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# **GOVIND RUBBER LIMITED**

**12TH  
ANNUAL REPORT  
1996 - 97**

CERTIFIED TO BE TRUE COPY  
For GOVIND RUBBER LIMITED,

*Vinod Lodha*  
Authorised Signatory.



*Lord Ganesh Temple at Bhiwadi Unit*

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#### BOARD OF DIRECTORS :

MR. DHARAPRASAD PODDAR	Chairman
MR. J. K. JAIN	} Directors
MR. S. M. MERCHANT	
MR. ARVIND PODDAR	
MR. JAGATJIT SINGH	Nominee - PSIDC
MR. KAILASH GOENKA	} Managing Directors
MR. VINOD PODDAR	

#### REGISTERED OFFICE :

318, 'Creative', Sitaram Mill Compound,  
N. M. Joshi Marg, Lower Parel, Mumbai-400 011.

#### WORKS :

Units 1 & 3 - TYRES, TUBES & WORKSHOP  
Jugiana - 141 120, DIST. : LUDHIANA (PUNJAB).  
Unit 2 - MIXING AND TUBES  
Kanganwal - 141 120, DIST. : LUDHIANA (PUNJAB).  
Unit 4 & 5 - TYRES & MIXING  
B-37 & C - 142 Focal Point, Phase V,  
LUDHIANA - 141 010 (PUNJAB).  
Unit 6 TYRES AND TUBES  
Plot No. SP-923, IIIrd Phase, RIICO Industrial Area,  
Post Bhiwadi - 301 019, DIST. : ALWAR (RAJASTHAN).

#### AUDITORS :

M/S. JAYANTILAL T-AKKAR & CO.  
Chartered Accountants

#### SOLICITORS & LEGAL ADVISOR :

KANGA & CO.  
Advocates, Solicitors & Notary

#### BANKERS :

Indian Overseas Bank  
State Bank of India  
Bank of Baroda  
Punjab National Bank  
Canara Bank  
Central Bank of India

# 12TH ANNUAL REPORT 1996 - 97

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 12th Annual Report and Audited Accounts of the Company for the year ended 31st March, 1997.

### FINANCIAL RESULTS

	(Rs. in lacs)	
	1996-97	1995-96
Sales : (Gross)	24542	18668
Gross Profit	879	596
Less : Depreciation	686	492
Profit Before Tax	193	104
Less : Provision for taxation	25	—
Profit After Tax	168	104
Less : Provision relating to earlier years	—	1
	168	103
Add : Balance brought forward	29	22
Profit available for appropriation	197	125
<b>Appropriation -</b>		
Debentures Redemption Reserve	74	71
General Reserve	50	25
Proposed Dividend	61	—
Tax on Proposed Dividend	6	—
Balance carried to Balance Sheet	6	29

### OPERATIONS

Your Company has achieved a Sales Turnover of Rs.245 Crores during the year ended March, 1997 as against Rs.187 Crores in the previous year showing an increase of 31%. The Export Turnover (including Indirect Exports) has also increased from Rs. 2594 Lacs in the previous year to Rs.2928 Lacs indicating a growth of 13%. The Gross Profit for the year ended March, 1997 is Rs. 879 Lacs as against Rs. 596 Lacs in the previous year which shows an increase of 47%.

Your Company has been honoured for the sixth consecutive year for Top Exports Award for the Cycle Tyre Industry by Capexil & Airia.

### DIVIDEND

Your Directors are pleased to recommend Tax Free Dividend of 8% on paid-up Equity Share Capital of the Company for the year ended March 1997 which will absorb Rs.67,64,461/- including tax on dividend.

### EXPANSION

The implementation of Auto Tyres Project at Bhiwadi has been successfully completed during the year. The cost of the project has been met from a Term Loan from IFCL and internal cash accruals of the Company. The impact of the project can be seen during the current financial year.

### DEBENTURES

The proceeds of the Debentures were utilised for the purposes for which they were raised.

### FIXED DEPOSITS

Fixed Deposits from the public as on 31st March, 1997 aggregated

RS 7,75,000/-. There were 4 unclaimed deposits amounting to Rs. 35,000/-. Since then deposits of Rs.22,000/- have been repaid.

### INSURANCE

On 11.04.97, a fire broke out in the godown premises at Bhiwadi Unit causing losses to stocks and some portion of godown premises. The losses are assessed at approximately Rs.134 Lacs and necessary claims have been lodged with the concerned Insurance Company.

### DIRECTORS

Shri Pramod Poddar and Shri Ramesh Poddar resigned from the Board with effect from 25.04.97 and 28.06.97 respectively. The Board place on record their appreciation of the valuable services rendered by them during their tenure as Directors of the Company.

Shri Arvind Poddar and Shri Shailesh Merchant will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Shri Jaikumar Jain has been appointed as Additional Director with effect from 28.06.97.

### AUDITORS

M/s. Jayantilal Thakkar & Co., Chartered Accountants, Mumbai, the Statutory Auditors and M/s. Satish K. Bansal & Co., Chartered Accountants, Ludhiana, the Branch Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The observations made in the Auditors' Report and Notes to Accounts are self-explanatory and, therefore, do not call for further comments under Section 217 of the Companies Act, 1956.

### INDUSTRIAL RELATIONS

The industrial relations during the year under review continued to be cordial.

### PARTICULARS OF EMPLOYEES

Particulars of remuneration paid to the employees as required to be disclosed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are set out in Annexure-I forming part of this Report.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the Annexure-II of the report.

### APPRECIATION

Your Company is grateful for the continued co-operation and assistance extended to it by the Financial Institutions and Banks.

Your Directors also wish to place on record their warm appreciation for the services rendered by the Executives, Staff, Workers and Dealers of the Company.

For and on behalf of the Board of Directors

**DHARAPRASAD PODDAR**  
Chairman

Mumbai,

Dated : 28th June, 1997.



## GOVIND RUBBER LIMITED

### ANNEXURE - I TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997

Sr. No.	Name of Employees	Age	Designation	Remuneration (Gross)	Qualification & Experience in Yrs.	Date of Commencement of Employment	Particulars of last Employment held (Name, Designation & Experience)
<b>A. Employed throughout the year and in receipt of remuneration in aggregate of not less than 3,00,000/-</b>							
1.	Mr. Kailash Goenka	54	Managing Director	11,69,900	B.Sc. (Chem.) Engg. (28)	01.05.85	Business (19 Years)
2.	Mr. Vinod Poddar	37	Managing Director	11,74,666	B.Com (18)	01.01.86	Business (9 Years)
<b>B. Employees for part of the year and in receipt of remuneration of not less than 25,000/- per month</b>							
— NIL —							

#### NOTES :

- Gross remuneration includes salary, bonus, allowances, value of perquisites and Company's contribution to Provident and Superannuation Fund.
- Appointments of Managing Director is for a period of 5 years.
- None of the above employees is related to any Director except Mr. Vinod Poddar who is the brother of Shri Arvind Poddar, Director of the Company.

For and on behalf of the Board of Directors

**DHARAPRASAD PODDAR**  
Chairman

Mumbai,  
Dated : 28th June, 1997.

### ANNEXURE - II TO DIRECTORS' REPORT

DISCLOSURE UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS), RULES, 1988

#### A. CONSERVATION OF ENERGY :

##### a) Energy conservation measures taken :

- Suitable steps are being taken for energy conservation as per the suggestions of outside Consultants.
- Rice-husk is being used to reduce consumption of coal for which special purpose boilers have been installed.
- Maximum demand of Electricity is being reduced by evenly distributing the loads throughout the day and increasing efficiency of plants & equipments.

##### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

Steps for energy conservation by conversion of existing equipments into more efficient ones are being installed.

##### c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

The use of rice-husk/coal boilers has resulted in an annual savings of about 8,575 MT of coal at Ludhiana Plants. However, this also depends on the quality and cost of rice-husk available. With the measures taken at (b) above, the consumption of rice-husk has also decreased.

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## d) Total & Per unit energy consumption as per Form A B) Technology Absorption, Adaptation and Innovation :

### FORM - A

#### A) Power & Fuel Consumption :

##### 1) Electricity :

##### a) Purchased :

Units	2,21,94,370	1,99,69,697
Total Amount (Rs.)	5,60,35,844	4,23,69,012
Rate/Unit (Rs.)	2.52	2.13

##### b) Own Generation :

##### i) Through Diesel

##### Generator :

##### Diesel Consumed (Ltrs.)

Units	55,71,086	32,43,148
Units per litre of diesel	2.70	2.60
Cost/Unit (Rs.)	2.65	2.62

##### ii) Through Steam :

##### Turbine/Generator

Nil Nil

##### 2) (i) Furnace Oil :

Quantity (Ltrs.)	9,03,678	10,35,528
Amount (Rs.)	56,31,530	58,44,261
Rs./Ltr. (Rs.)	6.23	5.64

##### (ii) Coal (Steam Coal

##### Grade B/C used in

##### Boilers) :

Quantity (Kgs.)	40,81,047	34,57,160
Amount (Rs.)	69,31,868	56,69,970
Rs./Kgs. (Rs.)	1.70	1.64

##### (iii) Rice - Husk :

Quantity (Kgs.)	2,14,57,099	2,03,95,029
Amount (Rs.)	2,08,74,279	2,88,08,182
Rs./Kgs. (Rs.)	0.97	1.41

#### B) Energy Consumption per Unit of Production :

Product	1996-97				1995-96			
	Electri- city Units	Furnace Oil Ltrs	Coal Kgs.	Rice- Husk Kgs.	Electri- city Units	Furnace Oil Ltrs.	Coal Kgs.	Rice- Husk Kgs.
1. Cycle Tyre	0.55	—	0.113	0.594	0.59	—	0.116	0.682
2. Auto Tyre	1.70	0.78	—	—	1.04	0.945	0.206	1.213
3. New Pneumatic Tyre	0.83	0.135	—	—	1.47	0.269	—	—
4. Cycle Tube	0.17	—	0.034	0.181	0.18	—	0.035	0.208
5. Auto Tube	0.25	—	0.050	0.264	0.26	—	0.051	0.303
6. New Pneumatic Tube	0.18	0.030	—	—	0.33	0.061	—	—

Note : Energy Consumption per unit varies as per the change in Product-mix.

#### B. TECHNOLOGY ABSORPTION :

##### e. Efforts made in technology absorption are indicated in Form B :

#### FORM - B

#### A) Research & Development :

The Company is developing and introducing various new designs and patterns of tyres under its continuous R & D programmes.

##### 1. Efforts in brief made towards technology adaptation and innovation and

##### 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Implementation of continuous modernisation programmes at Ludhiana has resulted in improve product quality, cost reductions and better productivity.

##### 3. Information of imported technology

For the Export based Bhiwadi Unit the Company has obtained technology from Taiwan to manufacture the modern nylon cord colour / gum-wall tyres and butyl tubes for bicycles for exports to developed countries.

#### C) Foreign Exchange Earnings and Outgo :

##### f. Activities relating to exports, initiatives taken to increase exports, developments of new markets for product and services, and export plans :

The Company is the largest exporters of Cycle Tyres / Tubes in the country. The Company exports a large quantity to over 50 countries. With the commissioning of the Export based project at Bhiwadi, the markets of the developed countries of the Europe are also being covered.

#### g. Total Foreign Exchange Used & Earned :

	1996-97	1995-96
I) USED (Rs. in Lacs)		
i) Import of Raw Materials / Capital goods	1,863.61	2,473.17
ii) Commission on Exports	23.12	16.03
iii) Others	18.33	22.84
Total	1,905.06	2,512.04
II) EARNED (Rs. in Lacs)		
i) Exports at F. O.B. Value	2,066.10	2,146.67
ii) Reimbursement of Freight & Insurance	42.64	38.90
Total	2,108.74	2,185.57

For and on behalf of the Board of Directors

DHARAPRASAD PODDAR

Chairman

Mumbai,

Dated : 28th June, 1997.





# GOVIND RUBBER LIMITED

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF  
GOVIND RUBBER LIMITED

1. We have audited the attached Balance Sheet of GOVIND RUBBER LIMITED as at 31st March, 1997 and also the annexed Profit and Loss Account for the year ended on that date, in which are incorporated, the accounts of the Company's Ludhiana and Bhiwadi Branches audited by another firm of Chartered Accountants and report that :

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we give in Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph-1 above :
  - 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 accounts as required by law have been kept by the Company so far as appears from our examination of the books.
  - c. The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the books of account.

- d. The Reports of Branch Auditors on the Branch Accounts audited by them, have been forwarded to us and considered by us in preparing our Report.

- e. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Note No.11 regarding valuation of closing stock of finished goods at "Net Realisable Value" which is contrary to "Lower of the Cost or Net Realisable Value" as recommended by the Institute of Chartered Accountants of India and its effect being not ascertainable in the absence of information regarding cost of closing stock of finished goods and read together with the other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :-

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997 and
- ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.

For JAYANTILAL THAKKAR & CO.  
CHARTERED ACCOUNTANTS

C. V. THAKKER  
PARTNER

Mumbai,  
Dated : 28th June, 1997.

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of our report of even date on the accounts for the year ended 31st March, 1997)

- i) The Company has maintained proper records showing full particulars including the quantitative details and situation of the Fixed Assets. The Management has confirmed that wherever practicable, physical verification of all major items of Fixed Assets has been carried out at the end of the year and no serious discrepancies have been noticed on such verification.
- ii) None of the Fixed Assets of the Company has been revalued during the year.
- iii) As per the information and explanations given to us, the Management has carried out physical verification of finished goods, stores, spare parts and raw materials during the year at reasonable intervals save and except good lying with the third parties.
- iv) The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- v) The discrepancies noticed on verification between the physical stocks and book records were not material.
- vi) On the basis of our examination of the stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles except in case of finished goods where stocks have been valued at "Net Realisable Value" which is contrary to "Lower of Cost or Net Realisable Value" as recommended by the Institute of Chartered Accountants of India and is on the same basis as in the preceding year.
- vii) The Company has taken unsecured loans and Security Deposits from companies listed in the register maintained under Section 301 of the Companies Act, 1956. The rates of interest and terms and conditions of such loans & deposits are not prima facie prejudicial to the interest of the Company. There are no companies under the same Management as defined under sub-section (1B) of Section 370 of the said Act.

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- viii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. There are no Companies under the same Management as defined under sub-section (1B) of Section 370 of the said Act.
- ix) Advances in the nature of loans given to employees are interest free. Principal amounts have been recovered as stipulated.
- x) 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 with regard to purchase of Stores, Raw Materials including Components, Plant and Machinery, Equipment and other Assets and with regard to the sale of goods.
- xi) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
- xii) As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- xiii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the Public.
- xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scraps. No by-products, we are informed, are generated.
- xv) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- xvi) On the basis of the records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956, have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- xvii) According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.
- xviii) 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 were outstanding as at 31st March, 1997 for a period of more than six months from the date they became payable.
- xix) According to the information and explanations given to us, no personal expenses of Employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- xx) The Company is not a Sick Industrial Company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) In respect of the Company's trading activity, we are informed that there are no damaged goods.

**For JAYANTILAL THAKKAR & CO.**  
**CHARTERED ACCOUNTANTS**

**C. V. THAKKER**  
**PARTNER**

Mumbai.  
 Dated : 28th June, 1997.