240,676
Less : Accumulated Depreciation		119,332	106,472
Net block		<u>133,243</u>	<u>134,204</u>
Capital work in progress (including capital advances)		222	35
		<u>133,465</u>	<u>134,239</u>
Current Assets, Loans And Advances			
Inventories	7	95,189	79,303
Sundry debtors	8	63,840	49,889
Cash and bank balances	9	24,751	16,424
Other current assets	10	1,049	301
Loans and advances	11	19,893	15,203
		<u>204,722</u>	<u>161,120</u>
Less : Current Liabilities and Provisions			
Current Liabilities	12	70,741	90,005
Provisions	13	3,781	2,444
		<u>74,522</u>	<u>92,449</u>
Net Current Assets		<u>130,200</u>	<u>68,671</u>
Profit & Loss Account		-	9,029
TOTAL		<u>263,665</u>	<u>211,939</u>
Notes to Accounts	23		

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

As per our report of even date

For and on behalf of the Board of Directors

For **S. R. BATLIBOI & ASSOCIATES**
Chartered Accountants

Manali D. Bijlani
Company Secretary

J. K. Jain
Chief Financial Officer

per **Anil Gupta**
Partner
Membership No. 87921
Gurgaon
Date: 27 April, 2007

K. K. Kapur
CEO & Whole Time Director

Nand Khemka
Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

(Rs. '000)

	<i>Schedule</i>	Year Ended March 2007	Year Ended March 2006
INCOME			
Turnover (Gross)	14	614,355	434,382
Less : Excise duty		5,337	56,037
Turnover (Net)		609,018	378,345
Other income	15	19,225	3,839
TOTAL		628,243	382,184
EXPENDITURE			
Raw materials consumed	16	418,146	278,490
Purchases of Trading Goods		2,704	1,621
Personnel expenses	17	43,092	35,064
Operating and other expenses	18	84,967	71,204
Decrease / (Increase) in inventories	19	4,913	(21,671)
Depreciation	6	13,520	6,414
Financial expenses	20	16,857	8,380
		584,199	379,502
Profit before prior period items and tax		44,044	2,682
Prior period items	21	123	(164)
Profit before tax		44,167	2,518
Current Tax - (MAT) (including Rs.103 thousand (net) reversed for earlier years)		4,872	-
Less: MAT Credit Entitlement (including Rs.147 thousand for previous year)		(5,122)	-
Net Current Tax		(250)	-
Deferred tax charge		1,642	5,883
Fringe Benefit Tax		675	771
Total Tax Expense		2,067	6,654
Net profit for the year		42,100	(4,136)
Add: Investment allowance reserve transferred from Reserves & Surplus		-	693
(Debit) balance brought forward from previous year		(9,029)	(5,586)
Surplus/(deficit) carried to Balance Sheet		33,071	(9,029)
Earnings per share (Rs.)	22		
Basic & diluted (Nominal value of shares Rs. 10)		8.02	(0.79)
(Previous year Rs. 10)			
Notes to Accounts	23		

The schedules referred to above including notes to accounts form an integral part of the Profit & Loss Account

As per our report of even date

For and on behalf of the Board of Directors

For **S. R. BATLIBOI & ASSOCIATES**
Chartered Accountants

Manali D. Bijlani
Company Secretary

J. K. Jain
Chief Financial Officer

per **Anil Gupta**
Partner
Membership No. 87921
Gurgaon
Date: 27 April, 2007

K. K. Kapur
CEO & Whole Time Director

Nand Khemka
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rs. '000)

	2006-07	2005-06
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit /(loss) before tax and extraordinary items	44,167	2,518
Adjustments for :		
Depreciation	13,520	6,414
Profit on disposal of fixed assets	(86)	-
Interest expenses	15,196	7,239
Interest income	(1,318)	(1,636)
Operating profit before working capital changes	71,479	14,535
Movement in working capital:		
(Increase) in sundry debtors	(13,951)	(11,358)
(Increase) in inventories	(15,886)	(20,841)
Decrease /(Increase) in loans and advances	1,853	(3,987)
(Decrease) / Increase in current liabilities and provisions	(18,019)	39,977
Cash generated from operations	25,476	18,326
Direct taxes (paid)	(6,877)	(1,045)
Net cash from operating activities	18,599	17,281
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(12,947)	(73,784)
Proceeds from sale of fixed assets	287	2
Interest received	570	1,644
Fixed deposits made during the year	(3,315)	(5,734)
Fixed deposits matured during the year	1,062	3,819
Net cash (used in) investing activities	(14,343)	(74,053)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of long-term borrowings	13,147	25,646
(Repayment) of long-term borrowings	(9,100)	(3,650)
Proceeds of short-term borrowings	12,967	43,339
Interest paid	(15,196)	(10,697)
Net cash from financing activities	1,818	54,638
Net increase/(decrease) in cash and cash equivalents (A+B+C)	6,074	(2,134)
Cash and cash equivalents at the beginning of the year	2,399	4,533
Cash and cash equivalents at the end of the year	8,473	2,399
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and cheque on hand	1,492	1,050
With Banks - on current accounts	6,981	1,349

As per our report of even date

For and on behalf of the Board of Directors

For **S. R. BATLIBOI & ASSOCIATES**
Chartered Accountants

Manali D. Bijlani
Company Secretary

J. K. Jain
Chief Financial Officer

per **Anil Gupta**
Partner
Membership No. 87921
Gurgaon
Date: 27 April, 2007

K. K. Kapur
CEO & Whole Time Director

Nand Khemka
Chairman

Schedule 1 : Share Capital

(Rs. '000)

	As at 31st March, 2007	As at 31st March, 2006
Authorised		
7,000,000 Equity Shares of Rs. 10 each	70,000	70,000
Issued, subscribed & paid up		
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, 2007	As at 31st March, 2006
Capital Reserve		
a) Central Cash Subsidy	1,500	1,500
b) Profit on Reissue of Forfeited Shares	29	29
Securities Premium Account	45,000	45,000
Profit and Loss Account	33,071	-
	<u>79,600</u>	<u>46,529</u>

Schedule 3 : Secured Loans

	As at 31st March, 2007	As at 31st March, 2006
Term Loan from a bank (Secured by first charge on the entire fixed assets of Nalagarh Unit in the state of Himachal Pradesh and further secured by guarantee given by a Private Limited Company in which one of the Directors of the Company is interested as Director)	43,650	40,150
Car Finance Loans from banks (Secured by hypothecation of vehicles financed out of proceeds of loan)	1,743	1,196
Loans against Fixed Deposits from banks (Secured by way of pledge of Fixed Deposits Receipts of Rs.12,376 thousand, Previous year Rs.12,152 thousand)	12,544	10,900
Cash Credit Borrowings (Borrowing from State Bank of Bikaner and Jaipur is secured by a first charge on entire current assets of the Company including stock and book debts and fixed assets at Bhiwadi unit, both present and future parri passu with Corporation Bank. Further, it is secured by a second charge on fixed assets at Nalagarh unit. Borrowing from Corporation Bank is secured by first charge on entire current assets of the Company including stock and book debts and fixed assets at Bhiwadi unit, both present and future parri passu with State Bank of Bikaner and Jaipur. These borrowings are further secured by guarantee given by a Private Limited Company in which one of the Directors of the Company is interested as Director)	66,986	60,664
	<u>124,923</u>	<u>112,910</u>

(Note: Installments of Term Loan, Car Finance Loans from Banks and Loans against Fixed Deposits repayable within one year Rs.19,400 thousand, Rs.638 thousand and Rs.12,544 thousand respectively (Previous year Rs.18,250 thousand, Rs.645 thousand and Rs.10,900 thousand respectively).

Schedule 4 : Unsecured Loan**(Rs. '000)**

	As at 31st March, 2007	As at 31st March, 2006
Loan from a Hindu Undivided Family (HUF)* (Repayable within one year Rs.5,000 thousand, Previous year Rs.Nil)	<u>5,000</u>	<u>-</u>
	<u>5,000</u>	<u>-</u>

* The loan has been taken from a Hindu Undivided Family (HUF) of which a director of the Company is the Karta.

Schedule 5 : Deferred Tax Liabilities

	As at 31st March, 2007	As at 31st March, 2006
Arising on account of timing differences in depreciation*	<u>1,642</u>	<u>-</u>
	<u>1,642</u>	<u>-</u>

* represents deferred tax liability arising on account of timing differences in respect of depreciation on assets of Nalagarh unit which are not reversible within the tax holiday period.

Schedule 6 : Fixed Assets

(Rs. '000)

	Lease Hold Land	Freehold Land	Buildings	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Total	Previous Year
Gross Block									
As on 01.04.2006	482	7,311	43,972	175,470	6,770	2,505	4,166	240,676	134,317
Additions	1,316	726	4,100	3,546	1,182	468	1,422	12,760	106,374
Deductions	-	-	-	-	42	-	819	861	15
As at 31.03.2007	1,798	8,037	48,072	179,016	7,910	2,973	4,769	252,575	240,676
Depreciation									
As at 01.04.2006	110	-	10,918	85,749	5,052	2,408	2,235	106,472	100,004
Additions	5	-	1,414	10,505	791	242	563	13,520	6,481
Deductions	-	-	-	-	40	-	620	660	13
As at 31.03.2007	115	-	12,332	96,254	5,803	2,650	2,178	119,332	106,472
For Previous year	5	-	713	4,749	500	105	409	6,481	-
Net Block									
As at 31.03.2007	1,683	8,037	35,740	82,762	2,107	323	2,591	133,243	134,204
As at 01.04.2006	372	7,311	33,054	89,721	1,718	97	1,931	134,204	-
Capital Work in Progress :									
Capital Work in Progress including capital advances								222	35
Total								222	35
Grand Total								133,465	134,239

Notes:

1. Plant and Machinery includes cost of power transmission lines amounting to Rs.1,443 thousand (Previous year Rs.1,443 thousand) paid to Himachal Pradesh State Electricity Board and is being depreciated over five years. The capital expenditure is not represented by any asset owned by the Company.
2. Opening block and additions to land include land development charges amounting to Rs. 953 thousand (Previous year Rs. Nil) and Rs.725 thousand (Previous year Rs.953 thousand) respectively.
3. Depreciation provided during the previous year included Rs. 67 thousand debited to pre-operative expenses.
4. Leasehold land of the cost of Rs. 1,316 thousand is pending for registration in the name of the Company.

Schedule 7 : Inventories**(Rs. '000)**

	As at 31st March, 2007	As at 31st March, 2006
Raw materials	42,044	21,888
Packing materials	626	650
Stores and spares	5,931	5,264
Work-in-progress	1,526	9,190
Finished goods		
- Manufactured	43,481	40,341
- Traded	1,581	1,970
	<u>95,189</u>	<u>79,303</u>

Schedule 8 : Sundry Debtors

	As at 31st March, 2007	As at 31st March, 2006
Debts outstanding for a period exceeding six months		
Unsecured, considered good	2,840	2,478
Unsecured, considered doubtful	11,392	12,064
Other debts		
Unsecured, considered good	61,000	47,411
Unsecured, considered doubtful	25	-
	<u>75,257</u>	<u>61,953</u>
Less : Provision for doubtful debts	11,417	12,064
	<u>63,840</u>	<u>49,889</u>

Schedule 9 : Cash and Bank Balances

	As at 31st March, 2007	As at 31st March, 2006
Cash in hand	67	96
Cheques on hand	1,425	954
Balances with scheduled banks:		
-on current accounts	6,981	1,349
-on fixed deposit accounts	16,274	14,021
(Receipts pledged with Banks / Sales Tax Authorities)		
Post Office Savings Bank Account	4	4
(Pass Book pledged with Excise Authorities)		
	<u>24,751</u>	<u>16,424</u>

Schedule 10 : Other Current Assets**(Rs. '000)**

	As at 31st March, 2007	As at 31st March, 2006
Interest accrued on fixed / other deposits	<u>1,049</u>	<u>301</u>
	<u>1,049</u>	<u>301</u>

Schedule 11 : Loans and Advances (Unsecured)

	As at 31st March, 2007	As at 31st March, 2006
Considered good		
Loans to staff	309	843
Advances recoverable in cash or in kind or for value to be received	7,386	7,618
Balance with Excise Authorities	37	581
Advance tax / tax deducted at source / income tax refundable (Net of income tax provision of Rs.5,097 thousand, previous year Rs.372 thousand)	1,587	166
MAT Credit Entitlement	5,122	-
Deposits - others	5,452	5,995
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	151	151
Deposits -Others	120	120
	<u>20,164</u>	15,474
Less : Provision		
	271	271
	<u>19,893</u>	<u>15,203</u>

Included in loans and advances are:

Due from a Private Limited Company in which one of the directors of the Company is interested as director -
Rs.1,095 thousand (Previous year Rs.1,093 thousand)

Schedule 12: Current Liabilities

	As at 31st March, 2007	As at 31st March, 2006
Sundry creditors	58,699	81,609
Retention money and security deposits	6,263	2,916
Advances from customers	691	1,013
Other liabilities	5,088	4,467
	<u>70,741</u>	<u>90,005</u>

Included in Sundry Creditors are:

Due to Small Scale Industrial Undertakings Rs.1,010 thousand (Previous Year Rs.1,113 thousand)
(as certified by the management)

Note: There are no amount outstanding for more than thirty days to Small Scale Industrial Undertaking.

Schedule 13: Provisions

(Rs. '000)

	As at 31st March, 2007	As at 31st March, 2006
Provision for Fringe Benefit Tax (Net of advance tax of Rs.583 thousand)	92	-
Gratuity	2,507	943
Leave encashment	1,182	1,501
	<u>3,781</u>	<u>2,444</u>

Schedule 14 : Turnover (Gross)

	Year Ended March, 2007	Year Ended March, 2006
Sale of Finished Goods		
- Manufactured	606,716	426,866
- Traded	3,974	2,862
Sale of Services	4,376	6,622
	<u>615,066</u>	<u>436,350</u>
Less: Trade discounts and claims	711	1,968
	<u>614,355</u>	<u>434,382</u>

Schedule 15 : Other Income

	Year Ended March, 2007	Year Ended March, 2006
Interest income		
On bank deposits	1,019	708
(Gross, Tax deducted at source Rs.217 thousand, Previous Year Rs.150 thousand)		
On others	299	928
(Gross, Tax deducted at source Rs.26 thousand, Previous Year Rs.21 thousand)		
Unspent liabilities/ provisions written back (Refer Note No. 8 of Schedule 23)	15,696	250
Profit on Sale of Fixed Assets	86	-
Recovery of bad debts written off in earlier years	-	54
Foreign exchange fluctuation (net)	2	5
Miscellaneous income	2,123	1,894
	<u>19,225</u>	<u>3,839</u>

Schedule 16 : Raw Materials Consumed

	Year Ended March, 2007	Year Ended March, 2006
Opening Stock	21,888	24,534
Add: Purchases	438,302	275,844
Less: Closing Stock	42,044	21,888
	<u>418,146</u>	<u>278,490</u>

Schedule 17 : Personnel Expenses

(Rs. '000)

	Year Ended March, 2007	Year Ended March, 2006
Salaries, wages and bonus (Refer Note No. 9 of Schedule 23)	37,018	30,331
Contribution to gratuity fund	3,154	1,165
Contribution to provident and other funds	2,126	2,649
Workmen and staff welfare expenses	794	919
	<u>43,092</u>	<u>35,064</u>

Schedule 18 : Operating and Other Expenses

	Year Ended March, 2007	Year Ended March, 2006
Consumption of stores and spares	3,313	2,202
Packing expenses	3,976	2,792
Power and fuel	23,884	24,150
Repairs and maintenance :		
Plant & Machinery	3,797	3,616
Buildings	340	224
Others	584	892
Rent	4,198	3,654
Rates and taxes	1,388	1,190
Insurance	1,702	1,184
Traveling and conveyance	7,155	6,292
Communication costs	2,218	2,044
Printing and stationery	1,183	895
Legal and professional fees	4,201	3,392
Director's remuneration	2,741	1,519
Auditors remuneration :		
Audit fee	561	331
Quarterly review of financial statements	169	165
Certification etc.	480	53
Out of pocket expenses	23	8
Decrease of excise duty on inventory (Refer Note No. 11.3 of Schedule 23)	(2,888)	(1,456)
Freight and forwarding charges	12,937	8,591
Provision for doubtful debts and advances	1,153	1,112
Vehicle running & maintenance	1,402	931
Director's sitting fees	200	290
Security & other service charges	2,218	1,386
Service charges to C & F agents	3,130	2,249
Advertisement & Publicity	1,397	1,141
Miscellaneous expenses	3,505	2,357
	<u>84,967</u>	<u>71,204</u>

Schedule 19 : Decrease /(Increase) in Inventories**(Rs. '000)**

	Year Ended March, 2007	Year Ended March, 2006
Closing Stock		
Work-in-progress	1,526	9,190
Finished goods		
- Manufactured	43,481	40,341
- Traded	1,581	1,970
	<u>46,588</u>	<u>51,501</u>
Opening Stock		
Work-in-progress	9,190	773
Finished goods		
- Manufactured	40,341	26,959
- Traded	1,970	2,098
	<u>51,501</u>	<u>29,830</u>
	<u>4,913</u>	<u>(21,671)</u>

Schedule 20 : Financial Expenses

	Year Ended March, 2007	Year Ended March, 2006
Interest paid		
On car finance loans from banks	132	83
On term loan from a bank	5,618	843
On other loans from banks	8,482	4,669
To a HUF of which director is Karta	490	-
On others	474	1,644
Bank Charges	1,661	1,141
	<u>16,857</u>	<u>8,380</u>

Schedule 21 : Prior Period Items

	Year Ended March, 2007	Year Ended March, 2006
Discount on raw material purchases	369	-
Director's Remuneration	(246)	-
Rates & Taxes	-	(164)
	<u>123</u>	<u>(164)</u>

Schedule 22 : Earnings per share (EPS)

	Year Ended March, 2007	Year Ended March, 2006
Net profit/(loss) as per profit and loss account	42,100	(4,136)
No. of Equity Share at the beginning and closing of the year	5,250,000	5,250,000
Weighted average number of equity shares for calculating basic and diluted EPS	5,250,000	5,250,000
Basic and diluted Earnings per share (Rs.)	<u>8.02</u>	<u>(0.79)</u>

Schedule 23 : Notes to Accounts**1. Nature of Operations**

Indag Rubber Limited was set up as a joint venture between Bandag Incorporated of USA and Khemka Group. Under a settlement agreement dated March 1, 2006, the partners decided to terminate the joint venture agreement and Bandag transferred the shares held by it to the Khemka Group.

The Company is engaged in manufacturing and selling of precured tread rubber and allied products. The Company has two plants at Bhiwadi in the state of Rajasthan and at Nalagarh in the state of Himachal Pradesh.

2. Statement of Significant Accounting Policies**(a) Basis of preparation**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standard issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made, if any. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed asset which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(c) Depreciation

- i) Cost of leasehold land is being amortised over the lease period.
- ii) Assets costing less than or equal to Rs. 5000 are depreciated fully in the year of purchase.
- iii) Depreciation on Buildings and Plant & Machinery has been provided on Straight Line Method (SLM) at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- iv) Depreciation on all other fixed assets has been provided on Written Down Value Method (WDV) at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- v) Depreciation on the amount of adjustment to fixed assets acquired outside India on account of exchange differences is provided over the remaining useful life of such assets.

(d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(e) Inventories

Inventories are valued as follows:

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

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated, are expected to be sold at or above cost. Cost is determined on First In First Out basis.

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 of finished goods includes excise duty.

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.

(f) 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 recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability that arisen during the year.

Sale of Services

Revenue from sale of services is recognized as and when the services are rendered.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable except interest on delayed payments from customers which is accounted on acceptance basis on account of uncertainties involved.

(g) Foreign currency translation***Foreign currency transactions*****(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.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's 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 as expenses in the year in which they arise except exchange differences on liabilities for acquisition of fixed assets acquired from outside India, which are capitalised/de-capitalised.

(h) Retirement and other benefits

i. Retirement benefit in the form of Provident fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the fund are due.

ii. Provision for leave encashment and gratuity are accrued and provided for on the basis of an actuarial valuation made at the end of each financial year. Liability on account of gratuity is being contributed to Life Insurance Corporation of India (LIC) from whom policy has been taken.

(i) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the income tax authorities in accordance with the Indian Income-tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation 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 realised.

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.

(j) Expenditure on new projects

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto is charged to the Profit & Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

(k) 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.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(l) 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.

(m) 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.

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 the old used tyres. These products do not have any different risk and returns and thus the Company has only one business segment.

The Company sells its products mostly within India and does not have any operation in economic environments with different risks and returns. Hence, it is considered operating in a single geographical segment.

4. Related Party Disclosure

(Rs.'000)

Particulars	Parties which significantly influence/ are influenced by the Company (either individually or with others)		Key Management Personnel		Total	
	2007	2006	2007	2006	2007	2006
Sales of Finished Goods						
- Unipatch Rubber Limited	48	362	-	-	48	362
Sales of Services						
- Unipatch Rubber Limited	1,292	1,583	-	-	1,292	1,583
Purchases (Raw Materials, Stores, Spares & Packing Materials)						
- Unipatch Rubber Limited	144	78	-	-	144	78
- Bandag Incorporated, USA	40	82	-	-	40	82

Particulars	Parties which significantly influence/ are influenced by the Company (either individually or with others)		Key Management Personnel		Total	
	2007	2006	2007	2006	2007	2006
Rent paid						
- Unipatch Rubber Limited	-	24	-	-	-	24
- Khemka Aviation Pvt. Limited	2,789	2,695	-	-	2,789	2,695
Interest on Loan						
- Nand Lal Khemka (HUF)	490	-	-	-	490	-
Remuneration						
- Mr. K.K. Kapur	-	-	2,987*	1,519*	2,987	1,519
Reimbursement of expenses received						
- Unipatch Rubber Limited	448	395	-	-	448	395
- Khemka Aviation Pvt. Ltd.	496	452	-	-	496	452
Reimbursement of expenses given						
- Unipatch Rubber Limited	72	-	-	-	72	-
Loan taken						
- Nand Lal Khemka (HUF)	8,000	-	-	-	8,000	-
Repayment of Loan						
- Nand Lal Khemka (HUF)	3,000	-	-	-	3,000	-
Trade/ Other Receivables						
- Unipatch Rubber Limited	43	927	-	-	43	927
- Khemka Aviation Pvt. Limited	1,095	1,092	-	-	1,095	1,092
Trade/ Other Payables						
- Mr. K.K. Kapur	-	-	953	89	953	89
Unsecured Loan Payable						
- Nand Lal Khemka (HUF)	5,000	-	-	-	5,000	-
Corporate Guarantee						
- Khemka Aviation Pvt. Limited	110,636	100,814	-	-	110,636	100,814

*Excluding contribution to gratuity fund and provision for leave encashment

Names of Related Parties

Key Management Personnel

Mr Nand Khemka (Chairman)
Mr. K. K. Kapur (Whole Time Director)

Other Parties which significantly influence / are influenced by the Company (either individually or with others)

Bandag Incorporated, USA (Till 10th May, 2006)
Unipatch Rubber Limited
Khemka Aviation Pvt. Limited
Nand Lal Khemka (HUF)

No amount has been provided as doubtful debt or advance written off or written back in the year in respect of debts due from/to above related parties.

5. Income tax

The Company has recognized Rs. 5,122 thousand as 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)

	2007	2006
6. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs.182 thousand (Previous year Rs. 35 thousand) included under Capital Work-in - Progress)	716	171
7. Contingent Liabilities (not provided for) in respect of :		
a) Demands raised by Sales Tax Authority being disputed by the Company. The Company is hopeful of getting relief in appeal. The Company has deposited a sum of Rs. 316 thousand against the above demands.	915*	685
b) Income tax matter decided by ITAT in favour of the Department but the Company has gone into appeal in High Court.	15,915*	9,334
c) Income tax matter decided in favour of the Company but the Department has gone into appeal.	229*	400
d) Pending Labour cases	1,050*	145
e) Other claims against the Company not acknowledged as debts	937**	-
	19,046	10,564

* Based on the discussions with the solicitor/ expert opinions taken, the management believes that the Company has a strong chance of success in above mentioned cases and hence no provision thereagainst is considered necessary.

** Since the Company has met the contractual terms and conditions, management believes that the claims filed/ demands raised by above parties have no ground and no provision needs to be made thereagainst.

8. Based on a Court's order, excess provision towards interest payable relating to an old liability to the tune of Rs.15,166 thousand has been released during the year and the same is included under unspent liabilities/ provisions written back in the Schedule 15 of the financial statements.

9. Salary, wages and bonus includes one time ex-gratia/compensation of Rs. 9,141 thousand paid/payable to the employees of Bhiwadi unit of the Company.

10. Information as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(Rs. '000)

	2007	2006
1 The principal amount remaining unpaid to any supplier as at the end of each accounting year.	1,010	1,113
2 The interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
3 The amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
4 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 this Act.	Nil	Nil
5 The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
6 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.	Nil	Nil

11 Supplementary Statutory Information

11.1 Whole Time Directors' Remuneration

Salary and Bonus*	2,020	936
Contribution to Provident Fund	134	106
Perquisites	833**	477
	<u>2,987</u>	<u>1,519</u>

* 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 ascertainable and, therefore, is not included above.

** Includes Rs. 246 thousand (previous year Rs. Nil) shown under prior period items in the Schedule 21 of the financial statements.

11.2 Value of imports calculated on CIF basis

Raw Materials	2,487	26
Spares	15	56
Capital goods	-	251
	<u>2,502</u>	<u>333</u>

11.3 In accordance with ASI 14(Revised) on 'Disclosure of Revenue from Sales Transactions' issued by Institute of Chartered Accountants of India, excise duty on sales amounting to Rs. 5,337 thousand (Previous year: Rs. 56,037 thousand has been reduced from sales in profit & loss account and excise duty on decrease/(increase) in inventories amounting to Rs. 2,888 thousand (Previous year: Rs. 1,456 thousand) has been considered as income in Schedule 19 of financial statements.

12. 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)

12.1 Licensed Capacity, Installed Capacity and Actual Production

Class of Goods	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		2007	2006	2007	2006	2007	2006
Precured Tread Rubber	MT	6,000	6,000	8,950	6,550	4455.23	3784.20
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	1,150	1,150	1,150*	1,150*	321.35	285.19
Rubber Cement	K. Ltrs	300	300	300	300	260.34	229.79
Tyre Retreading Equipment	Sets	15	15	15	15	1.00	-

* Subject to installation of balancing equipment.

12.2 Sales(Gross)

	Unit	Quantity		Value (Rs. '000)	
		2007	2006	2007	2006
Precured Tread Rubber	MT	4472.36	3681.84	551,586	385,227
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	306.75	257.21	38,866	29,947
Rubber Cement	K.Ltrs	247.08	195.63	15,043	10,202
Miscellaneous		NA	NA	5,597	8,182
				<u>611,092</u>	<u>433,488</u>

12.3 Details of Finished Goods

Opening Stock					
Precured Tread Rubber	MT	383.90	282.86	35,525	25,427
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	34.82	7.85	3,915	1,264
Rubber Cement	K.Ltrs	16.34	5.06	637	173
Miscellaneous		-	-	264	95
				<u>40,341</u>	<u>26,959</u>
Closing Stock					
Precured Tread Rubber	MT	362.05	383.90	36,856	35,525
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	42.18	34.82	5,348	3,915
Rubber Cement	K.Ltrs	26.35	16.34	1,179	637
Miscellaneous		-	-	98	264
				<u>43,481</u>	<u>40,341</u>

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

12.4 Consumption of raw materials

	Unit	Quantity		Value (Rs. '000)	
		2007	2006	2007	2006
Rubber	MT	2504.90	2255.96	247,180	171,898
Carbon Black	MT	1573.70	1365.93	85,267	51,236
Chemicals		-	-	54,682	38,035
Others (Includes freight inward on materials consumed)		-	-	31,017	17,321
				<u>418,146</u>	<u>278,490</u>

12.5 Imported and indigenous Raw Materials, Packing Materials, Stores and Spares consumed

	Percentage of total consumption		Value (Rs. '000)	
	2007	2006	2007	2006
Raw Materials				
Imported	0.50%	0.73%	2,093	928
Indigenously obtained	99.50%	99.27%	416,053	277,562
	<u>100%</u>	<u>100%</u>	<u>418,146</u>	<u>278,490</u>
Packing Materials				
Imported	-	-	-	-
Indigenously obtained	100%	100%	3,976	2,792
	<u>100%</u>	<u>100%</u>	<u>3,976</u>	<u>2,792</u>
Stores and Spares (Including booked under Machinery Repairs)				
Imported	-	2.77%	-	135
Indigenously obtained	100%	97.23%	6,257	4,741
	<u>100%</u>	<u>100%</u>	<u>6,257</u>	<u>4,876</u>

12.6 Details of Trading Goods

Class of Good	Unit	Quantity		Value (Rs. '000)	
		2007	2006	2007	2006
1) Patches	Nos.				
Opening Stock		2137	8215	89	359
Purchases		1752	1540	59	57
		<u>3889</u>	<u>9665</u>	<u>148</u>	<u>416</u>
Sales		140	5160	5	241
Closing stock		<u>2942</u>	<u>2137</u>	<u>124</u>	<u>89</u>

Class of Good	Unit	Quantity		Value (Rs. '000)	
		2007	2006	2007	2006
2) Poly	MT				
Opening Stock		4.26	3.59	505	392
Purchases		8.22	5.42	906	661
		12.48	9.01	1,411	1,053
Sales		4.66	4.89	893	805
Closing stock		7.82	4.26	643	505
3) Spares					
Opening Stock		NA	NA	1,376	1,347
Purchases		NA	NA	1,739	902
		NA	NA	3,115	2,249
Sales		NA	NA	3,076	1,816
Closing stock		NA	NA	814	1,376

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

13. Previous Year Comparatives

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

As per our report of even date

For and on behalf of the Board of Directors

For **S. R. BATLIBOI & ASSOCIATES**
Chartered Accountants

Manali D. Bijlani
Company Secretary

J. K. Jain
Chief Financial Officer

per **Anil Gupta**
Partner
Membership No. 87921
Gurgaon
Date: 27 April, 2007

K. K. Kapur
CEO & Whole Time Director

Nand Khemka
Chairman

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]
(Refer Code List)

Balance Sheet Date [3][1] [0][3] [2][0][0][7]
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue	Bonus Issue	Private Placement
[][][][][]NIL	[][][][][]NIL	[][][][][]NIL	[][][][][]NIL

III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousands)

Total Liabilities	Total Assets
[][][][]2[6][3][6][6][5]	[][][][][]2[6][3][6][6][5]

Sources of Funds

Paid-up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
[][][][][]5[2][5][0][0]	[][][][][]7[9][6][0][0]	[][][][][]1[2][4][9][2][3]	[][][][][][]5[0][0][0]

Deferred Tax Liability
[][][][][][]1[6][4][2]

Application of Funds

Net Fixed Assets	Investment	Net Current Assets	Misc. Expenditure	Accumulated losses
[][][][]1[3][3][4][6][5]	[][][][][][]NIL	[][][][][]1[3][0][2][0][0]	[][][][][][]NIL	[][][][][][]NIL

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (including Other Income)	Total Expenditure
[][][][][]6[2][8][3][6][6]	[][][][][][]5[8][9][4][1][3]

Profit/Loss before Tax	Profit/Loss after Tax
[][][][][]4[4][1][6][7]	[][][][][][]4[2][1][0][0]

Earning per Share in Rs.

[][][][][]+8[.][0][2]	Dividend Rate % [][][][][]NIL
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V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.
(ITC Code) [][][]4[0][0][8]-2[1]

Product Description	P R E C U R E D [][][][][][][]	T R E A D [][][][][][][][]	R U B B E R [][][][][][][][][][][]
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Item Code No.
(ITC Code) [][][]4[0][0][6]-1[0]

Product Description	C U S H I O N [][][][][][][][]	G U M [][][][][][][][][]
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Item Code No.
(ITC Code) [][][][]8[4]-7[7]

Product Description	R E T R E A D [][][][][][][][][][][][]	S H O P [][][][][][][][][][][][][]	E Q U I P M E N T [][][][][][][][][][][][][][]
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Manali D. Bijlani
Company Secretary

J. K. Jain
Chief Financial Officer

K.K. Kapur
CEO & Whole Time Director

Nand Khemka
Chairman

Indag Rubber Limited

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

Proxy Form

Regd. Folio No. _____

No. of Shares _____

I/We _____

R/o _____

being a _____

Member(s) of Indag Rubber Limited hereby appoint _____

R/o _____

or failing him _____

as my/our Proxy to attend for me/us and to vote on my/our behalf at the 28th Annual General Meeting of the Company to be held on Friday 21st September, 2007 at Dolly Farms & Resorts Pvt. Ltd., (near The Executive Club), 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110030 and at adjournment(s) thereof.

signed this _____ day of _____ 2007

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 28th General Meeting of the Company on Friday 21st September 2007 at Dolly Farms & Resorts Pvt. Ltd., (near The Executive Club), 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110030 and at adjournment(s) thereof.

Name

(Signature of Member/Proxy Present)

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

Indag Rubber Limited

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

Entry Pass

Folio No./DP ID & Client ID Number _____

Name

(Authorised Signature with Rubber Stamp)

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

No gift/coupon will be distributed at the meeting.



INDIA'S MOST TRUSTED RETREAD

Indag Rubber Limited

Registered Office

11, Community Centre, Saket, New Delhi-110017