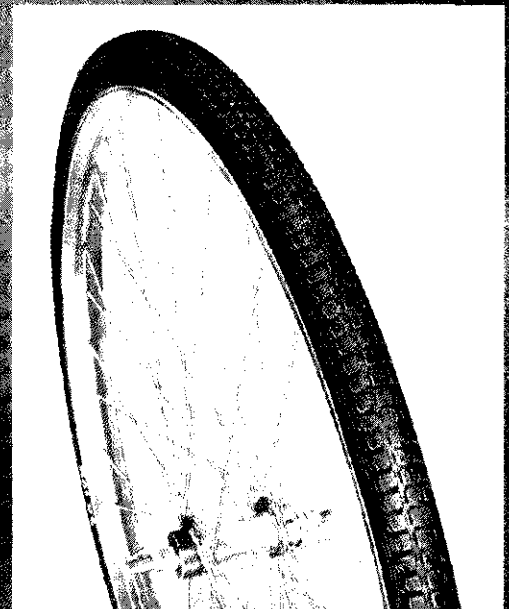




BELIEVE IN THE BEST **INTERNATIONAL** TYRES - TUBES



GOVIND RUBBER LIMITED

14TH ANNUAL REPORT 1998-99



Lord Ganesh Temple at Bhiwadi Unit

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BOARD OF DIRECTORS :

MR. DHARAPRASAD PODDAR	Chairman
MR. J.K. JAIN	Director
MR. ARVIND PODDAR	Director
MR. S.M. MERCHANT	Director
MR. KAILASH GOENKA	Managing Director
MR. VINOD PODDAR	Managing Director

REGISTERED OFFICE

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

WORKS

- Jugiana - 141 120, DIST. LUDHIANA (PUNJAB).
- Kanganwal - 141 120, DIST: LUDHIANA (PUNJAB).
- Focal Point, Phase V,
LUDHIANA - 141 010 (PUNJAB).
- Plot No.SP-923, IIIRD Phase, RIICO Industrial Area,
Post Bhiwadi - 301 019, DIST. ALWAR (RAJASTHAN).

AUDITORS

M/s. JAYANTILAL THAKKAR & CO.
Chartered Accountants

SOLICITORS & LEGAL ADVISOR

KANGA & CO.
Advocates, Solicitors & Notary

BANKERS

CENTRAL BANK OF INDIA
INDIAN OVERSEAS BANK
BANK OF BARODA
STATE BANK OF INDIA

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 14th Annual Report and Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	1998-99	1997-98
Sales: (Gross)	29484	28215
Other income	52	19
Total	29536	28234
Gross Profit	1542	1381
Less: Depreciation	1172	1214
Profit Before Tax	370	167
Less: Provision for Taxation	31	17
Profit After Tax	339	150
Add : Provision relating to earlier years	12	5
	351	155
Add: Balance brought forward	1	6
Profit available for appropriation	352	161
Appropriation -		
Debentures Redemption Reserve	57	74
General Reserve	210	10
Proposed Dividend	69	69
Tax on Proposed Dividend	8	7
Balance carried to Balance Sheet	8	1

OPERATIONS

The gross Sales turnover of your Company, during the year under review, is at Rs.29484 lacs as against Rs.28215 lacs in the previous financial year, which shows a growth of 4.5%. The Exports Sales (including indirect Exports) have increased by 33% to Rs.4817 lacs during the year under review as against Rs.3610 lacs in the previous year. The Gross Profit of Rs.1542 lacs for the year is more by 12% against Rs.1381 lacs in the previous year.

Your Company has been honoured for the eighth consecutive year by a Special Export Award for exports in Cycle Tyre Industry by CAPEXIL.

DIVIDEND

Your Directors are pleased to recommend a Tax Free Dividend of 9% for the year ended March, 1999 which will absorb Rs.77 lacs including Tax on Proposed Dividend.

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, 1999 aggregated Rs.660.98 lacs. There was an unclaimed deposit of Rs.3000/-. Necessary reminders have been sent to the depositor.

DIRECTORS

Shri Vinod Poddar and Shri Jaikumar Jain retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The Industrial Finance Corporation of India Limited (IFCI)

have withdrawn nomination of Shri. T.Ramesh Babu with effect from 31-8-1998; and Punjab State Industrial Development Corporation Limited (PSIDC) have withdrawn nomination of Shri Jagatjeet Singh with effect from 28-9-1998. The Board of Directors place on record its appreciation for the valuable guidance extended by them during the course of their association with the Company.

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.

COST AUDITOR

Pursuant to the order of Central Government, the Board of Directors have appointed M/s. K.G.Goyal & Associates. Cost Accountants, Jaipur as Cost Auditors for the financial year 1998-99.

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.

Y 2K COMPLIANCE

Your Company has taken necessary steps on Y 2K hardware/software problems and has already made significant progress in this area. Your Company has initiated a series of prudent and reasonable steps to minimise the risk of exposure to Y 2K problem and remediation process will be completed in time. The total cost of Y 2K compliance is not expected to be significant.

APPRECIATION

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

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 : 31st May, 1999.



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, 1999.

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)
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A. Employed throughout the year and in receipt of remuneration in aggregate of not less than Rs.6,00,000/-.

1.	Mr. Kailash Goenka	56	Managing Director	25,11,789	B.Sc. (Chem.) Engg. (30)	01.05.85	Business (20 Years)
2.	Mr. Vinod Poddar	39	Managing Director	25,61,817	B.Com. (20)	01.01.86	Business (10 Years)

B. Employees for part of the year and in receipt of remuneration of not less than Rs.50,000/- per month.

— NIL —

NOTES :

- Gross remuneration includes salary, Commission, bonus, allowances, value of perquisites and Company's contribution to Provident and Superannuation Fund and provision for gratuity / leave encashment.
- Appointments of Managing Directors 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 : 31st May, 1999.

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 from time to time.
- Rice-husk is being used in place of coal for Boiler.
- 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 are being taken for energy conservation by conversation of existing equipments into more efficient ones.

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 Company has completely stopped use of coal for boiler. With the measures taken at. (b) above, the consumption of rice husk has also decreased

d) Total & Per unit energy consumption as per Form-A.

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FORM-A

(A) Power & Fuel Consumption :

1) Electricity :

a) Purchased :

Units	2,84,46,374	2,68,68,471
Total Amount (Rs.)	8,60,29,938	7,25,80,695
Rate/Unit (Rs.)	3.02	2.70

b) Own Generation

i) Through Diesel Generator:

Units	60,92,282	29,97,761
Units per litre of diesel	3.22	3.00
Cost/Unit (Rs.)	2.92	2.96

ii) Through Steam

Turbine/Generator	Nil	Nil
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2) (i) Furnace Oil :

Quantity (Ltrs.)	25,50,399	14,76,247
Amount (Rs.)	1,49,64,727	92,48,466
Rs./Ltr (Rs.)	5.87	6.26

(ii) Coal

Quantity (Kgs.)	Nil	386446
Amount (Rs.)	Nil	1174726
Rs./Kg. (Rs.)	Nil	3.04

(iii) Rice-Husk

Quantity (Kgs.)	2,53,76,902	2,53,19,926
Amount (Rs.)	2,50,48,523	2,92,59,846
Rs./Kg. (Rs.)	0.99	1.15

(B) Energy Consumption per Unit of Production:

Product	1998-'99				1997-'98			
	Elect-ricity Units	Furnace Oil Ltrs.	Coal Kgs.	Rice-Husk Kgs.	Elect-ricity Units	Furnace Oil Ltrs.	Coal Kgs.	Rice-Husk Kgs.
1. Cycle Tyre	0.61	—	—	0.613	0.56	—	0.010	0.623
2. Auto Tyre	0.95	0.61	—	1.089	1.10	0.630	0.017	1.108
3. New Pneumatic Tyre	0.98	0.27	—	—	1.14	0.200	—	—
4. Cycle Tube	0.19	—	—	0.187	0.17	—	0.003	0.190
5. Auto Tube	0.37	0.09	—	0.272	0.39	0.094	0.004	0.277
6. New Pneumatic Tube	0.22	0.06	—	—	0.24	0.043	—	—

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 Sizes, designs and patterns of tyres under its continuous R & D programmes as per the changing market needs.

B) Technology absorption, adaptation and Innovation :

1. Efforts in brief made towards technology adaptation and Innovation and

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

Implementation of continuous modernisation programmes at Ludhiana and Bhiwadi resulted in improved product quality, cost reductions and better Productivity.

3. Information of imported technology.

For the Export based Bhiwadi Unit the Company has obtained technology from France to manufacture Tubeless Scooter Tyres for Scooters 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 exporter of Cycle Tyres/ Tubes in the country. The Company exports a large quantity of cycle tyres and tubes to many countries in the world. The Company has also entered into the exports market for its LCV and industrial tyres in Central and Latin America and Far and Middle East countries.

g. Total Foreign Exchange Used & Earned :

I) USED (Rs.in Lacs)	1998-'99	1997-'98
i) Import of Raw Materials/ Capital goods	2221.82	2235.27
ii) Commission on Exports	27.25	32.15
iii) Others	78.12	44.32
Total	2327.19	2311.74
II) EARNED (Rs.in lacs)		
i) Exports at F.O.B. Value	4123.01	2611.70
ii) Indirect Exports	424.10	839.67
iii) Reimbursement of Freight & Insurance	269.93	158.63
Total	4817.04	3610.00

For and on Behalf of the Board of Directors

DHARAPRASAD PODDAR
Chairman

Mumbai:
Dated : 31st May, 1999.



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, 1999 and also the annexed Profit and Loss Account of the Company 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 of the Books and records of the Company 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 account 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 the Balance Sheet and Profit & Loss Account dealt with by this report complied with the Accounting Standards referred to in section 211 (3C) of the 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 read together with the accounting policies and the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and subject to Note No.3 regarding Non-Provision of accrued liability in respect of unavailed leave of the employees aggregating to Rs.1,53,533/- determined by the Company 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, 1999 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 : 31st May, 1999.

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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, 1999.)

- 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 goods 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 and is on the same basis as in the preceeding year.
- vii) The Company has taken unsecured loans/ Fixed Deposits and Security Deposits from Companies, and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and terms and conditions of such loans &

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deposits are not *prima facie* prejudicial to the interest of the Company. There are no Companies under the same Management as defined under Section 370 (1B) of the said Act.

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 Section 370 (1B) 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, 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, 1999 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 : 31st May, 1999.