



29th Annual Report 2008



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-NINETH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDAG RUBBER LIMITED WILL BE HELD ON WEDNESDAY 30TH JULY 2008 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 2008 and the Balance Sheet as on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.P R Khanna, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.K K Kapur, who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend.
5. To appoint M/s. S.R. Batliboi & Associates, Chartered Accountants as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. 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 three years with effect from June 1, 2008 who has attained the age of 70 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 : Three Years w.e.f. June 1, 2008.

(C) REMUNERATION**Fixed Salary Component**

- 1) Salary : Rs. 158,000/- 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.25,000/- 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 before tax earned by the company.

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.

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
May 19, 2008

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 nos. 6 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 15th July 2008 to 30th July 2008 (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

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AT THE FORTHCOMING ANNUAL
GENERAL MEETING**

(IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Name of Directors	Shri P.R.Khanna	Shri K.K.Kapur
Date of Birth	2nd July 1933	15th October 1937
Date of Appointment	8th September 1983	9th April 2001
Qualifications	- Member of Institute of Chartered Accountants of India	- Post-graduate in Mathematics - Member of the Institute of Cost and Works Accountants of India
List of outside Directorship	1. Ansal Properties & Industries Ltd. 2. DCM Shriram Ltd 3. Uniproducts India Limited 4. UTI Asset Management Co. Limited	Nil
Number of shares held in the company	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, 2008, for a period of three years, pursuant to the provisions of the Companies Act, 1956.

Mr.K.K.Kapur, aged 71 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 47 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 19th May 2008 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.

The above statement may be regarded as an abstract of the terms of appointment and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

For and on behalf of the Board of Directors

New Delhi
May 19, 2008

Manali D.Bijlani
Company Secretary

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are pleased to present the 29th Annual Report together with the Audited Statement of Accounts of the Company for the accounting year ended March 31, 2008. We have included Management's Discussion and Analysis as a part of this report.

FINANCIAL RESULTS :

Particulars	2007-2008 (Rs.in lacs)	2006-2007 (Rs.in Lacs)
Sales and Operating Income	7394.11	6143.55
Profit before Interest & Depreciation	1132.14	745.44
Finance Expenses	131.48	168.57
Profit before Depreciation	1000.66	576.87
Depreciation	140.06	135.20
Profit before Income Tax	860.60	441.67
Provision for Minimum Alternate Tax	(96.30)	(48.72)
MAT credit entitlement	96.30	51.22
Fringe Benefit Tax	(10.63)	(6.75)
Deferred Tax Assets/(Liabilities)	(22.35)	(16.42)
Profit (Loss) for the year	827.62	421.00
(Debit) Balance brought forward from previous year	330.22*	(90.29)
Proposed Dividend	105.00	0.00
Corporate Dividend Tax	17.84	0.00
Transferred to General Reserve	70.00	0.00
Appropriations	964.99	330.71

* Net of Rs. 0.49 lacs utilized on account of transitional provision for leave encashment.

OPERATIONAL PERFORMANCE

During the year under review your company has achieved a turnover of Rs.73.94 crores as against Rs.61.43 crores in the previous year – a jump of 20%. The Operational Profit, before making provision for interest and depreciation, amounted to Rs. 11.32 crores as against Rs.7.45 crores in the previous year.

The growth in the performance of your company has been due to dedicated efforts of all concerned.

DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 2/- per equity share for the financial year 2007-08. The dividend would be tax free in the hands of the shareholders.

INDUSTRY EXPERIENCE

Prices of the basic raw materials particularly PBR, natural rubber, carbon black and rubber chemicals have been continuing to rise in an unprecedented manner. These increases have put, not only the retread industry, but the tyre industry as well, under considerable cost pressure and have seriously affected profitability.

OPPORTUNITIES AND THREATS

Due to high prices of tyres, retreading of tyres has become all the more necessary. Tyres retreaded with quality material and retread process give about the same mileage as new tyres, at a much lower cost per mile and are environmentally friendly. Not only do they consume two-third less petroleum products, but every retreaded tire also saves a tire from going to a landfill. Retreading has gained considerable acceptance all over the world.

Tyre retreading in the commercial vehicle segment is poised for growth mainly due to :

- Increase in the level of radialization, which requires good quality retreading for radial tyre's higher price to be sustained ;
- Growth in and increased share of multi-axle trucks (with the catching up of the concept of 'hub & spoke' transportation, long distance movement of road freight will be by multi-axle trucks whereas distances within and around the cities will be catered by smaller commercial vehicles);
- National Highway Projects, especially Golden Quadrilateral Project and Highways connecting North-South and East -West corridors, coupled with reduction in overloading and improved condition of road network.

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 large number of parties to pay in advance before supplies are made. In the case of others PDC's are taken against supplies. The risk of delayed payment from STU's is controlled and managed by strict application of credit policy.*
- (ii) *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 of our products are revised to meet the costs. In case of fixed price contracts, unprecedented increase in raw material prices have serious impact on margins.*
- (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 cordial industrial relations. 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 186 employees. We believe in empowering our employees through greater knowledge, opportunity, responsibility and accountability.

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 as a pre-requisite for its operations and has implemented ISO 9001:2000 standards at Nalagarh plant and Head Office.

ENVIRONMENT PROTECTION

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

DIRECTORS

In accordance with Article 99 of the Articles of Association of the Company, Sh. P R Khanna and Sh.K K Kapur will retire from office by rotation, and being eligible, offer themselves for re-appointment.

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.Batliboi & 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, 2008, a total of 790208 equity shares which forms 15.05% 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 2007-2008 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 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
May 19, 2008

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 exported retreading material for the first time of Rs.86.00 lacs.

- (b) Total Foreign Exchange used and earned:

Particulars	2007-2008 (Rs. in Lacs)	2006-2007 (Rs. Lacs)
Foreign Exchange earned	86.00	Nil
Foreign Exchange used	20.00	25.38

**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 include one executive director and four non-executive directors. The composition of Board with their attendance at the Board Meetings and at the last Annual General Meeting etc is given below:

Directors	Executive/Non-executive/ Independent	Number of Board Meetings attended	Attendance at the last AGM held on 21 September, 2007	No. of Other Directorship Held in Public Companies	Number of Membership in Committees Including INDAG	
					Member	Chairman
Mr. Nand Khemka	Chairman, interested	4	Yes	4	1	1
Mr.S.L.Khemka	Non-Executive, interested	1	No	Nil	Nil	Nil
Mr. P.R.Khanna	Non-Executive, independent	5	Yes	4	5	1
Mr.R.Parmeswar	Non-Executive, independent	5	Yes	1	1	1
Mr. K.K.Kapur (Whole-time Director)	Executive, interested	5	Yes	Nil	1	Nil

Five meetings of the Board of Directors were held during the year, viz on April 27,2007, July 30 2007, October 20 2007, November 29, 2007 and January 21 2008. 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 27,2007, July 30 2007, October 20 2007 and January 21 2008. 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)	3

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

Directors	Relationship with other Directors	Business relationship with the company, if any	Sitting fee paid during 2007-2008 (Rs.)	Number of share and convertible Instruments held
Mr. Nand Khemka	Brother of Mr. S.L.Khemka	Nil	80,000	503701 equity shares
Mr. S.L.Khemka	Brother of Mr. Nand Khemka	Nil	10,000	Nil
Mr. P.R.Khanna	Nil	Nil	100,000	Nil
Mr. R.Parameswar	Nil	Nil	90,000	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 2007-2008			
			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.21.40 lacs	Rs.17.22 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.17.22 lacs as bonus for the year 2007-2008.
- The appointment is subject to termination by one month notice in writing on either side. Mr.K K Kapur has been reappointed as the Whole Time Director w.e.f. June 1, 2008 for a period of three years, subject to the approval of the members in the forthcoming AGM.
- 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
26th AGM – 29th September 2005	10:00 AM	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

28th AGM – 21st September 2007 02:00 P.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 by show of hands.

VI. DISCLOSURES

During the financial year ended the 31st March, 2008 there were no materially significant related party transactions that may have potential conflict with the interests of Company at large.

The Company complied with all the statutory requirements mentioned in the listing agreements/regulations/guidelines/rules of the Stock Exchanges/SEBI/other statutory authorities, except for Clause 40A of the Listing Agreement in respect of "Minimum Public Shareholding". The company has requested for extension of period for increasing the public shareholding, which is awaited. 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 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 "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 : 30th July 2008 at 10:00 a.m.
Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110003

(ii) Financial Calendar & Financial Reporting

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

(iii) Date of Book Closure : 15th July 2008 to 30th July 2008 (Both dates inclusive)

(iv) Dividend Payment Date : On or after 30th July 2008

(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 2007	37.10	27.35	53219
May 2007	47.40	34.35	123530
June 2007	43.00	32.00	146542
July 2007	38.55	32.65	176885
August 2007	46.00	34.90	249332
September 2007	51.20	43.60	129293
October 2007	77.50	44.50	393835
November 2007	105.05	71.45	304200
December 2007	98.00	79.00	91402
January 2008	112.95	80.00	138885
February 2008	88.40	72.05	25581
March 2008	77.80	50.25	299217

(viii) Registrar & Share Transfer Agents : Skyline Financial Services (P) Limited
123 Vinobha Puri, Lajpat Nagar – II
New Delhi - 110024

(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, 2008

No. of equity shares held	Shareholders		% of Shareholding	
	Number	% to total	Total (in Rs.)	% in total
Up to 5000	4463	95.32	3755760	7.15
5001 to 10000	93	1.98	771340	1.47
10001 to 20000	49	1.05	741950	1.41
20001 to 30000	25	0.53	620710	1.18
30001 to 40000	6	0.13	209380	0.40
40001 to 50000	8	0.17	390890	0.74
50001 to 100000	19	0.41	1375640	2.62
100001 and above	19	0.41	44634330	85.03
Total	4682	100	52500000	100

(xi) Categories of Shareholding : As on March 31, 2008

Category	No. of Shares held	% of Shareholding
Indian Promoters	3727194	70.99
Foreign Promoters	00	00
Directors & their relatives	503701	9.59
UTI/Financial Institutions & Banks	2100	0.04
Body Corporate	229159	4.37
NRI/ OCB	20913	0.40
Indian Public	766933	14.61
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, 2008, a total of 790208 equity shares which forms 15.05% 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 246 Sant Nagar, East of Kailash
mandates/ address or any other query New Delhi – 110065
Phone no.: (011)26292681 -83
- (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 2007 to 31st March 2008.

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, 2008, 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: May 19, 2008

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

INDAG RUBBER LIMITED.**REGD. OFFICE : 11 COMMUNITY CENTRE, SAKET, NEW DELHI**

Dear Shareholder,

SUBJECT : ELECTRONIC CLEARING SERVICE (ECS) FOR DIVIDEND PAYMENT

We are pleased to advise that the Board of Directors have recommended dividend @ 20% i.e. Rs. 2/- per share for the financial year 2007-08, subject to approval by the shareholders at the Annual General Meeting. The Register of Members will be closed during the period 15th July 2008 to 30th July 2008 (both days inclusive).

Securities and Exchange Board of India (SEBI) vide its circular dated 15th October, 2001 has advised that "all companies should mandatorily use ECS facility for distributing dividends or other cash benefits to the investors wherever the ECS facility is available and in the absence of availability of ECS facility, the Companies may use warrants for distributing the dividends".

SEBI has also advised the Companies to mandatorily print the bank account details of the shareholders on the dividend warrants / payment instruments in the absence of ECS facility. We are extending the facility to the shareholders of Electronic Clearing Services (ECS) provided by Reserve Bank of India for dividend payment upto Rs. 5 lakhs. Needless to mention that dividend payment through ECS avoids the risks like postal delay, loss in transit, fraudulent encashment etc.

Under the ECS facility, your bank will credit the dividend amount in your bank account on due date and indicate the credit entry as "ECS" in your Pass Book/Bank Statement without issuing or handling paper instrument/warrant. In order to avail the ECS facility, the shareholders are requested to fill and sign the enclosed ECS mandate form. The form thereafter be sent –

In case of shareholder holding shares in Physical Modé to –

Skyline Financial Services (P) Limited

246 Sant Nagar,

East of Kailash

New Delhi – 110065

Phone no.: (011)26292681 -83

In case of shareholder holding shares in Electronic Mode/Dematerialized form to-

The Depository Participant with whom your account is maintained.



INDAG RUBBER LIMITED.

Regd. Office : 11 Community Centre, Saket, New Delhi

(In case of Shareholding in Physical form)

To,
Skyline Financial Services (P) Limited
246 Sant Nagar, East of Kailash
New Delhi – 110065
Phone no.: (011)26292681 -83

(In case of shareholding in Electronic form)

To
The Depository Participant concerned

Subject : ECS Mandate for Dividend Payment

Dear Sir,

Folio No. : _____ / Client ID: _____ DP ID : _____

This is in response to the letter of Indag Rubber Limited regarding the ECS facility for payment of dividend. The following is the updation of my bank account details and I hereby affirm my choice to opt for payment of dividend through ECS.

I understand that Indag Rubber Limited also reserves the right to send the dividend payable to me by a physical dividend warrant / draft, on account of any unforeseen circumstances beyond the control of Indag Rubber Limited, that may affect the payment of dividend through ECS.

1. **First Shareholder's Name:** Shri /Smt/Kum./M/s _____

2. **FirstShareholder's Address:** _____

_____ Pin Code _____

3. Particulars of bank:

Bank Name _____

Branch and city _____

(Name & Address & Telephone No.) _____

Account No. (As appearing in Cheque Book) _____

Account Type _____

9 digit MICR No. as appearing on the Cheque _____

(Please enclose cancelled / photocopy of cheque)

4. PAN/GIR No. _____

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold Container Corporation of India Ltd. responsible. I also agree for printing of the bank details on the dividend warrant / DD if the payment of dividend is effected by warrant / DD.

PLACE: _____ (Sole / First shareholder)
DATE: _____ (Signature should be as per the specimen sign.)

Certification by the Bank

(This is required if cancelled cheque / photocopy of the cheque is not enclosed)

Certified that the Bank details furnished above are correct as per our records.

Date: _____ (Bank Stamp)
Signature of authorized official of the Bank

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, 2008 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, 2008, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2008 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, 2008;
 - 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 Yogesh Midha
Partner
Membership No.: 94941
Gurgaon
Date: 19 May 2008

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. There fore, the provisions of paragraph 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (e) 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 in previous year 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. 5,000 thousand and the year-end balance was Rs. Nil.
- (f) 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.
- (g) 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, customs 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, 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
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	7,147	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 any bank. 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 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 Yogesh Midha

Partner

Membership No.: 94941

Gurgaon

Date: 19th May 2008

BALANCE SHEET AS AT MARCH 31, 2008

(Rs. '000)

	<i>Schedule</i>	As at 31st 31st March 2008	As at 31st 31st March 2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	52,500	52,500
Reserves and surplus	2	150,028	79,600
		<u>202,528</u>	<u>132,100</u>
Loan funds			
Secured loans	3	78,159	124,923
Unsecured loan	4	-	5000
		<u>78,159</u>	<u>129,923</u>
Deferred Tax Liabilities	5	3,878	1,642
TOTAL		<u>284,565</u>	<u>263,665</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	6	261,837	252,575
Less : Accumulated Depreciation		<u>133,338</u>	<u>119,332</u>
Net block		128,499	133,243
Capital work in progress (including capital advances)		<u>11,432</u>	<u>222</u>
		<u>139,931</u>	<u>133,465</u>
Current Assets, Loans And Advances			
Inventories	7	125,688	95,189
Sundry debtors	8	71,800	63,840
Cash and bank balances	9	15,572	24,751
Other current assets	10	45	1,049
Loans and advances	11	32,169	19,893
		<u>245,274</u>	<u>204,722</u>
Less : Current Liabilities and Provisions			
Current Liabilities	12	86,294	70,741
Provisions	13	14,346	3,781
		<u>100,640</u>	<u>74,522</u>
Net Current Assets		<u>144,634</u>	<u>130,200</u>
TOTAL		<u>284,565</u>	<u>263,665</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

per Yogesh Midha

Partner

Membership No. 94941

Gurgaon

Date: May 19, 2008

Manali D. Bijlani

Company Secretary

K. K. Kapur

CEO & Whole Time Director

J. K. Jain

Chief Financial Officer

Nand Khemka

Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	<i>Schedule</i>	Year Ended March 2008	(Rs. '000) Year Ended March 2007
INCOME			
Turnover (Gross)	14	739,411	614,355
Less : Excise duty		-	5,337
Turnover (Net)		<u>739,411</u>	<u>609,018</u>
Other income	15	4,949	19,225
TOTAL		<u>744,360</u>	<u>628,243</u>
EXPENDITURE			
Raw materials consumed	16	523,233	418,146
Purchases of Trading Goods		1,695	2,704
Personnel expenses	17	33,051	43,092
Operating and other expenses	18	101,693	84,967
Decrease / (Increase) in inventories	19	(28,525)	4,913
Depreciation	6	14,006	13,520
Financial expenses	20	13,148	16,857
		<u>658,301</u>	<u>584,199</u>
Profit before prior period items and tax		86,059	44,044
Prior period items	21	-	123
Profit before tax		<u>86,059</u>	<u>44,167</u>
Current Tax - (MAT)		9,630	4,872
Less: MAT Credit Entitlement		(9,630)	(5,122)
Net Current Tax		-	(250)
Deferred tax charge		2,235	1,642
Fringe Benefit Tax (Including 153 thousand paid for previous year)		1,063	675
Total Tax Expense		<u>3,298</u>	<u>2,067</u>
Net profit for the period		<u>82,761</u>	<u>42,100</u>
Balance brought forward from previous year (net of Rs. 49 thousand utilized on account of transitional for leave Encachment)		33,022	(9,029)
Amount available for Appropriation		<u>115,783</u>	<u>33,071</u>
APPROPRIATIONS			
Transfer to General Reserve		7,000	-
Proposed Dividend		10,500	-
Corporate Dividend Tax		1,784	-
Surplus carried to Balance Sheet		<u>96,499</u>	<u>33,071</u>
Earnings per share (Rs.)	22		
Basic & diluted (Nominal value of shares Rs. 10)		15.76	8.02
(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 Yogesh Midha
Partner
Membership No. 94941
Gurgaon

K. K. Kapur
CEO & Whole Time Director

Nand Khemka
Chairman

Date: 19 May, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008
(Rs. '000)

	As at March 31,2008	As at March 31,2007
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit /(loss) before tax and extraordinary items	86,059	44,167
Adjustments for :		
Depreciation	14,006	13,520
Profit on disposal of fixed assets	-	(86)
Provision for Doubtful debts and advances	363	1,153
Interest expenses	11,450	15,196
Interest income	(1,155)	(1,318)
Operating profit before working capital changes	110,723	72,632
Movement in working capital:		
(Increase) in sundry debtors	(8,324)	(15,104)
(Increase) in inventories	(30,499)	(15,886)
Decrease /(Increase) in loans and advances	(1,890)	(1,853)
(Decrease) / Increase in current liabilities and provisions	13,717	(18,019)
Cash generated from operations	83,727	25,476
Direct taxes (paid)	(11,380)	(6,877)
Net cash from operating activities	72,347	18,599
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(20,472)	(12,947)
Proceeds from sale of fixed assets	-	287
Interest received	2,159	570
Fixed deposits made during the period	(758)	(3,315)
Fixed deposits matured during the period	15,122	1,062
Net cash (used in) investing activities	(3,949)	(14,343)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of long-term borrowings	-	13,147
(Repayment) of long-term borrowings	(19,400)	(9,100)
Proceeds of short-term borrowings	(32,120)	12,967
Interest paid	(11,693)	(15,196)
Net cash from financing activities	(63,231)	1,818
Net increase/(decrease) in cash and cash equivalents (A+B+C)	5,185	6,074
Cash and cash equivalents at the beginning of the year	8,473	2,399
Cash and cash equivalents at the end of the year	13,658	8,473
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	47	67
cheque on hand	80	1,425
Balances with scheduled banks:		
-on current accounts	13,531	6,981
-on fixed deposit accounts	1,910	16,274
Post Office Savings Bank Account	4	4
Total	15,572	24,751
Less- Fixed deposit considered in the investing activity	1,914	16,278
Cash and cash equivalents at the end of the year	13,658	8,473

Notes :

1. Previous year figures have been regrouped, where necessary to conform to current year's classification
2. The above Cash Flow has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 On Cash Flow Statements, issued by the Institute of Chartered Accountants of India.

As per our report of even date

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

Chartered Accountants

 per **Yogesh Midha**

Partner

Membership No. 94941

Gurgaon

Date: 19 May, 2008

For and on behalf of the Board of Directors

Manali D. Bijlani

Company Secretary

K. K. Kapur

CEO & Whole Time Director

J. K. Jain

Chief Financial Officer

Nand Khemka

Chairman

Schedule 1 : Share Capital

(Rs. '000)

	As at 31st March, 2008	As at 31st March, 2007
Authorised		
7,000,000 (Previous Year 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, 2008	As at 31st March, 2007
Capital Reserve (As per last Balance Sheet)		
a) Central Cash Subsidy	1,500	1,500
b) Profit on Reissue of Forfeited Shares	29	29
Securities Premium Account	45,000	45,000
General Reserve		
Amount as per last Balance Sheet	-	-
Add: Transfer from Profit & Loss Account	7,000	-
Profit as per last Balance Sheet	33,071	-
Less- Utilized on account of transitional provision of AS-15 (Refer note 2 (b) of schedule 23)	49	-
Add: Transfer from Profit & Loss Account	63,477	33,071
	<u>150,028</u>	<u>79,600</u>

Schedule 3 : Secured Loans

	As at 31st March, 2008	As at 31st March, 2007
Term Loan from a bank	24,250	43,650
(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)		
(Repayable within one year Rs. 19,400 thousand (Previous year Rs. 19,400 thousand))		
Interest accrued and due on above	320	564
Car Finance Loans from banks	1,200	1,743
(Secured by hypothecation of vehicles financed out of proceeds of loan)		
(Repayable within one year Rs. 366 thousand (Previous year Rs. 638 thousand))		
Loans against Fixed Deposits from banks	-	12,544
(Repayable within one year Rs. Nil (Previous year Rs. 12,544 thousand))		
Cash Credit Borrowings	52,389	66,422
(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 Nalagarh 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)		
	<u>78,159</u>	<u>124,923</u>

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

	As at 31st March, 2008	As at 31st March, 2007
Loan from Hindu Undivided Family (HUF)* (Repayable within one year Rs.NIL Previous year Rs.5,000 thousand)	<u>-</u> <u>-</u>	<u>5,000</u> <u>5,000</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, 2008	As at 31st March, 2007
Arising on account of timing differences in depreciation*	<u>3,878</u>	<u>1,642</u>
	<u>3,878</u>	<u>1,642</u>

Schedule 6 : Fixed Assets

(Rs. '000)

	Tangible Assets				Intangible Assets		Total	Year ended March 31, 2007
	Land	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Software		
Gross Block								
As on 01.04.2007	9,835	48,072	179,016	10,883	4,769	-	252,575	240,676
Additions	65	2,756	3,625	2,480	-	336	9,262	12,760
Deductions	-	-	-	-	-	-	-	861
As at 31.03.2008	9,900	50,828	182,641	13,363	4,769	336	261,837	252,575
Depreciation / Amortisation								
As At 01.04.2007	115	12,332	96,254	8,453	2,178	-	119,332	106,472
Additions	19	1,516	10,697	1,098	671	5	14,006	13,520
Deductions	-	-	-	-	-	-	-	660
As at 31.03.2008	134	13,848	106,951	9,551	2,849	5	133,338	119,332
For Previous year	5	1,414	10,505	1,033	563	-	13,520	6,481
Net Block								
As at 31.03.2008	9,766	36,980	75,690	3,812	1,920	331	128,499	133,243
As at 01.04.2007	9,720	35,740	82,762	2,430	2,591	-	133,243	-
Capital Work in Progress :								
Capital Work in Progress including capital advances							11,432	222
Total							11,432	222
Grand Total							139,931	133,465

Notes:

- Plant and Machinery includes cost of power transmission lines amounting to Rs.1,353 thousand (Previous year Rs.1,353 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.
- Land includes Leasehold land of Rs.1,863 thousand (Gross block) and Rs. 1,729 thousand (Net block) (Previous year Rs.1,798 thousand (Gross block) and Rs 1,683 thousand (Net block))

Schedule 7 : Inventories

(Rs. '000)

	As at 31st March, 2008	As at 31st March, 2007
Raw materials [Including Rs. 3,687 thousand in Transit (Previous Year Rs 3,667 thousand)]	41,545	42,044
Packing materials	1,060	626
Stores and spares	7,970	5,931
Work-in-progress	4,186	1,526
Finished goods		
- Manufactured	69,972	43,481
- Traded	955	1,581
	<u>125,688</u>	<u>95,189</u>

Schedule 8 : Sundry Debtors

	As at 31st March, 2008	As at 31st March, 2007
Debts outstanding for a period exceeding six months		
Unsecured, considered good	1,753	2,840
Unsecured, considered doubtful	8,677	11,392
Other debts		
Unsecured, considered good	70,047	61,000
Unsecured, considered doubtful	-	25
	<u>80,477</u>	<u>75,257</u>
Less : Provision for doubtful debts	8,677	11,417
	<u>71,800</u>	<u>63,840</u>

Schedule 9 : Cash and Bank Balances

	As at 31st March, 2008	As at 31st March, 2007
Cash in hand	47	67
Cheques on hand	80	1,425
Balances with scheduled banks:		
-on current accounts	13,531	6,981
-on fixed deposit accounts	1,910	16,274
(Receipts pledged with Banks / Sales Tax Authorities)		
Post Office Savings Bank Account	4	4
(Pass Book pledged with Excise Authorities)		
	<u>15,572</u>	<u>24,751</u>

Schedule 10 : Other Current Assets

(Rs. '000)

	As at 31st March, 2008	As at 31st March, 2007
Interest accrued on fixed / other deposits	45	1,049
	<u>45</u>	<u>1,049</u>

Schedule 11 : Loans and Advances (Unsecured)

	As at 31st March, 2008	As at 31st March, 2007
Considered good		
Loans to staff	275	309
Advances recoverable in cash or in kind or for value to be received	8,321	7,386
Balance with Excise Authorities	37	37
Advance tax / tax deducted at source / income tax refundable (Net of income tax provision of Rs.14,727 thousand, previous year Rs.5,097 thousand)	2,344	1,587
MAT Credit Entitlement	14,751	5,122
Deposits - others	6,441	5,452
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	376	151
Deposits -Others	120	120
	<u>32,665</u>	<u>20,164</u>
Less : Provision		
	496	271
	<u>32,169</u>	<u>19,893</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.1,097 thousand (Previous year Rs.1,095 thousand)

Schedule 12: Current Liabilities

	As at 31st March, 2008	As at 31st March, 2007
Sundry creditors		
Total outstanding dues of Micro, Medium and Small Enterprises (Refer to note no. 8 in notes to accounts)	3,514	1,010
Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	67,035	57,689
Retention money and security deposits	8,528	6,263
Advances from customers	1,651	691
Other liabilities	5,566	5,088
	<u>86,294</u>	<u>70,741</u>

Schedule 13: Provisions

(Rs. '000)

	As at 31st March, 2008	As at 31st March, 2007
For Taxation	160	92
For Gratuity	502	2,507
For Leave encashment	1,400	1,182
For Proposed Dividend	10,500	-
For Corporate Dividend Tax	1,784	-
	<u>14,346</u>	<u>3,781</u>

Schedule 14 : Turnover (Gross)

	Year Ended March, 2008	Year Ended March, 2007
Sale of Finished Goods		
- Manufactured	736,252	606,716
- Traded	3,533	3,974
Less: Trade discounts and claims	1,094	711
	<u>738,691</u>	<u>609,979</u>
Sale of Services	720	4,376
	<u>739,411</u>	<u>614,355</u>

Schedule 15 : Other Income

	Year Ended March, 2008	Year Ended March, 2007
Interest income		
On bank deposits	716	1,019
(Gross, Tax deducted at source Rs.154 thousand, Previous Year Rs.217 thousand)		
On others	438	299
(Gross, Tax deducted at source Rs.Nil, Previous Year Rs.26 thousand)		
Unspent liabilities/ provisions written back (Refer Note No. 8 of Schedule 23)	1,001	15,696
Profit on Sale of Fixed Assets	-	86
Recovery of bad debts written off in earlier years	174	-
Foreign exchange fluctuation (net of Loss of Rs. Nil, Previous year Rs. 3 thousand)	-	2
Miscellaneous income	2,620	2,123
	<u>4,949</u>	<u>19,225</u>

(Schedule 16 : Raw Materials Consumed

	Year Ended March, 2008	Year Ended March, 2007
Opening Stock	42,044	21,888
Add: Purchases	522,734	438,302
Less: Closing Stock	41,545	42,044
	<u>523,233</u>	<u>418,146</u>

Schedule 17 : Personnel Expenses

(Rs. '000)

	Year Ended March, 2008	Year Ended March, 2007
Salaries, wages and bonus	29,620	37,018
Contribution to gratuity fund	670	3,154
Contribution to provident and other funds	2,002	2,126
Workmen and staff welfare expenses	759	794
	<u>33,051</u>	<u>43,092</u>

Schedule 18 : Operating and Other Expenses

	Year Ended March, 2008	Year Ended March, 2007
Consumption of stores and spares parts	5,183	3,313
Packing expenses	6,399	3,976
Power and fuel	21,944	23,884
Repairs and maintenance :		
Plant & Machinery	4,403	3,797
Buildings	231	340
Others	1,032	584
Rent	5,875	4,198
Rates and taxes	1,824	1,388
Insurance	1,891	1,702
Traveling and conveyance	9,299	7,155
Communication costs	2,604	2,218
Printing and stationery	1,249	1,183
Legal and professional fees	4,738	4,201
Director's remuneration	3,863	2,741
Auditors remuneration :		
Audit fee	1,000	561
Quarterly review of financial statements	50	169
Certification etc.	-	480
Out of pocket expenses (including service tax)	183	23
Loss On Exchange Fluctuations (Net of gain of Rs. 90 thousand, previous year Rs. nil)	162	-
Decrease of excise duty on inventory (Refer Note No. 9.4 of Schedule 23)	-	(2,888)
Freight and forwarding charges	15,237	12,937
Provision for doubtful debts and advances	363	1,153
Vehicle running & maintenance	1,223	1,402
Director's sitting fees	280	200
Security & other service charges	1,981	2,218
Service charges to C & F agents	4,186	3,130
Advertisement & Publicity	1,247	1,397
Miscellaneous expenses	5,246	3,505
	<u>101,693</u>	<u>84,967</u>

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

	Year Ended March, 2008	Year Ended March, 2007
Closing Stock		
Work-in-progress	4,186	1,526
Finished goods		
- Manufactured	69,972	43,481
- Traded	955	1,581
	<u>75,113</u>	<u>46,588</u>
Opening 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>
	<u>(28,525)</u>	<u>4,913</u>

Schedule 20 : Financial Expenses

	Year Ended March, 2008	Year Ended March, 2007
Interest paid		
On car finance loans from banks	174	132
On term loan from a bank	5,062	5,618
On other loans from banks	5,458	8,482
To a HUF of which director is Karta	175	490
On others	581	474
Bank Charges	1,698	1,661
	<u>13,148</u>	<u>16,857</u>

Schedule 21 : Prior Period Items

	Year Ended March, 2008	Year Ended March, 2007
Discount on raw material purchases	-	369
Director's Remuneration	-	(246)
	<u>-</u>	<u>123</u>

Schedule 22 : Earnings per share (EPS)

	Year Ended March, 2008	Year Ended March, 2007
Net profit/(loss) as per profit and loss account	82,761	42,100
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>15.76</u>	<u>8.02</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.

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

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 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) Change in Accounting Policy

Till March 31, 2007 Company was providing for leave benefits based on actuarial valuation in accordance with old Accounting Standard 15. In the current year, the Company has applied Accounting Standard 15 (Revised 2005) which is mandatory for accounting years commencing on or after December 7, 2006. Accordingly the Company has changed the basis of providing short term leave benefits. As a result, estimated liability of short term absences as at April 1, 2007 is higher by Rs. 49 thousand (net of income-tax Rs. 32 thousand), which in accordance with the transitional provision in the revised Accounting Standard, has been adjusted to the opening balance of General Reserves. This change does not have material impact on the profit for the current year.

(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 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.

(d) Depreciation /Amortisation

Depreciation on Fixed Assets is provided on Straight Line Method and Written Down Value method at the rates based on the estimated useful life of the asset, which is in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.

i) Cost of leasehold land is being amortised over the lease period.

ii) Assets costing less than or equal to Rs. 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) Costs relating to licenses, 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.

(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 at the weighted average cost of capital.

(f) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(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, 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.

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 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 arose 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.

(i) 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; 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 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 recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing after December 7, 2006 are capitalized as a part of fixed asset.

(j) Retirement and other benefits

- i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- ii. Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method carried by an independent actuary made at the end of each financial year.
- iii. Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method carried by an independent actuary as at the end of the year.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.
- v. Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss account immediately.

(k) 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.

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 realised. 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) 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.

(m) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

(n) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

(o) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques in hand and short term investments with an original maturity of three months or less.

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	
	2008	2007	2008	2007	2008	2007
Sales of Finished Goods						
- Unipatch Rubber Limited	-	48	-	-	-	48
Sales of Services						
- Unipatch Rubber Limited	-	1,292	-	-	1,292	1,292
Purchases (Raw Materials, Stores, Spares & Packing Materials)						
- Unipatch Rubber Limited	98	144	-	-	98	144
- Bandag Incorporated, USA	-	40	-	-	-	40
Rent Paid						
- Khemka Aviation Pvt. Limited	4,048	2,789	-	-	4,048	2,789
Interest on Loan						
- Nand Lal Khemka (HUF)	175	490	-	-	175	490
Remuneration						
- Mr. K.K. Kapur	-	-	3,863*	2,987*	3,863	2,987
Reimbursement of expenses received						
- Unipatch Rubber Limited	435	448	-	-	435	448
- Khemka Aviation Pvt. Ltd.	505	496	-	-	505	496

Particulars	Parties which significantly influence/ are influenced by the Company (either individually or with others)		Key Management Personnel		Total	
	2008	2007	2008	2007	2008	2007
Reimbursement of expenses given						
- Unipatch Rubber Limited	64	72	-	-	64	72
Loan taken						
- Nand Lal Khemka (HUF)	-	8,000	-	-	-	8,000
Repayment of Loan						
- Nand Lal Khemka (HUF)	5,000	3,000	-	-	5,000	3,000
Trade/ Other Receivables						
- Unipatch Rubber Limited	-	43	-	-	-	43
- Khemka Aviation Pvt. Limited	1,097	1,095	-	-	1,097	1,095
Other Payables						
- Mr. K.K. Kapur	-	-	1,138	953	1,138	953
Unsecured Loan Payable						
- Nand Lal Khemka (HUF)	-	5,000	-	-	-	5,000
Corporate Guarantee on companies behalf						
- Khemka Aviation Pvt. Limited	76,959	110,636	-	-	76,959	110,636

*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)

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. 14,751 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.

6. Capital Commitments	As at 31March, 2008	As at 31st March,2007
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs.1300 thousand (Previous year Rs. 182 thousand) included under Capital Work-in - Progress)	3,829	716
7. Contingent Liabilities (not provided for) in respect of :	915*	915
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.	9,147*	15,915
b) 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, IRL 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.	-	229
c) Income tax matter decided in favour of the Company but the Department has gone into appeal.	1,535*	1,050
d) Pending Labour cases	-	937**
e) Other claims against the Company not acknowledged as debts	11,069	10,908
f) Guarantees given by the Company	<u>22,666</u>	<u>29,954</u>

* 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. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act,2006

(Rs. '000)

	As at 31March, 2008	As at 31st March,2007
1 The principal amount remaining unpaid to any supplier as at the end of each accounting year.	3,514	1,010
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 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
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 Micro Small and Medium Enterprise Development Act, 2006.	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 for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil
9.	Supplementary Statutory Information		(Rs. '000)
9.1	Whole Time Directors' Remuneration	2008	2007
	Salary and Bonus*		
	Contribution to Provident Fund	3,125	2,020
	Perquisites	168	134
		570	833
		3,863	2,987
	* 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.		
			(Rs. '000)
9.2	Value of imports calculated on CIF basis (on accrual basis)	2008	2007
	Raw Materials	137	2,487
	Stores and Spares	-	15
		137	2,502
9.3	Earnings in foreign currency (on accrual basis)		
	Exports at F.O.B. Value	8,591	-
		8,591	-
9.4	In accordance with explanation below para 10 of Accounting Standard -9 notified under Companies (Accounting Standard) Rules, 2006, excise duty on sales amounting to Rs. Nil (Previous year Rs. 5,337 thousand) has been reduced from sales in profit & loss account, and excise duty on increase in stocks amounting to Rs. Nil has been considered as expense (Previous year Rs. 2,888 thousand as income on decrease in stock) in Schedule 18 of the financial statements.		

10. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The 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 respective plans.

Profit and Loss Account

Net employee benefit expense (recognized in Employee Cost)

	Gratuity 31st March 2008
Current service cost	495
Interest cost on benefit obligation	284
Expected return on plan assets	(93)
Net actuarial gain recognized in the year on account of return on plan assets	-
Net actuarial (gain)/ loss recognized in the year	(16)
Net benefit expense	<u>670</u>
Actual return on plan assets	<u>94</u>

Balance Sheet

Details of Provision for gratuity

	Gratuity 31st March 2008
Defined benefit obligation	3,918
Fair value of plan assets	<u>3,416</u>
	(502)
Less: Unrecognized past service cost	-
Plan (liability)	<u>(502)</u>

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity 31st March 2008
Opening defined benefit obligation	3,550
Interest cost	377
Current service cost	495
Benefits paid	(395)
Actuarial (gain)/losses on obligation	(109)
Closing defined benefit obligation	<u>3,918</u>

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

	Gratuity 31st March 2008
Opening fair value of plan assets	1,043
Expected return	93
Contributions by employer	2,676
Benefits paid	(395)
Actuarial (gain)/ losses	(1)
Closing fair value of plan assets	<u>3,416</u>

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

	Gratuity 31st March 2008
Investments with insurer	%
Cash and bank balance with the insurer	100 0

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the year over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to the improved debt market scenario. The principal assumptions used in determining gratuity obligations for the company's plans are shown below:

	Gratuity 31st March 2008 %
Discount rate	8.00
Expected rate of return on plan assets	8.90
Increase in compensation cost	5.50
Employee turnover upto 30 years	3
above 30 years but upto 44 years	2
above 44 years	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 and previous years are as follows:

	Gratuity 31st March 2008
Defined benefit obligation	<u>3,918</u>
Plan assets	3,416
Deficit	(502)
Experience adjustments on plan liabilities	-
Experience adjustments on plan assets	-

Note: The actuarial valuation of gratuity liability in the previous year was done in accordance with the pre-revised Accounting Standard, AS-15 – Employee Benefits. Accordingly, comparative numbers of previous years have not been furnished.

Defined Contribution Plan:	31st March 2008	31st March 2007
Charged to Profit and Loss Account	2,002	2,126

* The Company expects to contribute Rs.502 thousand to Gratuity Fund in the year 2008-2009.

11. 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)

11.1 Licensed Capacity, Installed Capacity and Actual Production

Class of Goods	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		2008	2007	2008	2007	2008	2007
Precured Tread Rubber	MT	6,000	6,000	8,950	8,950	5401	4455
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	1,150	1,150	1,150*	1,150*	535	321
Rubber Cement	K. Ltrs	300	300	300	300	326	260

* Subject to installation of balancing equipment.

11.2 Sales(Gross)

	Unit	Quantity		Value (Rs. '000)	
		2008	2007	2008	2007
Precured Tread Rubber	MT	5174	4472	657,876	551,586
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	487	307	59,738	38,866
Rubber Cement	K.Ltrs	285	247	18,233	15,043
Miscellaneous		NA	NA	1,125	5,597
				<u>736,972</u>	<u>611,092</u>

11.3 Details of Finished Goods

Opening Stock					
Precured Tread Rubber	MT	362	384	36,856	35,525
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	42	35	5,348	3,915
Rubber Cement	K.Ltrs	26	16	1,179	637
Miscellaneous		-	-	98	264
				<u>43,481</u>	<u>40,341</u>

Closing Stock					
Precured Tread Rubber	MT	568	362	56,656	36,856
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	89	42	1,0006	5,348
Rubber Cement	K.Ltrs	68	26	3,203	1,179
Miscellaneous		-	-	107	98
				<u>69,972</u>	<u>43,481</u>

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

11.4 Consumption of raw materials

	Unit	Quantity		Value (Rs. '000)	
		2008	2007	2008	2007
Rubber	MT	3,196	2,505	3,13,418	247,180
Carbon Black	MT	1,992	1,574	1,03,332	85,267
Chemicals		-	-	60,727	54,682
Others (Includes freight inward on materials consumed)		-	-	45,756	31,017
				<u>523,233</u>	<u>418,146</u>

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

	Percentage of total consumption		Value (Rs. '000)	
	2008	2007	2008	2007
Raw Materials				
Imported	-	0.50%	-	2,093
Indigenously obtained	100%	99.50%	5,23,233	416,053
	<u>100%</u>	<u>100%</u>	<u>5,23,233</u>	<u>418,146</u>
Packing Materials				
Imported	-	-	-	-
Indigenously obtained	100%	100%	6,399	3,976
	<u>100%</u>	<u>100%</u>	<u>6,399</u>	<u>3,976</u>
Stores and Spares (Including booked under Machinery Repairs)				
Imported	-	-	-	-
Indigenously obtained	100%	100%	6,662	6,257
	<u>100%</u>	<u>100%</u>	<u>6,662</u>	<u>6,257</u>

11.6 Details of Trading Goods

Class of Good	Unit	Quantity		Value (Rs. '000)	
		2008	2007	2008	2007
1) Patches	Nos.				
Opening Stock		2,942	2137	124	89
Purchases		-	1,752	-	59
		<u>2,942</u>	<u>3,889</u>	<u>124</u>	<u>148</u>
Sales		40	140	3	5
Closing stock		<u>2,902</u>	<u>2,942</u>	<u>90</u>	<u>124</u>

Class of Good	Unit	Quantity		Value (Rs. '000)	
		2008	2007	2008	2007
2) Poly	MT				
Opening Stock		8	4	643	505
Purchases		3	8	377	906
		<u>11</u>	<u>12</u>	<u>1,020</u>	<u>1,411</u>
Sales		4	5	844	893
Closing stock		<u>7</u>	<u>7</u>	<u>278</u>	<u>643</u>

3) Spares					
Opening Stock		NA	NA	814	1,376
Purchases		NA	NA	1,318	1,739
		<u>NA</u>	<u>NA</u>	<u>2,132</u>	<u>3,115</u>
Sales		NA	NA	2,686	3,076
Closing stock		<u>NA</u>	<u>NA</u>	<u>587</u>	<u>814</u>

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

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

per **Yogesh Midha**
Partner
Membership No. 94941
Gurgaon
Date: 19 May, 2008

For and on behalf of the Board of Directors

Manali D. Bijlani
Company Secretary

J. K. Jain
Chief Financial Officer

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.
 State Code
 (Refer Code List)
 Balance Sheet Date
 Date Month Year

II. **Capital raised during the year (Amount in Rs. Thousands)**
Public Issue
Rights Issue
Bonus Issue
Private Placement

III. **Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousands)**
Total Liabilities
Total Assets

Sources of Funds
Paid-up Capital
Reserves & Surplus
Secured Loans
Unsecured Loans
Deferred Tax Liability
Misc. Expenditure

Application of Funds
Net Fixed Assets
Investment
Net Current Assets
Accumulated losses

IV. **Performance of Company (Amount in Rs. Thousands)**
Turnover (including Other Income)
Total Expenditure
+/-
Profit/Loss before Tax
+/-
Profit/Loss after Tax

Earning per Share in Rs.
Dividend Rate %

V. **Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No.
 (ITC Code)

Product Description

Item Code No.
 (ITC Code)

Product Description

Item Code No.
 (ITC Code)

Product Description

Manali D. Bijlani
 Company Secretary

J. K. Jain
 Chief Financial Officer

K.K. Kapur
 GEO & 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 29th Annual General Meeting of the Company to be held on Wednesday 30th July, 2008 at Sai International Center, Pragati Vihar, Lodhi Road, New Delhi - 110003 and at adjournment(s) thereof.

signed this _____ day of _____ 2008

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 29th General Meeting of the Company on Wednesday 30th July 2008 at Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110003 and at adjournment(s) thereof.

Name _____

(Signature of Member/Proxy Present)

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

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

Entry Pass

Folio No./DP ID & Client ID Number _____

Name _____

(Authorised Signature with Rubber Stamp)

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

No gift/coupon will be distributed at the meeting.



INDIA'S MOST TRUSTED RETREAD

Indag Rubber Limited

Registered Office

11, Community Centre, Saket, New Delhi-110017