



RABAccreditation# 01011998

26TH ANNUAL REPORT 2005



INDAG[®]

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.

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDAG RUBBER LIMITED WILL BE HELD ON THURSDAY, 29TH SEPTEMBER, 2005 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 2005 and the Balance Sheet as on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.S.L.Khemka, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.R.Parneswar, who retires by rotation and being eligible offers himself for re-appointment.
4. 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 2005-2006 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

5. 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 three years with effect from June 1, 2005 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, 2005.

(C) REMUNERATION

Fixed Salary Component

- 1) Salary : Rs.76,000/- (Rupees Seventy six 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.6,39,600/- (Rupees Six lac thirty nine thousand six 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.
- 3) The remuneration will be increased every year at the rate of Rs.25,000/- per month.

Variable Salary Component

- 4) 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

- | | |
|------------------------|--|
| Housing | : The Expenditure by the Company on hiring unfurnished leased accommodation will be subject to a ceiling of Rs.456,000/- (Rupees Four lac fifty six 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.76,000/- (Rupees Seventy six thousand only) per annum. |
| Medical Expenses | : Reimbursement towards the medical expenses incurred on himself or on his family for an amount not exceeding Rs.38,000/- (Rupees Thirty eight thousand only) per annum. |
| Driver Salary | : The expenditure on hiring a driver for his official car not exceeding Rs. 69,600/- (Rupees Sixty nine thousand six 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".
6. To consider and if thought fit, to pass with or without modification the following resolution as an

SPECIAL RESOLUTION:

"Resolved that pursuant to the provisions of the Section 310 of the Companies Act, 1956 read with Rule 10B of General Rules & Forms, and other applicable laws, if any, consent of the members be and is hereby accorded for payment of sitting fees to the Directors at the rate of Rs.10,000/- (Rupees Ten Thousand only) for attending each meetings of the Board and Committees thereof with the liberty to the Board of Directors to pay such sum of rupees as may be prescribed for the time being by the Central Government as the maximum sitting fee payable."

7. To consider and if thought fit, to pass with or without modification the following resolution as an

SPECIAL RESOLUTION:

"Resolved that pursuant to the provisions of SEBI (Delisting of Securities) Guidelines, 2003 the equity shares of the Company be delisted from The Stock Exchange, Delhi."

For and on behalf of the Board of Directors

Manali D. Bijlani
Company Secretary

New Delhi
July 22, 2005

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. 4, 5, 6 and 7 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 September 2005 to 29th September 2005 (both days inclusive).
4. Members/Proxies must bring the Attendance Slip duly filled in for attending the meeting and hand it over at the entrance duly signed.
5. Members desiring any information on the Accounts are required to write to the company at its Registered Office giving at least seven days time before the date of the Annual General Meeting to enable the Management to collect and keep the information ready.
6. Members are requested to bring their copy of Annual Report with them, as the same will not be supplied again at the meeting as a measure of economy.
7. Pursuant to the prohibition imposed vide Secretarial Standard on General Meetings (SS-2) issued by ICSI, no gifts/coupon will be distributed at or in connection with the meeting.

Explanatory Statement

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

Item No. 4

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. 4 of the annexed notice is, therefore recommended for your approval. None of the Directors is concerned or interested in the proposed resolution.

Item No. 5

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, 2005, for a period of three years, pursuant to the provisions of the Companies Act, 1956.

Mr.K.K.Kapur, aged 68 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 44 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 held on 19th April 2005 approved the terms of appointment and remuneration of Mr.K K Kapur.

The resolution as set out in item no. 5 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 abstract of the terms of appointment and memorandum of interest pursuant to Section 302 of the Companies Act, 1956 were sent vide notice dated April 19, 2005.

Item No. 6

Pursuant to the revised Clause 49 of the Listing Agreement of the Stock Exchange, Delhi and Mumbai all fees/compensation payable to the non-executive directors as fixed by the Board requires approval of the shareholders.

At present a sitting fee of Rs.10,000/- is being paid to non-executive directors for attending each meeting of the Board and Committees thereof, which is within the limit prescribed under the law.

The resolution as set out in item no.6 of the annexed notice is, therefore recommended for your approval.

All the Directors except the Whole-time Director are deemed to be concerned or interested in the resolution.

Item No. 7

At present the Company shares are to be listed in The Stock Exchange Mumbai and The Stock Exchange Delhi. There is no or negligible trading in the shares of the Company in The Stock Exchange Delhi. Hence it is proposed to delist the shares of the Company in The Stock Exchange Delhi. The Company shares will continue to remain listed in The Stock Exchange Mumbai. Since The Stock Exchange Mumbai has nation wide reach, interest of the investors would not be jeopardised. The proposed delisting will be within the SEBI (Delisting of Securities) Guidelines, 2003.

Your Directors recommend the resolution for your approval.

None of the Directors is deemed to be interested in this 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 2:00pm to 5:00 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

New Delhi
July 22, 2005

Manali D.Bijlani
Company Secretary

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

(IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Name of Directors	Shri R. Parameswar	Shri S.L.Khemka
Date of Birth	17 th May 1933	1 st January 1927
Date of Appointment	27 th April 1993	Since incorporation
Qualifications	Post Graduate (History) Indian Audit and Accounts Service	Graduate
List of outside Directorship held on 31st March 2005	Universal Print System Ltd	Nil

ANNEXURE FORMING PART TO THE EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION II (B) (IV) OF PART II OF SCHEDULE XIII IN RESPECT OF APPOINTMENT OF MR.K.K.KAPUR AS WHOLE-TIME DIRECTOR

I. General Information :

- (1) **Nature of industry :** Manufacture, sell and deal in Precast or Precured Tread Rubber for the retreading of tyres of every kind.
- (2) **Date or expected date of commencement of commercial production :** 3rd September 1979
- (3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. :** Not applicable
- (4) **Financial performance based on given indicators :** Refer Annual Report for the year ended March 31, 2005.
- (5) **Export performance and net foreign exchange collaborations :** Refer Annual Report for the year ended March 31, 2005.
- (6) **Foreign investments or collaborators, if any. :** Foreign Collaborator Bandag, USA is holding 38% equity shares in the company.

II. Information about the appointee :

- (1) **Background details :** As given in the Explanatory Statement under Item no.5 of the Notice
- (2) **Past remuneration :** Rs.14,79,947/- per annum for year 2004-05
- (3) **Recognition or awards -**Nothing Special
- (4) **Job profile and his suitability :** As given in the Explanatory Statement under Item no.5 of the Notice
- (5) **Remuneration proposed :** Refer resolution no.5 of the Notice dated July 22, 2005
- (6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) :** The remuneration profile proposed is comparable with respect to the industry, size of the company and profile of the position subject to the ceiling as per Schedule XIII.
- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. :** Mr.K K Kapur is not related to any Director or any employee of the company.

III. Other information :

- (1) **Reasons of loss or inadequate profits :** Commodity price increase coupled with fierce competition limiting the scope for increasing the price of the products have resulted in inadequate profits during the year.
- (2) **Steps taken or proposed to be taken for improvement :** The company has introduced new products and developed new marketing strategies to increase share of market.
- (3) **Expected increase in productivity and profits in measurable terms. :** A new manufacturing facility is being set up at Nalagarh to cater to the additional demand from the market and meet the long-term expected growth and reduce excise liability.

IV. Disclosures :

- (1) **The shareholders of the company shall be informed of the remuneration package of the managerial person. -** Refer resolution no.5 of the Notice dated July 22, 2005
- (2) **The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report : -** (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors; (ii) Details of fixed component and performance linked incentives along with the performance criteria; (iii) Service contracts, notice period, severance fees; (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable. Refer to report on Corporate Governance annexed to the Directors' Report dated 22nd July 2005.

DIRECTORS' REPORT**TO
THE MEMBERS,**

Your Directors are pleased to present the 26th Annual Report together with the Audited Statement of Accounts of the Company for the accounting year ended March 31, 2005. We have included, as a part of this report the Management Discussion and Analysis.

FINANCIAL RESULTS :

Particulars	2004-2005 (Rs.in lacs)	2003-2004 (Rs.in Lacs)
Profit before Interest & Depreciation	199.15	180.78
Finance Expenses	49.48	53.70
Profit before Depreciation	149.67	127.08
Depreciation	45.35	44.41
Profit before Income Tax	104.32	82.67
Provision for Minimum Alternate Tax	(2.50)	(2.50)
Deferred Tax Assets/(Liabilities)	(75.02)	(29.29)
Profit (Loss) for the year	26.80	50.88
(Debit) Balance brought forward from previous year	(82.66)	(133.54)
(Loss) carried to balance sheet	(55.86)	(82.66)

OPERATIONAL PERFORMANCE

During the year under review the gross turnover of your company amounted to Rs.3447.30 lacs as against Rs.3380.38 lacs in the previous year. The Operational Profit, before making provision for interest and depreciation, worked out to Rs.199.15 lacs (previous year Rs. 180.78 lacs).

The year saw substantial increase in raw material costs, which could not be passed on to the customers fully. Your company has taken rigorous measures to reduce outstandings, control the inventories of finished goods, further improve production efficiencies and has thus been able to maintain its performance.

DIVIDEND

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

INDUSTRY EXPERIENCE

Developments in the transport industry effect the retreading industry too. While the Medium and Heavy Commercial Vehicle Production has grown well in 2004-05, propelled as it was by easy availability of finance, the sale of diesel in transport sector has remained stagnant, while there has been reduction in new tyre replacement market during the same period. The retread industry has thus witnessed little growth during 2004 – 2005.

OPPORTUNITIES AND THREATS

The continued thrust on road projects such as Golden Quadrilateral and East-West Corridor as well as rural road projects will create more opportunities for growth of transport industry.

The radialisation in the passenger cars in India has seen significant growth in recent years. However, the same has not been witnessed in medium & heavy vehicles. This trend is likely to get a boost in the coming years with new & existing tyre players investing in truck & bus radial capacity as well as on marketing the same.

The above developments are expected to result in better prospects for retreading industry. Further, the ban on the overloading of commercial vehicles, if rigorously implemented will provide additional fillip to the retreading industry.

The implementation of VAT in most states is expected to reduce the unfair competition from the unorganized retreading industry.

Your company is continuing its efforts to grow by introducing new products, developing new marketing strategies to have increased share of the market, which is somewhat stagnant at present.

The reduction of excise duty to 16% from 24% on new tyres is however, working as disincentive for retreading, as gap between the price of new tyre and that of retreaded tyres has got narrowed down.

NALAGARH PROJECT

The project being set up in Nalagarh, Himachal Pradesh, is expected to begin production around September/October 2005.

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. The company would be able to avail benefits being offered by the Central and State Governments by locating the Plant in Himachal Pradesh.

RISK AND CONCERNS

The Company is exposed to the risks of fluctuations of interest rates, commodity prices and changes in government policies.

Interest Rate risk: In view of continuous risk mitigating strategy adopted by the company, it does not perceive interest rate fluctuations as a significant risk having any material impact on its profitability.

Commodity Price risk: The company is exposed to the risk of price fluctuations of raw materials in all its products. These risks generally get mitigated by adjusting the price of finished goods, except in the case of STU's, where prices are fixed for six months or year's supply.

Changes in governments policies: Changes in government policies can at times materially effect company financial position or investments. There is little that can be done about it.

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 220 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 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 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.

DIRECTORS

The term of the office of Sh. K.K.Kapur as Whole-time director ceased on 31st May, 2005. The Board recommends re-appointment of Sh.K.K.Kapur as whole-time director of the Company w.e.f. June 1, 2005 for a period of three years.

In accordance with Article 99 of the Articles of Association of the Company, Sh. S.L.Khemka and Sh.R.Parneswar will retire from office by rotation, and being eligible, offers themselves 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.Batilboi & 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 2005-2006 has been paid.

The Shares of the company have not been traded on Delhi Stock Exchange as no trading of shares of any company has taken place for the last nearly three years. It is therefore proposed, subject to the approval of the shareholders, for which separate special resolution has been circulated, that the company delists its shares from Delhi Stock Exchange.

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, 2005, a total of 700510 equity shares which forms 13.34% 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 2004-2005 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

NAND KHEMKA
CHAIRMAN

New Delhi
July 22, 2005