

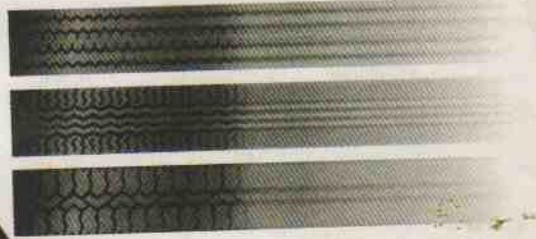
An ISO 9002 Company



Accredited by Dutch Council  
for Certification

**INDAG<sup>®</sup>**

**25<sup>th</sup>**



**Annual Report-2004**

**Indag Rubber Limited**

- **BOARD OF DIRECTORS**

Nand Khemka  
Chairman  
S.L. Khemka  
Mark R. Thoeny  
P.R. Khanna  
R. Parameswar  
K.K. Kapur  
(Whole Time Director)

- **BANKERS**

Corporation Bank  
State Bank of Bikaner & Jaipur

- **FOREIGN COLLABORATOR**

Bandag Inc., U.S.A.

- **AUDITORS**

S.R. Batliboi & Co.  
Chartered Accountants  
B-26, Qutab Institutional Area,  
New Delhi-110016 (India)

- **REGISTERED OFFICE**

11, Community Centre, Saket,  
New Delhi-110017

- **WORKS**

Plot No. SP 86, Industrial Area,  
Bhiwadi-301019, Dist. Alwar, (Rajasthan)

## **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 **CONSCIOUS** of the need to respect and participate in the quality improvement mission.

## **CONTENTS**

Notice	1
Director's Report	4
Report on Corporate Governance	9
Auditors Report	14
Balance Sheet	16
Profit & Loss Account	17
Cash Flow Statement	18
Schedules to the Account	19

**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDAG RUBBER LIMITED WILL BE HELD ON TUESDAY THE 20TH JULY, 2004 AT 10:00 A.M AT DOLLY FARMS & RESORTS (P) LIMITED, (NEAR THE EXECUTIVE CLUB) 439, VILLAGE SHAHOORPUR, P.O. FATEHPUR BERI, NEW DELHI-110030 TO TRANSACT THE FOLLOWING BUSINESS:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2004 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.K.K.Kapur, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration and if thought fit, to pass with or without modification the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT S.R. Batliboi & Co., Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to audit the Accounts for the Accounting Year 2004-2005 and to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on a remuneration plus reimbursement of out-of-pocket expenses, as may be mutually agreed to between the Board of Directors and the Auditors."

**SPECIAL BUSINESS**

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

" RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, 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 one year with effect from June 1, 2004 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 : One Year w.e.f. June 1, 2004.

**(C) REMUNERATION****Fixed Salary Component**

- 1) **Salary** : Rs.62,000/- (Rupees Sixty two thousand only) per month
- 2) **Perquisites** : Perquisites will be allowed in addition to salary restricted to an amount equal to the Annual Salary or Rs.5,27,400/- (Rupees Five lac twenty seven thousand four hundred only) per annum, whichever is less. For this purpose, perquisites are classified into three categories, category-A, category-B and category-C and ceiling shall apply only to category-A.

**Variable Salary Component**

- 3) **Bonus** : The Whole-time Director will also be entitled to Bonus, as approved by the Chairman of the Board of Directors, which will be computed on the basis of the Profits before Tax earned by the Company, provided that where in any financial year, the company has no profits or has inadequate profits, the bonus shall not exceed Rs.9 lacs per annum.

**Classification of Perquisites :****Category A**

- Housing** : The Expenditure by the Company on hiring unfurnished leased accommodation will be subject to a ceiling of Rs.372,000/- (Rupees Three lac seventy two thousand only) per annum.

- Leave Travel Allowance** : Reimbursement towards the expenses incurred by him and his family on leave travel once in a year for an amount not exceeding Rs.62,000/- (Rupees Sixty two thousand only) per annum.
- Medical Expenses** : Reimbursement towards the medical expenses incurred on himself or on his family for an amount not exceeding Rs.31,000/- (Rupees Thirty one thousand only) per annum.
- Driver Salary** : The expenditure on hiring a driver for his official car not exceeding Rs. 62,400/- (Rupees Sixty two thousand four hundred only) per annum.

**Category B**

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

Gratuity payable shall not exceed fifteen days salary for 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 a car 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  
Manali D.Bijlani  
Company Secretary

New Delhi  
April 26, 2004

**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. 3 and 4 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 Tuesday the 6th July, 2004 to Tuesday the 20th July, 2004 (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.

- Leave Travel Allowance** : Reimbursement towards the expenses incurred by him and his family on leave travel once in a year for an amount not exceeding Rs.62,000/- (Rupees Sixty two thousand only) per annum.
- Medical Expenses** : Reimbursement towards the medical expenses incurred on himself or on his family for an amount not exceeding Rs.31,000/- (Rupees Thirty one thousand only) per annum.
- Driver Salary** : The expenditure on hiring a driver for his official car not exceeding Rs. 62,400/- (Rupees Sixty two thousand four hundred only) per annum.

**Category B**

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

Gratuity payable shall not exceed fifteen days salary for 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 a car 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  
Manali D.Bijlani  
Company Secretary

New Delhi  
April 26, 2004

**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. 3 and 4 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 Tuesday the 6th July, 2004 to Tuesday the 20th July, 2004 (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.

**ANNEXURE TO THE NOTICE****Explanatory Statement**

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

**Item No. 3**

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

The resolution as set out in item no. 3 of the annexed notice is, therefore recommended for your approval.

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

**Item No. 4**

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, 2004, for a period of one year, pursuant to the provisions of the Companies Act, 1956.

Mr.K.K.Kapur, aged 67 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 43 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 were communicated to the members vide abstracts under section 302 of the Companies Act, 1956 dated April 26, 2004 and are outlined in the resolution placed before the members.

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

**INSPECTION OF DOCUMENTS**

The draft agreement to be entered into between the Company and Mr.K.K.Kapur as Whole Time Director will be open for inspection by any member at the Registered office of the Company between 11:00 am to 1:00 pm on any working day of the Company by and including the date of the meeting.

For and on behalf of the Board of Directors

Manali D.Bijlani  
Company Secretary

New Delhi  
April 26, 2004

## DIRECTORS' REPORT

### TO THE MEMBERS,

Your Directors are pleased to present the 25th Annual Report together with the Audited Statement of Accounts of the Company for the accounting period ended March 31, 2004. We have included, as a part of this report the Management Discussion and Analysis.

FINANCIAL RESULTS :	(Rs.in Lacs)	
Particulars	2003-2004	2002-2003
Profit before Interest & Depreciation	180.78	43.80
Finance Expenses	53.70	60.50
Profit (Loss) before Depreciation	127.08	(16.70)
Depreciation	44.41	42.97
Profit (Loss) before Income Tax	82.67	(59.67)
Provision for Minimum Alternate Tax	2.50	-
Deferred Tax Assets/(Liabilities)	(29.29)	18.78
Profit (Loss) for the year	50.88	(40.89)
(Debit) Balance brought forward from previous year	(133.54)	(92.65)
(Loss) carried to balance sheet	(82.66)	(133.54)

### OPERATIONAL PERFORMANCE

Your company has achieved a turnover of Rs.3380.48 lacs as against Rs.2670.54 lacs in the previous year - a jump of 26%. Aggressive marketing, induction of new franchisees, penetration in the markets of southern India and introduction of new products giving improved performance have yielded the good results.

During the year under review the Operational Profit, before making provision for Interest and depreciation, amounted to Rs. 180.78 lacs as against Rs.43.80 lacs in the previous year. This manifold increase in the Operational Profits could be achieved due to increase in sales volume, and through various actions for reducing production costs like lowering of power and fuel consumption, reduction in maintenance costs, wastages etc.

### DIVIDEND

In view of the loss incurred by the Company, after adjusting for carry forward losses, your Directors are not in a position to recommend any dividend for the year under review.

### INDUSTRY EXPERIENCE

Growth of the retreading industry is directly linked to the growth of the transport industry. Last year there has been a robust growth in the production of commercial vehicles and of new tyres. Easy availability of finances has also lead to a considerable increase in the demand for transport vehicles.

Healthy growth in Indian economy in 2003-2004 and continued emphasis on construction of infrastructure is resulting in demand for new tyres as well as retreaded tyres.

### OPPORTUNITIES AND THREATS

The increased emphasis on road projects, construction of Golden Quadrilateral, the rural road projects, shift towards multi-axle commercial vehicles and towards radialisation process in truck and bus tyres are likely to augment the demand for road transport services over the long term. This in turn would augment the demand for new and retreaded tyres.

Ban on overloading of commercial vehicles and the availability of good roads should lead to growth in retreaded tyre industry.

Your company has adopted multi-prolonged strategies to increase its share in the current growing market. The company is appointing new franchisees and is giving focussed attention to educate the end customers. The company has introduced new patterns to cater to various customers needs and to meet unfair competition from unorganised sector.

**EXPANSION PLANS**

Your company has almost fully utilised the capacity of the existing Plant situated at Bhiwadi. In order to cater to the additional demand a new facility is being set up in Nalagarh, Himachal Pradesh. This facility, estimated to cost over Rs.675 lacs will be partly financed from Banks and Financial Institutions. The company would avail various benefits being offered by the Central and State Governments for locating the Plant in Himachal Pradesh. This project is expected to be operational in the second quarter of the next financial year.

With the commissioning of this project, Indag would be able to cater to the additional demand from the market and meet the long-term expected growth.

**RISK AND CONCERNS**

The Company is exposed to the risks from market fluctuations, of interest rates and commodity prices.

**HUMAN RESOURCE DEVELOPMENT**

During the year, the Company had cordial industrial relations. Focus on efficient shop floor management, strengthening Sales and Marketing team, improving competencies, continuous training to enhance the human capital has resulted in amiable association with our 230 employees.

We believe in empowering our employees through greater knowledge, opportunity, responsibility and accountability.

**INTERNAL CONTROL SYSTEM**

The Company has adequate control systems and procedures designed to effectively control the operations at its Head Office, Plant and Depots. The internal control systems are so designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining accountability of assets. The Company has an elaborate 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 9002 standards at the Plant and the Head Office. The Company has taken requisite steps for up gradation of its standards to conform to ISO 9000: 2000 versions.

**ENVIRONMENT PROTECTION**

Anti Pollution systems are fully installed and operational. Continuous efforts to nurture and preserve the environment are vigorously pursued. Regular training programmes on safety and environment are conducted to increase awareness and commitment for safety and the environment.

**DIRECTORS**

The term of office of Mr. K.K.Kapur as whole-time director will cease w.e.f. May 31st, 2004. Your directors propose to re-appoint Mr.K.K.Kapur as whole-time director of the Company w.e.f. June 1, 2004 for a period of one year.

In accordance with Article 99 of the Articles of Association of the Company, Mr. K.K.Kapur will retire from office by rotation, and being eligible, offers himself for re-appointment.

**AUDITORS' REPORT**

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

**AUDITORS**

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



**PARTICULARS OF EMPLOYEES**

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 and the annual listing fee for the financial year 2003-2004 has been paid.

**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, 2004, a total of 644,786 equity shares which forms 12.28% 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 on 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 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 to 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 2003-2004 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 acknowledge and appreciate the support received from Bandag Inc. and Company's Bankers. Your Directors also wish to place on record their appreciation for the continuous support received from the shareholders, franchisees, customers, suppliers and the Company's employees at all levels.

For and on behalf of the Board  
INDAG RUBBER LIMITED

New Delhi  
26th April, 2004

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 :**

(i) 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.

(ii) As a result of measures adopted under (i) we had brought down the consumption of furnace oil, resulting in saving per ton of production. This is inspite of hike in furnace oil prices.

**(B) TECHNOLOGY ABSORPTION:**

Efforts made in technology absorption are given in prescribed Form (B) annexed.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(a) Activities relating to export, initiatives taken to increase export, development of new export market for products and services and export plans.

During the year the Company has not made any exports. However, we are exploring new markets for export.

(b) Total Foreign Exchange used and earned:

Particulars	2003-2004 (Rs. Lacs)	2002-2003 (Rs. Lacs)
Foreign Exchange earned	Nil	1.18
Foreign Exchange used	9.88	14.64

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

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

**RESEARCH AND DEVELOPMENT**

Sustained R&D efforts are being pursued by the Company with the assistance of Bandag Inc., USA 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.

Technology provided by Bandag has been adapted considerably and 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 six directors, which includes one executive director and five non-executive directors. The composition of the directors and the number of other Directorships, along with their attendance at the Board Meetings during the year and at the last Annual General Meeting were as follows:

Directors	Executive/Non-executive/Independent	Number of Board Meetings attended	Attendance at the last AGM held on July 18, 2003	No. of Other Directorship Held in Public Companies	No. of membership in other Committees	Member Chairman
Mr. Nand Khemka	Chairman, interested	5	Yes	4	Nil	Nil
Mr.S.L.Khemka	Non-Executive, interested	Nil	No	Nil	Nil	Nil
Mr. Mark Richter Thoeny	Non-Executive, interested	Nil	No	Nil	7	2
Mr. P.R.Khanna	Non-Executive, independent	5	No	3	1	Nil
Mr.R.Parmeswar	Non-Executive, independent	4	Yes	1	Nil	Nil
Mr. K.K.Kapur	Whole-time Director, independent	5	Yes	Nil	Nil	Nil

Five meetings of the Board of Directors were held during the year on May 23 2003, July 18 2003, October 31 2003, January 15 2004 and March 19 2004. Agenda papers alongwith 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. 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 May 23 2003, July 18 2003, October 27 2003 and January 15 2004. The composition of the Audit Committee and details of their attendance at the meetings are as follows:

Name of the member	Status	No. of meetings attended
Mr.R.Parmeswar (Chairman)	Non-executive, Independent	4
Mr.P.R.Khanna (Member)	Non-executive, Independent	4
Mr.Mark R.Thoeny (Member)	Non-executive, Interested	Nil

### III. REMUNERATION COMMITTEE

Indag does not have a remuneration Committee. No remuneration is paid to Non-Executive Directors except sitting fees for attending the Board Meetings and Committees thereof. Further, the Board of Directors determine the remuneration of the Whole time Director.

**A. Non-Executive Directors**

Directors	Relationship with other Directors	Business relationship with the company, if any	Sitting fee paid during 2003-2004 (Rs. )
Mr. Nand Khemka	Brother of Mr. S.L.Khemka	Nil	15000
Mr. S.L.Khemka	Brother of Mr. Nand Khemka	Nil	Nil
Mr. Mark Richter Thoeny	Nil	Nil	Nil
Mr. P.R.Khanna	Nil	Nil	33000
Mr. R.Parameswar	Nil	Nil	24000

Indag has a policy of not advancing any loans and not 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 2003-2004			
			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.579,947	Rs.900,000 Ref. note a	Ref. note b	Ref. note c

- Performance Bonus is linked to the achievement of targets to be decided by the Board or Committee thereof. The Board has paid a lump sum of Rs. 9 lacs for the three financial year i.e. 2001-02, 2002-03 and 2003-04.
- The appointment is subject to termination by one month notice in writing on either side. Mr. Kapur was re-appointed to the Board on 22nd May, 2003 for a period of one year and ten days, and it is proposed to reappoint him for another one year with effect from June 1, 2004.
- The Company does not have any scheme for grant of Stock options to its Directors or Employees.

**IV. SHAREHOLDERS COMMITTEE**

The share transfer and shareholders grievance committee is mandated to look into redressing of shareholders and investors grievances. Mr.Nand Khemka is Chairman of this Committee.

The Board has designated Mrs.Manali D.Bijlani, Company Secretary as the Compliance Officer. During the year, no grievance was received from any shareholder. However, a complaint from one shareholder received in the financial year 2002-2003 was solved to the satisfaction of the shareholder during last financial year. The delay was caused as complete legal documents were awaited from the shareholder.

**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
22nd AGM 16th August, 2001	11:00 A.M.	The Air Force Auditorium, Subroto Park, New Delhi 110 010
23rd AGM- 10th September, 2002	11:00 A.M.	The Air Force Auditorium, Subroto Park, New Delhi 110 010
24th AGM 18th July, 2003	9:30 A.M.	Dolly Farms &Resorts (P) Limited,(Near Executive Club), 439 Village Shahoorpur, P.O.Fatehpur Beri, New Delhi 110030

No special resolutions were put through postal ballot in the last AGM. There is no immediate proposal to conduct the postal ballot exercise.

**VI. DISCLOSURES**

During the financial year ended the 31st March, 2004 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 comprised in the listing agreements/regulations/guidelines/rules of the Stock Exchanges/SEBI/other statutory authorities, except that the period between two Board meetings viz. January 17, 2003 and May 23, 2003 was more than 4 months. No penalties were imposed nor any strictures were passed on any capital markets related matters during the last three years.

However, during the financial year ended 31st March, 2004 the Registrar of Companies, Delhi & Haryana issued show-cause notice under Section 211 of the Companies Act, 1956 to all the past and present Directors and Company Secretary on the Annual Report of financial year 2000. The same has been compounded by the Hon'ble Regional Director, Department of Company Affairs, Kanpur.

**VII. MEANS OF COMMUNICATION**

The Unaudited quarterly and Audited full year financial results are sent to the Stock Exchanges Delhi and Mumbai where the shares of the Company are listed. The results are also published in "The Financial Express" (English)/ Business Standard (English) and "Veer Arjun" (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	July 20, 2004 at 10:00 a.m.
		Dolly Farms & Resorts (P) Limited, (Near The Executive Club) 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi- 110030

(ii) Financial Calendar & Financial Reporting	
For 1st quarter ending June 30, 2004	By end of July 2004
For half year ending September 30, 2004	By end of November 2004
For 3rd. quarter ending December 31, 2004	By end of January 2005
For year ending March 31, 2005	By end of May 2005
Annual General Meeting for the year ending 31st March 2005	By end of September 2005

(iii) Date of Book Closure : July 6, 2004 to July 20, 2004  
 (iv) Dividend Payment Date : No dividend has been recommended  
 (v) Listing on Stock Exchanges : The Stock Exchange, Mumbai  
 Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001  
 Delhi Stock Exchange Association Limited  
 DSE House, 3/1, Asaf Ali Road, New Delhi 110 002

(vi) Stock Code : ISIN under depository system INE802D01015  
 The Stock Exchange, Mumbai 9162  
 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	Monthly High BSE Sensex	Monthly Low BSE Sensex
April 2003	3.45	2.40	3221.90	2904.44
May 2003	2.85	1.65	3200.48	2934.78
June 2003	5.99	2.90	3632.84	3170.38
July 2003	7.50	2.61	3835.75	3534.06
August 2003	8.40	3.76	4277.64	3722.08
September 2003	4.50	3.01	4473.57	4097.55
October 2003	3.55	2.50	4951.11	4432.93
November 2003	3.00	1.75	5135.00	4736.70
December 2003	9.90	3.19	5920.76	5082.82
January 2004	9.36	4.50	6249.60	5567.68
February 2004	6.61	4.50	6082.80	5550.17
March 2004	6.59	4.23	5951.03	5324.78

(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 of share transfer to a committee, which attends 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. Some cases of dematerialization/ rematerialization were delayed by few days.

(x) Distribution of shareholding : As on March 31, 2004

No. of equity shares held	Shareholders		% of Shareholding	
	Number	% to total	Total (in Rs.)	% in total
Up to 5000	4819	97.77	3655,110	6.962
5001 to 10000	45	0.91	340,020	0.648
10001 to 50000	45	0.90	1008,960	1.922
50001 to 100000	10	0.20	724,480	1.380
100001 and above	10	0.20	46771,430	89.088
<b>Total</b>	<b>4929</b>	<b>100.00</b>	<b>52500000</b>	<b>100.00</b>

(xi) Categories of Shareholding : As on March 31, 2004

Category	No. of Shares held	% of Shareholding
Indian Promoters	2040793	38.872
Foreign Promoters	2013000	38.343
Directors & their relatives	852	0.016
UTI/Financial Institutions & Banks	349350	6.654
Body Corporate	166901	3.180
NRI/ OCB	112450	2.141
Indian Public	566654	10.793
<b>Total</b>	<b>5250000</b>	<b>100.00</b>



- (xii) Dematerialization of shares : Shares dematerialized with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).  
As on March 31, 2004, a total of 644,786 equity shares which forms 12.28% of the share capital stands dematerialised.
- (xiii) Plant Location : Plot No.86, Industrial Area, Bhiwadi 301019, Dist.Alwar Rajasthan (India)
- (xiv) Address for Correspondence
- (a) For Transfer of physical shares, : Skyline Financial Services (P) Limited  
123 Vinobha Puri, Lajpat Nagar II, New Delhi 110024  
Phone no.: (011)29833777, 29847136
- (b) For any investor grievance : The Company Secretary  
Indag Rubber Limited  
11, Community Center, Saket, New Delhi 110017  
Phone no.: (011) 26963172, 26963173

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, 2004, 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, subject to (1)The period between two Board meetings held during the year was more than 4 months and (2) Some cases of dematerialization and rematerialization were delayed by few days.

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.

Place: New Delhi  
Dated: April 26, 2004

For P.K.JAIN & ASSOCIATES  
Company Secretaries

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



**AUDITORS' REPORT  
TO THE MEMBERS OF INDAG RUBBER LIMITED**

1. We have audited the attached balance sheet of Indag Rubber Limited as at March 31, 2004 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 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 in para 3 above, we report that :-
  - (a) 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 ;
  - (b) 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;
  - (c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) 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 Section 211 (3C) of the Companies Act, 1956.
  - (e) On the basis of written representations received from the directors, as on March 31, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2004 from being appointed as a director in terms of Section 274(1)(g) of Companies Act, 1956.
  - (f) 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.
    - (i) in the case of balance sheet, of the state of the affairs of the Company, as at March 31, 2004;
    - (ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**S.R. Batliboi & Co.**  
Chartered Accountants

Per Anil Gupta  
(Partner)  
Membership No. 87921  
New Delhi  
April 26, 2004

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

1. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. All fixed assets have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. There was no substantial disposal of fixed assets during the year.
2. The management has conducted physical verification of inventory at reasonable intervals. 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. The Company is maintaining proper records of inventory. No material discrepancies in inventory were noticed on physical verification.
3. As informed to us, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. Accordingly the issue of continuing failure to correct major weakness in internal control in these areas does not apply.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered and that none of the transactions exceed the value of Rupees five lakhs in respect of any one party in the financial year.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. 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.
9. According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were outstanding, at the year end for a period of more than six months from the date they became payable. According to the records of the Company, there are no dues outstanding of sales tax, income tax, customs duty, wealth tax, excise duty, cess on account of any dispute, other than the following:

Name of the statute	Nature of dues	Amount (Rs)	Forum where dispute is pending
Uttar Pradesh Trade Tax Act, 1948	Sales Tax demand for the year 1998-99	484,640	Tribunna Trade Tax, Ghaziabad

10. The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. The Company has not incurred any cash loss during the year. In the preceding financial year, the Company had incurred cash loss.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. We have been informed that the Company has not issued any debenture during the year.
12. 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.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/societies.
14. The Company does not deal or trade in shares, securities, debentures and other investments.
15. 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.
16. The Company has not availed of any term loan during the year.
17. We have been informed by the management that the funds raised on short term basis have not been used for long-term investment. The Company has not raised any fund for long term during the year.
18. 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.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed by us for expressing our opinion on these financial statements and 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.

**S.R. Batliboi & Co.**

Chartered Accountants

Per Anil Gupta  
(Partner)

Membership No. 87921

New Delhi

April 26, 2004

**BALANCE SHEET AS AT 31ST MARCH, 2004**

		(Rs. in lacs)	
	Schedule	As at 31st March, 2004	As at 31st March, 2003
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	525.00	525.00
Reserves and surplus	2	472.22	472.22
		<u>997.22</u>	<u>997.22</u>
<b>Loan funds</b>			
Secured loans	3	415.90	431.20
<b>TOTAL</b>		<u>1,413.12</u>	<u>1,428.42</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross block	4	1,271.52	1,250.66
Less : Depreciation		<u>971.31</u>	<u>927.70</u>
Net block		300.21	322.96
Capital work in progress		<u>0.56</u>	<u>0.54</u>
		<u>300.77</u>	<u>323.50</u>
Pre-Operative Expenses (Pending Allocation)	5	9.27	-
Deferred Tax Assets (Net)	6	133.85	163.14
<b>Current Assets, Loans And Advances</b>			
Inventories	7	539.33	484.68
Sundry debtors	8	630.12	516.49
Cash and bank balances	9	182.28	168.20
Other current assets	10	3.37	11.01
Loans and advances	11	149.78	139.33
<b>Less : Current Liabilities and Provisions</b>			
Liabilities	12	602.42	504.57
Provisions	13	<u>15.89</u>	<u>6.90</u>
<b>Net Current Assets</b>		<u>886.57</u>	<u>808.24</u>
<b>Debit Balance as per attached Profit &amp; Loss Account</b>		<u>82.66</u>	<u>133.54</u>
<b>TOTAL</b>		<u>1,413.12</u>	<u>1,428.42</u>
<b>Notes to Accounts</b>	22		

The schedules referred to above including notes to accounts form an integral part of the Balance Sheet  
As per our report of even date

For and on behalf of the Board of Directors

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

**Manali D. Bijlani**  
Company Secretary

**K. K. Kapur**  
CEO & Whole Time Director

per **Anil Gupta**  
Partner

**Anil Bhardwaj**  
Sr. Manager (Finance)

**Nand Khemka**  
Chairman

Membership No. 87921

New Delhi  
April 26, 2004

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004**

		(Rs. in lacs)	
	Schedule	Year Ended March , 2004	Year Ended March, 2003
<b>INCOME</b>			
Turnover (Gross)	14	3,380.38	2,670.54
Less : Excise duty		458.98	365.12
Turnover (Net)		<u>2,921.40</u>	<u>2,305.42</u>
Other income	15	45.61	20.62
<b>TOTAL</b>		<u>2,967.01</u>	<u>2,326.04</u>
<b>EXPENDITURE</b>			
Raw materials consumed	16	1,814.97	1,317.04
Purchases of trading goods		15.97	31.92
Personnel expenses	17	317.35	284.40
Operating and other expenses	18	643.79	585.83
(Increase)/decrease in inventories	19	(5.85)	63.06
Depreciation	5	44.41	42.97
Financial expenses	20	53.70	60.50
		<u>2,884.34</u>	<u>2,385.72</u>
Profit/(loss) before tax		82.67	(59.67)
Provision for Minimum Alternate Tax		2.50	-
Deferred tax credit/(liabilities)		(29.29)	18.78
<b>Net profit/(loss) for the year</b>		<u>50.88</u>	<u>(40.89)</u>
(Debit) balance brought forward from the previous year		(133.54)	(92.65)
<b>Deficit carried to Balance Sheet</b>		<u>(82.66)</u>	<u>(133.54)</u>
Earnings per share	21		
Basic & diluted (Nominal value of shares of Rs. 10) (Previous year Rs. 10)		0.97	(0.78)
<b>Notes to Accounts</b>	22		

The schedules referred to above including notes to accounts form an integral part of the Profit & Loss Account  
As per our report of even date

For and on behalf of the Board of Directors

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

**Manali D. Bijlani**  
Company Secretary

**K. K. Kapur**  
CEO & Whole Time Director

per **Anil Gupta**  
Partner

**Anil Bhardwaj**  
Sr. Manager (Finance)

**Nand Khemka**  
Chairman

Membership No. 87921

New Delhi  
April 26, 2004

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004**

(Rs. in lacs)

	2003-04	2002-03
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit /(loss) before tax and extraordinary items	82.67	(59.67)
Adjustments for :		
Depreciation	44.41	42.97
Loss on disposal of fixed assets	0.23	0.61
Interest expenses	61.72	65.38
Interest income	(17.41)	(15.22)
Operating profit before working capital changes	171.62	34.07
Movement in working capital:		
(Increase)/ decrease in sundry debtors	(113.63)	21.97
(Increase)/decrease in inventories	(54.65)	51.44
(Increase)/ decrease in loans and advances	1.19	(22.27)
Increase in current liabilities and provisions	106.84	1.37
Cash generated from operations	111.37	86.58
Direct taxes (paid) / refund	2.11	(2.45)
Cash flow before extraordinary items	113.48	84.13
Extraordinary items	-	-
<b>Net cash from operating activities</b>	<b>113.48</b>	<b>84.13</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(47.68)	(25.91)
Proceeds from sale of fixed assets	0.25	2.66
Interest received	25.05	13.21
<b>Net cash used in investing activities</b>	<b>(22.38)</b>	<b>(10.04)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment) of long-term borrowings	(4.65)	(27.93)
(Repayment)/proceeds of short-term borrowings	(10.65)	53.11
Interest paid	(61.72)	(65.38)
<b>Net cash used in financing activities</b>	<b>(77.02)</b>	<b>(40.20)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>14.08</b>	<b>33.89</b>
Cash and cash equivalents at the beginning of the year	168.20	134.31
Cash and cash equivalents at the end of the year	182.28	168.20
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash and cheque on hand	52.86	59.87
With Banks - on current accounts	15.07	2.23
- on deposit accounts	114.35	106.10

Note: The above cash flow statement has been prepared under the "Indirect Method" as stated in the Accounting Standard 3 on Cash flow statement.

In terms of our attached report of even date.

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

**Manali D. Bijlani**  
Company Secretary

**K. K. Kapur**  
CEO & Whole Time Director

per **Anil Gupta**  
Partner  
Membership No. 87921  
New Delhi  
April 26, 2004

**Anil Bhardwaj**  
Sr. Manager (Finance)

**Nand Khemka**  
Chairman

(Rs. in lacs)

As at 31st  
March, 2004

As at 31st  
March, 2003

**Schedule 1 : Share Capital**

<b>Authorised</b>	<u>700.00</u>	<u>700.00</u>
7000000 Equity Shares of Rs. 10 each		
<b>Issued, subscribed &amp; paid up</b>	<u>525.00</u>	<u>525.00</u>
5250000 Equity Shares of Rs. 10 each fully paid-up		

**Schedule 2 : Reserves and Surplus**

	As at 31st March, 2004	As at 31st March, 2003
Capital Reserve	15.00	15.00
Central Cash Subsidy	0.29	0.29
Share Forfeited	450.00	450.00
Share Premium Account	6.93	6.93
Investment Allowance Reserve	<u>472.22</u>	<u>472.22</u>

**Schedule 3 : Secured Loans**

	As at 31st March, 2004	As at 31st March, 2003
Car Finance Loans from Banks and Body Corporate (secured by hypothecation of Vehicles financed out of the proceeds of loan)	6.53	11.18
Loans and advances from banks	94.17	83.76
Loans against Fixed Deposits (secured by way of pledge of Fixed Deposit Receipts of Rs. 107.71 lacs, Previous year Rs. 93.17 lacs)	315.20	336.26
Cash Credit Borrowings (secured by a first charge over all the immovable properties, both present & future, ranking parri passu and hypothecation of all movable and other assets of the Company. These Borrowings are further secured by the personal guarantee of a Director of the Company)	<u>415.90</u>	<u>431.20</u>

Note: Installments of Car Finance Loans and Loans from Banks against Fixed Deposits repayable within one year Rs. 97.66 lacs (Previous year Rs. 87.64 lacs).

(Rs. in Lacs)

	Lease Hold Land	Buildings	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Total	Previous Year
<b>Gross Block</b>								
As at 01.04.2003	4.82	167.24	981.33	48.42	23.02	25.83	1,250.66	1,243.34
Additions	-	1.42	13.00	7.17	0.55	-	22.14	24.90
Deductions	-	-	-	1.28	-	-	1.28	17.58
At 31.03.2004	4.82	168.66	994.33	54.31	23.57	25.83	1,271.52	1,250.66
<b>Depreciation</b>								
As at 01.04.2003	0.95	91.58	763.61	38.36	21.81	11.39	927.70	895.82
Additions	0.05	5.21	31.04	3.78	0.59	3.74	44.41	42.97
Deductions	-	-	-	0.80	-	-	0.80	11.09
At 31.03.2004	1.00	96.79	794.65	41.34	22.40	15.13	971.31	927.70
For Previous year	0.05	5.17	28.20	4.06	0.45	5.04	42.97	-
<b>Net Block</b>								
As at 31.03.2004	3.82	71.87	199.68	12.97	1.17	10.70	300.21	322.96
As at 01.04.2003	3.87	75.66	217.72	10.06	1.21	14.44	322.96	-
<b>Capital Work in Progress : Plant &amp; Machinery</b>								
<b>Total</b>							0.56	0.54
<b>Grand Total</b>							0.56	0.54
							300.77	323.50

**Schedule 5 : Pre-Operative Expenses (Pending Allocations)**

	As at 31st March, 2004	As at 31st March, 2003
Salary and bonus	5.49	-
Contribution to provident fund	0.44	-
Travelling & conveyance	1.37	-
Legal & professional fees	1.64	-
Communication costs	0.05	-
Miscellaneous expenses	0.28	-
	<u>9.27</u>	<u>-</u>

**Schedule 6 : Deferred Tax Assets (Net)**

	As at 31st March, 2004	As at 31st March, 2003
a) Deferred Tax Assets		
Arising on account of timing differences in:		
- Provision for doubtful debts & advances	38.79	46.34
- Accrued expenses allowable on actual payments	1.95	2.33
- Carry forward business losses and unabsorbed depreciation	145.28	161.92
	<u>186.02</u>	<u>210.59</u>
b) Deferred Tax Liabilities		
Arising on account of timing differences in:		
- Depreciation	52.17	47.45
Net Deferred Tax Assets	<u>133.85</u>	<u>163.14</u>

**Schedule 7 : Inventories**

	As at 31st March, 2004	As at 31st March, 2003
Raw materials	139.26	95.89
Packing materials	2.64	2.70
Stores & spares	39.46	33.97
Work-in-progress	13.99	21.84
Finished goods		
- Manufactured	312.84	290.90
- Traded	31.14	39.38
	<u>539.33</u>	<u>484.68</u>

**Schedule 8 : Sundry Debtors**

	As at 31st March, 2004	As at 31st March, 2003
<b>Debts Outstanding for a period exceeding six months</b>		
Unsecured, considered good	48.90	31.22
Unsecured, considered doubtful	94.01	123.11
<b>Other debts</b>		
Unsecured, considered good	581.22	485.27
Unsecured, considered doubtful	3.99	4.02
	<u>728.12</u>	<u>643.62</u>
Less : Provision for doubtful debts	98.00	127.13
	<u>630.12</u>	<u>516.49</u>



**Schedule 9 : Cash & Bank Balances**

	As at 31st March, 2004	As at 31st March, 2003
Cash in hand	2.41	0.68
Cheques in hand	50.45	59.19
Balances with scheduled banks: on current accounts	15.07	2.23
on fixed deposit accounts (Receipts pledged with Banks)	114.31	106.06
Post Office Savings Bank Account (Pass Book pledged with Excise Authorities)	0.04	0.04
	<u>182.28</u>	<u>168.20</u>

**Schedule 10 : Other Current Assets**

	As at 31st March, 2004	As at 31st March, 2003
Interest accrued on fixed deposits	3.37	11.01
	<u>3.37</u>	<u>11.01</u>

**Schedule 11 : Loans & Advances (Unsecured)**

	As at 31st March, 2004	As at 31st March, 2003
Considered good	7.77	7.95
Loans to staff	81.45	52.73
Advances recoverable in cash or in kind or for value to be received	10.25	24.76
Balance with Excise Authorities	1.59	6.20
Advance payment of income tax/tax deducted at source/ income tax refundable	48.72	47.69
Deposits - others		8.36
Considered doubtful	9.03	1.10
Advances recoverable in cash or in kind or for value to be received	1.10	148.79
Deposits -Others	159.91	9.46
	<u>10.13</u>	<u>139.33</u>
Less : Provisions	<u>149.78</u>	

Included in Loans and advances are :

Due from a private Company in which one of the directors of the Company is interested as director Rs. 13.07 lacs (Previous year Rs. 10.58 lacs)

**Schedule 12: Liabilities**

	As at 31st March, 2004	As at 31st March, 2003
Sundry creditors	542.76	437.89
Retention money and security deposits	14.42	17.61
Advances from customers	45.24	49.07
	<u>602.42</u>	<u>504.57</u>

Included in Sundry Creditors are:

Due to small scale industrial undertakings Rs. 9.12 lacs (Previous year Rs. 7.51 lacs)

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

**Schedule 13: Provisions**

	As at 31st March, 2004	As at 31st March, 2003
For Retirement Benefits	15.89	6.90
	<u>15.89</u>	<u>6.90</u>

**Schedule 14 : Turnover (Gross)**

	Year ended March, 2004	Year ended March, 2003
Sale of Finished Goods	3,342.75	2,613.04
- Manufactured	32.98	57.13
- Traded	11.19	10.21
Sale of Services	3,386.92	2,680.38
	6.54	9.84
Less: Discounts, Claims, Incentives etc.	3,380.38	2,670.54

**Schedule 15 : Other Income**

	Year ended March, 2004	Year ended March, 2003
Unspent liabilities/provisions written back	28.46	0.10
Recovery of bad debts written off in earlier years	-	2.52
Foreign exchange fluctuation (Net)	1.36	0.87
Miscellaneous income	15.79	17.13
	45.61	20.62

**Schedule 16 : Raw Materials Consumed**

	Year ended March, 2004	Year ended March, 2003
Inventories as at March 31, 2003	95.89	77.51
Add: Purchases	1,858.34	1,335.42
Less: Inventories as at March 31, 2004	139.26	95.89
	1,814.97	1,317.04

**Schedule 17 : Personnel Expenses**

	Year ended March, 2004	Year ended March, 2003
Salaries, wages and bonus	271.62	244.43
Contribution to gratuity fund	11.86	6.47
Contribution to provident and other funds	21.56	19.36
Workmen and staff welfare expenses	12.31	14.14
	317.35	284.40

**Schedule 18 : Operating and Other Expenses**

	Year ended March, 2004	Year ended March, 2003
Consumption of stores and spares	24.40	21.66
Packing expenses	19.62	20.13
Power and fuel	177.35	177.21
Repairs and maintenance :	29.25	39.04
Plant & Machinery	3.35	0.74
Buildings	6.87	5.03
Others	38.54	35.52
Rent (net)	15.10	8.52
Rates and taxes	10.77	10.55
Insurance (net)	85.90	71.06
Traveling and conveyance	24.15	22.42
Communication costs	6.69	5.92
Printing and stationery		

**INDAG**

	Year ended March, 2004	Year ended March, 2003
		(Rs. in lacs)
	24.20	21.59
Legal and professional fees	14.77	6.28
Director's remuneration		2.63
Auditors remuneration :	3.32	0.58
Audit fee	1.62	0.10
Limited quarterly/half yearly review of financial statements	0.40	0.10
Certification etc.	0.06	44.24
Out of pocket expenses	61.14	28.75
Freight and forwarding charges		(6.72)
Provision for doubtful debts and advances	9.03	6.07
Excise Duty on stocks	6.41	0.90
Vehicle running & maintenance	0.72	12.42
Director's meeting fees	15.07	0.61
Security & other service charges	0.23	11.70
Loss on disposal of fixed assets (net)	8.15	13.10
Advertisement & Publicity	25.35	25.68
Irrecoverable balances written off	31.33	
Miscellaneous expenses	643.79	585.83

**Schedule 19 : (Increase)/Decrease in Inventories**

	Year ended March, 2004	Year ended March, 2003
Inventories as at March 31, 2004	13.99	21.84
Work-in-progress		290.90
Finished goods	312.84	39.38
- Manufactured	31.14	352.12
Traded	357.97	
Inventories as at March 31, 2003	21.84	25.30
Work-in-progress		318.93
Finished goods	290.90	70.95
- Manufactured	39.38	415.18
- Traded	352.12	63.06
	(5.85)	

**Schedule 20 : Financial Expenses**

	Year ended March, 2004	Year ended March, 2003
Interest paid	1.22	3.64
On Car finance loans	60.50	61.74
To banks & others	61.72	65.38
Less: Interest income	(17.41)	(15.21)
(Tax Deducted at Source Rs. 1.93 lacs, Previous year Rs. 2.04 lacs)	44.31	50.17
	9.39	10.33
Bank Charges	53.70	60.50

**Schedule 21 : Earnings per share (EPS)**

	Year Ended March, 2004	Year Ended March, 2003
Net profit/(loss) as per profit and loss account	50.88	(40.89)
Net profit/(loss) for calculation of basic and diluted EPS	50.88	(40.89)
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 Earning per share (Rs.)	<u>0.97</u>	<u>(0.78)</u>

**Schedule 22 : Notes to Accounts**
**1. Nature of Operations**

Indag Rubber Limited is a joint venture between Bandag Incorporated of USA and Khemka Group. The Company is engaged in manufacturing and selling of procured tread rubber and allied products. The Company has set up plant at Bhiwadi in the state of Rajasthan.

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

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in the following cases where income are accounted for on receipt basis on account of uncertainties:

- i) Claims lodged with insurance company but not settled
- ii) Interest on delayed payments and cheque bouncing charges receivable from customers.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**(b) Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

**(c) Depreciation**

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

**(d) Inventories**

Inventories are valued as follows:

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

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

Work in progress and finished goods  
(own manufactured)

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and to make the sale.

**(e) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Sale of Goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

**(f) 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.

**(iii) Exchange Differences**

Exchange differences arising on the settlement of 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 exchange difference on liabilities for purchase of fixed assets, which are adjusted to the carrying cost of respective assets.

**(g) Retirement benefits**

(i) Retirement benefits in the form of Provident and Gratuity Fund is charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. Liability for gratuity is ascertained by Life Insurance Corporation of India based on actuarial valuation.

(ii) Provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

**(h) Income taxes**

Tax expense comprises both current and deferred tax. 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 recognised 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 realised. Deferred tax assets are recognised on carry forward of business losses and unabsorbed depreciation only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

**(i) Expenditure on new projects**

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised 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.

**(j) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

**(k) 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 and thus has only one business segment.

### 3. Related Party Disclosure

(Rs in lacs.)

Particulars	Other partners which significantly influence/ are influenced by the Company (either individually or both basis)		Key Management Personnel		Total	
	2004	2003	2004	2003	2004	2003
Sales	0.43	0.26	-	-	0.43	0.26
Purchases (Raw Materials, Stores, Spares & Packing Materials)	6.05	17.40	-	-	6.05	17.40
Purchases (Fixed Assets)	0.55	-	-	-	0.55	-
Rent paid	26.66	24.68	-	-	26.66	24.68
Remuneration	-	-	14.77*	6.29*	14.77	6.29
Trade/Other Receivables	13.39	11.90	-	-	13.39	11.90
Trade Payables	30.57	30.53	9.00	-	39.57	30.53
Foreign Exchange Fluctuation (gain)	-	0.09	-	-	-	0.09
Personal Guarantee given by Directors	-	-	315.20	336.26	315.20	336.26

\*Excluding contribution to gratuity fund and provision for leave encashment

#### Names of Related Parties

Key Management Personnel	:	Mr Nand Khemka (Chairman)
	:	Mr. K. K. Kapur (Whole Time Director)
Other Parties which significantly influence/ are influenced by the Company (either individually or with others)	:	Bandag Incorporated, USA
	:	Unipatch Rubber Limited
	:	Khemka Aviation Pvt. Limited

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.

- The Company is in the process of setting up a new unit in the state of Himachal Pradesh for manufacturing of Synthetic tread material and allied products. Indirect expenditure incurred on the aforesaid project is shown under Pre Operative Expenses. The same will be allocated to fixed assets on commissioning of the project.
- As at March 31, 2004, the Company is carrying deferred tax assets (net) of Rs. 130.63 lacs including those created on carried forward of business losses and unabsorbed depreciation. The Management, based on the past trend of profitability and also the future projections, are confident that there would be sufficient taxable income in future to claim the above tax benefits.
- Rates and Taxes includes Rs. 4.73 lacs for Property Tax as ascertained by the Municipal Corporation during the year and relating to the period 1st April 2001 to 31st March, 2003.

7. Capital Commitments	2004 (Rs in lacs)	2003 (Rs in lacs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs. 16.24 lacs (Previous year Rs. 1.53 lacs) included under Advances recoverable)	48.64	3.10
8. Contingent Liabilities (not provided for) in respect of :		
a) Disputed Sales Tax demand (Company in appeal)	7.26	10.87
b) Bank Guarantees outstanding	6.67	2.60
c) Claims against the Company not acknowledged as debts	1.45	1.45
	<u>15.38</u>	<u>14.92</u>

**9. Supplementary, Statutory Information**

**9.1 Whole Time Directors' Remuneration**

	2004 (Rs in lacs)	2003 (Rs in lacs)
Salary and Bonus**	12.30	3.36
Contribution to Provident Fund	0.40	0.40
Perquisites *	2.07	2.53
	<u>14.77</u>	<u>6.29</u>

\* Excluding contribution to gratuity fund and provision for leave encashment.

\*\* Including bonus for the year 2001-02, 2002-03 and 2003-04 amounting to Rs. 9.00 lacs.

9.2 Earnings in foreign currency		
Exports at F.O.B. value	-	1.18
9.3 Expenditure in foreign currency		
Miscellaneous Matters	-	0.6
9.4 Value of imports calculated on CIF basis		
Raw Materials	9.33	12.92
Spares	-	1.09
Capital goods	0.55	-
	<u>9.88</u>	<u>14.01</u>

10. 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)

**10.1 Licensed Capacity, Installed Capacity and Actual Production**

Class of Goods	Unit	Licensed 2004	Capacity 2003	Installed 2004	Capacity 2003	Actual 2004	Production 2003
Precured Tread Rubber (Synthetic Tread Material)	MT	6,000	6,000	3,500	3,500	3,203.30	2,431.18
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	1,150	1,150	1,150*	1,150*	239.00	225.20
Rubber Cement	K. Ltrs	300	300	300	300	147.34	129.25
Tyre Retreading Equipment	Sets	15	15	15	15	-	-

\*Subject to installation of balancing equipment.

**10.2 Sales (Gross)**

	Unit	Quantity		Value (Rs. in Lacs)	
		2004	2003	2004	2003
Precured Tread Rubber	MT	3176.95	2476.39	2,998.71	2,282.25
Bonding Repair & Extrusion Gums (Including Envelopes)	MT	234.70	209.33	263.97	258.72
Rubber Cement	MT	124.48	105.21	56.23	49.25
Miscellaneous		NA	NA	35.03	33.03
				<u>3,353.94</u>	<u>2,623.25</u>

**10.3 Details of Finished Goods**

		Quantity		Value (Rs. in Lacs)	
		2004	2003	2004	2003
<b>Opening Stock</b>					
Precured Tread Rubber	MT	306.98	365.11	245.65	290.95
Bonding Repair & Extrusion Gum (Including Envelopoes)	MT	36.11	21.59	40.44	23.96
Rubber Cement	K.Ltrs.	10.88	6.06	3.45	2.37
Miscellaneous		-	-	1.36	1.64
				<b>290.90</b>	<b>318.92</b>
<b>Closing Stock*</b>					
Precured Tread Rubber	MT	330.81	306.98	268.15	245.65
Bonding Repair & Extrusion Gum (Including Envelopoes)	MT	39.29	36.11	41.25	40.44
Rubber Cement	K.Ltrs.	9.72	10.88	2.83	3.45
Miscellaneous		-	-	0.62	1.36
				<b>312.85</b>	<b>290.90</b>

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

**10.4 Consumption of raw materials**

	Unit	Quantity		Value (Rs. in Lacs)	
		2004	2003	2004	2003
Rubber	MT	1821.238	1415.657	1072.26	680.66
Carbon Black	MT	1115.387	830.043	393.92	325.55
Chemicals		-	-	238.77	212.15
Others		-	-	110.02	98.68
				<b>1814.97</b>	<b>1317.04</b>

**10.5 Imported and indigenous raw materials, stores and spares consumed**

	Percentage of total consumption		Value (Rs. in lacs)		
	2004	2003	2004	2003	
<b>Raw Materials</b>					
Imported	0.98%	1.94%	17.43	26.42	
Indigenously obtained	99.02%	98.06%	1797.54	1290.62	
				<b>1814.97</b>	<b>1317.04</b>
<b>Packing Materials</b>					
Imported	-	-	-	-	
Indigenously obtained	100%	100%	19.62	20.12	
				<b>19.62</b>	<b>20.12</b>
<b>Stores and Spares (Including booked under Machinery Repairs)</b>					
Imported	1.39%	4.42%	0.64	2.40	
Indigenously obtained	98.61%	95.58%	45.57	51.91	
				<b>46.21</b>	<b>54.31</b>



**10.6 Details of Trading Goods**

Class of Goods	Unit	Quantity		Value (Rs. in Lacs)	
		2004	2003	2004	2003
1) Patches	Nos.				
Opening Stock		12930	6820	5.87	2.57
Purchases		5994	23505	3.76	13.26
		<u>18924</u>	<u>30325</u>	<u>9.63</u>	<u>15.83</u>
Sales		11848	17110	6.29	10.90
Closing stock		<u>6802</u>	<u>12930</u>	<u>3.54</u>	<u>5.87</u>
2) Poly	Tonnes				
Opening Stock		4.26	5.28	3.36	5.51
Purchases		5.28	5.33	5.31	5.46
		<u>9.54</u>	<u>10.61</u>	<u>8.67</u>	<u>10.97</u>
Sales		5.50	6.09	7.99	8.84
Closing stock		<u>3.80</u>	<u>4.26</u>	<u>3.08</u>	<u>3.36</u>
3) Spares					
Opening Stock		NA	NA	30.15	62.87
Purchases		NA	NA	6.90	13.20
		<u>NA</u>	<u>NA</u>	<u>37.05</u>	<u>76.07</u>
Sales		NA	NA	18.70	37.39
Closing stock		<u>NA</u>	<u>NA</u>	<u>24.52</u>	<u>30.15</u>

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

**11. 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 & CO.**  
Chartered Accountants

per **Anil Gupta**  
Partner

Membership No. 87921

New Delhi  
April 26, 2004

For and on behalf of the Board of Directors

**Manali D. Bijlani**  
Company Secretary

**Anil Bhardwaj**  
Sr. Manager (Finance)

**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)**

<b>Public Issue</b>	<b>Rights Issue</b>	<b>Bonus Issue</b>	<b>Private Placement</b>
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>

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

<b>Total Liabilities</b>	<b>Total Assets</b>
<input type="text" value="141312"/>	<input type="text" value="141312"/>

**Sources of Funds**

<b>Paid-up Capital</b>	<b>Reserves &amp; Surplus</b>	<b>Secured Loans</b>	<b>Unsecured Loans</b>
<input type="text" value="52500"/>	<input type="text" value="47222"/>	<input type="text" value="41590"/>	<input type="text" value="NIL"/>

**Application of Funds**

<b>Net Fixed Assets</b>	<b>Investment</b>	<b>Net Current Assets</b>	<b>Misc. Expenditure</b>
<input type="text" value="30077"/>	<input type="text" value="NIL"/>	<input type="text" value="88657"/>	<input type="text" value="NIL"/>

**Accumulated losses**

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

<b>Turnover (including Other Income)</b>	<b>Total Expenditure</b>
<input type="text" value="342599"/>	<input type="text" value="334332"/>

<b>+/-</b>	<b>Profit before Tax</b>	<b>+/-</b>	<b>Profit after Tax</b>
<input type="text" value="+"/>	<input type="text" value="8267"/>	<input type="text" value="+"/>	<input type="text" value="5088"/>

**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)	<input type="text" value="4008-21"/>
Product Description	<input type="text" value="SYNTHETIC"/> <input type="text" value="TREAD"/> <input type="text" value="MATERIAL"/>
Item Code No. (ITC Code)	<input type="text" value="4006-10"/>
Product Description	<input type="text" value="CUSHION GUM"/>
Item Code No. (ITC Code)	<input type="text" value="84-77"/>
Product Description	<input type="text" value="RETREAD SHOP"/> <input type="text" value="EQUIPMENT"/>

Manali D. Bijlani  
Company Secretary

Anil Bhardwaj  
Sr. Manager (Finance)

K. K. Kapur  
CEO &  
Whole Time Director

Nand Khemka  
Chairman

*Handwritten signature*

