



GOVIND RUBBER LIMITED

15TH ANNUAL REPORT 1999-2000

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Lord Ganesh Temple at Bhiwadi Unit

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20	MR. VINOD PODDAR

BOARD OF DIRECTORS :

MR. DHARAPRASAD PODDAR	Chairman
MR. J.K. JAIN	Director
MR. ARVIND PODDAR	Director
MR. S.M. MERCHANT	Director
MR. NIMESH SHAH	Nominee - ICICI
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 15th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	1999-2000	1998-99
Sales: (Gross)	29494	29484
Other income	30	52
Total	29524	29536
Gross Profit	1086	1542
Less: Depreciation	1037	1172
Profit Before Tax	49	370
Less: Provision for Taxation	4	31
Profit After Tax	45	339
Add : Provisions relating to earlier years	106	12
	151	351
Add: Balance brought forward	8	1
Profit available for appropriation	159	352
Appropriation -		
Debentures Redemption Reserve	22	57
General Reserve	4	210
Interim Dividend (Previous Year Proposed Dividend)	39	69
Tax on Dividend	4	8
Balance carried to Balance Sheet	90	8

OPERATIONS

The Gross Sales turnover of the Company during the year is at Rs.294.94 Crores as against Rs.294.84 Crores during the previous financial year 1998-99. During the year under review, the condition was recessionary in domestic as well as export market. Your management has taken all efforts to maintain the sales turnover. The Export Sales Turnover (including Indirect Exports) has increased from Rs.48.17 Crores in the previous accounting year to Rs.51.96 Crores during the year under review, which records a growth of about 8 %. The Gross Profit of Rs.1086 Lacs for the year has declined by 29.57 % against Rs.1542 Lacs of the previous year because of increase in rebate and discount on sales which was compulsory in recessionary conditions. Your Company has been honoured for the ninth consecutive year by a Special Export Award for exports in Cycle Tyre Industry by CAPEXIL.

ISO 9002

Company's unit at Bhiwadi, Dist Alwar in Rajasthan State has achieved ISO 9002 certificate for its all products viz. Auto Tyres and Tubes, Cycle Tyres and Tubes.

DIVIDEND

The Directors at their Meeting held on 27th March, 2000 have declared an Interim Dividend @ 5% on 7686888 Equity Shares of Rs.10/- each of the Company for the financial year 1999-2000. The Directors now have decided to treat the said Interim Dividend as final dividend for the financial year 1999-2000. The dividend on Equity Shares absorbed Rs.43 Lacs including tax on 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, 2000 aggregated Rs.603.48 Lacs. There was 1 unclaimed deposit amounting to Rs.3000/-. Necessary reminders have been sent to the depositor.

DIRECTORS

Shri Dharaprasad Poddar and Shri Arvind Poddar will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Shri Nimesh Shah has been appointed as Nominee Director on the Board of the Company representing ICICI Limited.

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 to audit cost records, the Board of Directors have appointed Messrs. K.G. Goyal & Co. Cost Auditors, Jaipur for the financial year 1999-2000.

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 Annexure-II of the report.

Y 2K COMPLIANCE

Your Company has achieved Y2K transition without any disruption and rolled over into the new millennium.

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, 2000.



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, 2000.

Sr. No.	Name of Employees	Age	Designation	Remuneration (Gross) Rs.	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	57	Managing Director	15,86,167	B.Sc. (Chem.) Engg.(30)	01.05.85	Business (21 Years)
2.	Mr. Vinod Poddar	40	Managing Director	15,91,167	B.Com. (20)	01.01.86	Business (11 Years)

B. Employed 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, bonus, allowances, value of perquisites and Company's contribution to Provident and Superannuation Fund.
- Appointment 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 : 28th June, 2000.

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 taken from time to time for energy conservation as per the suggestions of outside Consultants and past experience.
- 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 and 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 taken.

One special purpose boiler with use of Rice-husk in place of furnace oil is being installed at Bhiwadi Unit at cost of Rs.70 Lacs.

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 and Per unit energy consumption as per Form A.

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FORM-A

1999-2000 1998-1999

(A) Power & Fuel Consumption :

1) Electricity :

a) Purchased :

Units	2,87,60,831	2,84,46,374
Total Amount (Rs.)	9,85,55,467	8,60,29,938
Rate/Unit (Rs.)	3.42	3.02

b) Own Generation

i) Through Diesel

Generator:

Units	69,11,835	60,92,282
Units per litre of diesel	3.21	3.22
Cost/Unit (Rs.)	3.69	2.92

ii) Through Steam

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

Quantity (Ltrs.)	29,23,825	25,50,399
Amount (Rs.)	2,37,02,792	1,49,64,727
Rs./Ltr (Rs.)	8.11	5.87

(ii) Coal

Quantity (Kgs.)	Nil	Nil
Amount (Rs.)	Nil	Nil
Rs./Kg. (Rs.)	Nil	Nil

(iii) Rice-Husk

Quantity (Kgs.)	2,20,74,778	2,53,76,902
Amount (Rs.)	2,26,19,285	2,50,48,523
Rs./Kg. (Rs.)	1.02	0.99

(B) Energy Consumption per Unit of Production:

Product	1999-2000				1998-1999			
	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	0.66	—	—	0.602	0.61	—	—	0.613
2. Auto Tyre	1.07	0.64	—	1.070	0.95	0.61	—	1.089
3. New Pneumatic Tyre	0.92	0.24	—	—	0.98	0.27	—	—
4. Cycle Tube	0.20	—	—	0.184	0.19	—	—	0.187
5. Auto Tube	0.39	0.12	—	0.268	0.37	0.09	—	0.272
6. New Pneumatic Tube	0.21	0.05	—	—	0.22	0.06	—	—

NOTE: Energy consumption per unit varies as per the change in Product-mjx.

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 :

- Efforts in brief made towards technology adaptation and Innovation and
- 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 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 :

	1999-2000	1998-99
I) USED (Rs.in Lacs)		
i) Import of Raw Materials/ Capital goods	1856.94	2221.82
ii) Commission on Exports	13.80	27.25
iii) Others	33.71	78.12
Total	1904.45	2327.19
II) EARNED (Rs.in lacs)		
i) Exports at F.O.B. Value	4866.69	4123.01
ii) Indirect Exports	386.71	424.10
iii) Reimbursement of Freight & Insurance	325.41	269.93
Total	5578.81	4817.04

For and on Behalf of the Board of Directors

DHARAPRASAD PODDAR
Chairman

Mumbai:

Dated : 28th June, 2000.



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, 2000 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 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) In our opinion the Balance Sheet and Profit & Loss Account dealt with this report complied with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956.

e) 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.

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 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, 2000 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, 2000.

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, 2000.)

- i. The Company has maintained proper records showing full particulars including quantitative details and situation of 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 preceding year except for the treatment of excise duty and customs duty in the valuation of inventories. Pursuant to Accounting Standard (AS 2) "Valuation of Inventories" becoming mandatory, the Company has

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included excise duty and customs duty payable on goods lying in bonded warehouse in valuation of inventories. Hitherto, excise duty and customs duty payable on goods in bonded warehouse was accounted on clearance of goods.

- 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 and deposits are not prima facie prejudicial to the interest of the Company. The provisions of Section 370 (IB) of the Companies Act, 1956 are not applicable to the Company on or after 31.10.1998.
- 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. The provisions of Section 370 (IB) of the Companies Act, 1956 are not applicable to the Company on or after 31.10.1998.
- 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 Material, Plant & 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 realisable scraps. No by-products, we are informed, are generated.
- xv. In our opinion, the Company has an internal audit system, which required to be strengthened to make it commensurate with the size of the Company 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 amount payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs Duty and Excise Duty were outstanding as at 31st March, 2000 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 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, 2000.


INTERNATIONAL GOVIND RUBBER LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2000

			AS AT 31.3.2000	AS AT 31.3.1999
	SCHEDULE	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS :				
Share Capital	A	768.36		768.36
Reserves & Surplus	B	4419.91		4322.22
			5188.27	5090.58
LOAN FUNDS :				
Secured Loans	C	9622.12		8175.30
Unsecured Loans	D	2368.41		2144.27
			11990.53	10319.56
TOTAL			17178.80	15410.15
APPLICATION OF FUNDS				
FIXED ASSETS:				
Gross Block	E	12777.62		11606.01
Less: Depreciation		5674.73		4741.84
Net Block		7102.89		6864.17
CAPITAL WORK IN PROGRESS		131.39		408.83
			7234.28	7273.00
INVESTMENTS	F		18.48	18.48
CURRENT ASSETS, LOANS & ADVANCES				
Interest Accrued on Investment		0.67		0.87
Inventories	G	4677.66		3945.79
Sundry Debtors	H	8340.51		6819.30
Cash & Bank Balances	I	88.55		80.43
Loans & Advances	J	934.99		834.17
		14042.38		11680.56
LESS: CURRENT LIABILITIES & PROVISIONS :				
Liabilities	K	4019.08		3402.09
Provisions	L	97.26		159.80
		4116.34		3561.89
NET CURRENT ASSETS			9926.04	8118.67
TOTAL			17178.80	15410.15

NOTES FORMING PART OF THE ACCOUNTS
P

The Schedules and Notes referred to above, form an integral part of the accounts.

As per our Report of Even Date attached.
For **JAYANTILAL THAKKAR & CO.**
Chartered Accountants,

C.V. THAKKER
Partner.

D. P. PODDAR

Chairman

J. K. JAIN
ARVIND PODDAR

} Directors

Mumbai: 28th June, 2000

VINOD PODDAR

Managing Director