

GOVIND RUBBER LIMITED

GRL

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16TH ANNUAL REPORT 2000-2001



Lord Ganesh Temple at Bhiwadi Unit

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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).

Page No.

BOARD OF DIRECTORS :

MR. DHARAPRASAD PODDAR	Chairman
MR. J.K. JAIN	Director
MR. K.M. GARG	Director
MR. NIMESH SHAH	Nominee - ICICI
MR. KAILASH GOENKA	Managing Director
MR. VINOD PODDAR	Managing Director

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

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held on Friday, the 28th September, 2001 at 11.00 a.m. at Nehru Centre, Hall of Harmony, Dr. Annie Besant Road, Worli, Mumbai- 400 018 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2001 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Kailash Goenka who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Jaikumar Jain who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and Branch Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if though fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. K.M. Garg be and is hereby appointed as a Director of the Company and that he shall be liable to retire by rotation."

6. To consider and if though fit, to pass with or without modification, the following resolution as an Ordinary Resolution. -

"RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors for creation of charge on whole of the immoveable and moveable properties of the Company present and future lying at Ludhiana and Bhiwadi and whole of the undertakings of the Company in such form and manner and on such terms and conditions as the Board of Directors may think fit in favour of ICICI Limited (ICICI) to secure Term Loan of Rs.1030 Lacs granted/to be granted by them to the Company to part finance the capital expenditure and working capital requirements together with interest, commitment charges, liquidated damages, premium on prepayment or on redemption, costs, charges and expenses and all other monies payable by the Company to ICICI as per the terms and conditions of Loan Agreements entered into/to be entered into by the Company in respect of aforesaid loan."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised and is always deemed to have been authorised to finalise with ICICI the documents for creating aforesaid charge and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient for giving effect to this resolution."

By order of the Board of Directors

Place : Mumbai
 Dated : 23rd June, 2001

DHARAPRASAD PODDAR
 CHAIRMAN

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

THE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANY'S ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS AS SET OUT IN ITEM NO.5 AND 6 OF THE NOTICE IS ANNEXED HERETO.

THE COMPANY HAS ALREADY TRANSFERRED ALL UNCLAIMED DIVIDEND DECLARED UPTO THE FINANCIAL YEAR ENDED 31ST MARCH, 1994 TO THE GENERAL REVENUE ACCOUNT OF CENTRAL GOVERNMENT IN TERMS OF PROVISION OF SECTION 205 A OF THE COMPANIES ACT, 1956. THOSE MEMBERS WHO HAVE SO FAR NOT CLAIMED THEIR DIVIDEND FOR THE SAID PERIOD MAY CLAIM THE SAME BY SUBMITTING AN APPLICATION IN FORM II WITH THE REGISTRAR OF COMPANIES, HAKOBA MILL COMPOUND, KALACHOWKIE, MUMBAI 400 033

CONSEQUENT UPON AMENDMENT IN SECTION 205A OF THE COMPANIES ACT, 1956 AND INTRODUCTION OF SECTION 205C BY THE COMPANIES (AMENDMENT) ACT, 1999, DIVIDEND FOR THE FINANCIAL YEAR 1996-97 AND THEREAFTER WHICH REMAIN UNPAID OR UNCLAIMED FOR A PERIOD OF 7 YEARS WILL BE TRANSFERRED TO THE INVESTOR EDUCATION AND PROTECTION FUND OF THE CENTRAL GOVERNMENT. SHAREHOLDERS WHO HAVE NOT YET ENCAHSED THE DIVIDEND WARRANTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1997 OR ANY SUBSEQUENT FINANCIAL YEAR, ARE REQUESTED TO MAKE THEIR CLAIM WITH THE COMPANY. MEMBERS WOULD ALSO NOTE THAT ONCE THE UNCLAIMED DIVIDEND IS TRANSFERRED TO THE CENTRAL GOVERNMENT AS ABOVE, NO CLAIM SHALL LIE IN RESPECT THEREOF.

BE REQUESTED TO NOTIFY TO THE
IMMEDIATELY ANY CHANGE IN THEIR

1. REGISTER OF MEMBERS AND SHARE TRANSFER
BOOKS OF THE COMPANY SHALL REMAIN CLOSED
FROM 25th September, 2001 TO 28th September, 2001
(BOTH DAYS INCLUSIVE).

ANNEXURE TO NOTICE

**Explanatory Statement pursuant to Section 173(2)
of the Companies Act, 1956.**

Item No.5

Mr.K.M.Garg has been appointed as an additional
Director of the Company by the Board of Directors at
their meeting held on 23.06.01. He will cease to be a
Director on the date of this Annual General Meeting. A
notice under Section 257 of the Companies Act, 1956
has been received from a member proposing his
candidature for the Directorship of the Company along
with a deposit of Rs.500/.

The Board recommends the resolution for your
approval.

None of the Directors of the Company except
Mr.K.M.Garg are concerned or interested in this
resolution.

Item No.6

The Company has taken a Term Loan of Rs.1030 Lacs
from ICICI to part finance the capital expenditure and
working capital requirements. As per the terms and
conditions of the sanctions, the said loan is to be
secured by creation of charge on whole of the
immoveable and moveable properties of the Company
situated at Ludhiana (Punjab) and Bhiwadi
(Rajasthan). The Resolution is proposed to obtain
consent of the Members in accordance with Section
293(1)(a) of the Companies Act, 1956.

None of the Directors are in anyway concerned or
interested in this resolution.

By order of the Board of Directors

Place : Mumbai

Dated : 23rd June, 2001

DHARAPRASAD PODDAR
CHAIRMAN



DIRECTORS' REPORT

Dear Shareholders,

Your Directors present their 16th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2000-2001	1999-00
Sales: (Gross)	25217	29494
Other income	163	30
Total	25380	29524
Gross Profit	368	1086
Less: Depreciation	1059	1037
Profit/(Loss) before Tax	(691)	49
Less: Provision for Taxation	-	4
Profit/(Loss) after Tax	(691)	45
Add: Provisions relating to earlier years	-	106
	(691)	151
Add: Balance brought forward	90	8
Profit/(Loss) available for appropriation	(601)	159
Appropriation -		
Debentures Redemption Reserve	-	22
General Reserve	-	4
Interim Dividend	-	39
Tax on Dividend	-	4
Balance of Profit/(Loss) carried to Balance Sheet	(601)	90

In view of the net loss, no dividend has been recommended for the Financial Year 2000-2001.

OPERATIONS

The Gross Sales turnover of the Company during the year is at Rs.252.17 Crores as against Rs.294.94 Crores during the previous year which shows 14.5% decline in Sales Turnover. The overall economic recession that prevailed throughout the last financial year has affected Company's domestic as well as export sales turnover. Further a partial lock-out declared at Company's Bhiwadi Unit during July - August, 2000 has affected Company's performance adversely. These factors, together with increase in Raw Materials Cost and other overheads has resulted into a net loss of Rs.691 Lacs for the year under review.

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, 2001 aggregated Rs.635.73 Lacs. There was one unclaimed deposit amounting to Rs.3000/-. Necessary reminders have been sent to the depositor.

DIRECTORS

Shri Kailashkumar Goenka and Shri Jaikumar Jain will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Shri K.M.Garg has been appointed as an additional Director of the Company.

Shri S.M.Merchant and Shri Arvind Poddar have resigned from the Board of Directors of the Company w.e.f. 01.08.2000 and 23.06.2001 respectively. The Board of Directors place on record their appreciation for the valuable guidance extended by

them during the course of their association with the Company.

AUDIT COMMITTEE

As per Sec.292 A of the Companies (Amendment) Act, 2000, your Company has formed Audit Committee consisting of three Directors Shri K.M. Garg, Shri Nimesh Shah and Shri J.K. Jain.

DIRECTORS RESPONSIBILITY STATEMENT - PURSUANT TO SECTION 217(2AA)

Your Directors confirm that :

- in the preparation of the annual accounts, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures ;
- the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period ;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- the Directors had prepared the annual accounts on a going concern basis.

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, except a partial lock-out during July - August, 2000 at Bhiwadi Unit.

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 : 23rd June, 2001.



INTERNATIONAL 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, 2001.

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.12,00,000/-.

1.	Mr. Kailash Goenka	58	Managing Director	25,41,667	B.Sc. (Chem.) Engg.(31)	01.05.85	Business (21 Years)
2.	Mr. Vinod Poddar	41	Managing Director	25,41,667	B.Com. (21)	01.01.86	Business (11 Years)

B. Employed for part of the year and in receipt of remuneration of not less than Rs.1,00,000/- 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.

For and on behalf of the Board of Directors

DHARAPRASAD PODDAR
Chairman

Mumbai:

Dated : 23rd June, 2001.

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/furnace oil 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 has been installed during May, 2001 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 appropriate measures taken, the consumption of rice husk has also decreased. The husk fired boiler at Bhiwadi Unit will save expenditure on furnace oil. The impact on savings will be seen during the current financial year.

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

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FORM-A

2000-2001 1999-2000

(A) Power & Fuel Consumption :

1) Electricity :

a) Purchased :

Units	2,67,26,109	2,87,60,831
Total Amount (Rs.)	10,27,17,293	9,85,55,467
Rate/Unit (Rs.)	3.84	3.42

b) Own Generation

i) Through Diesel

Generator:

Units	43,07,506	69,11,835
Units per litre of diesel	3.15	3.21
Cost/Unit (Rs.)	4.50	3.69

ii) Through Steam

Turbine/Generator

Nil Nil

2) (i) Furnace Oil :

Quantity (Ltrs.)	20,14,780	29,23,825
Amount (Rs.)	1,97,91,413	2,37,02,792
Rs./Ltr (Rs.)	9.82	8.11

(ii) Coal

Quantity (Kgs.)	17,656	Nil
Amount (Rs.)	1,22,634	Nil
Rs./Kg. (Rs.)	6.95	Nil

(iii) Rice-Husk

Quantity (Kgs.)	2,07,98,027	2,20,74,778
Amount (Rs.)	2,67,48,711	2,26,19,285
Rs./Kg. (Rs.)	1.29	1.02

(B) Energy Consumption per Unit of Production:

2000-2001

1999-2000

Product	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	0.64	—	0.001	0.824	0.66	—	—	0.802
2. Auto Tyre	1.10	0.65	0.001	1.110	1.07	0.64	—	1.070
3. New Pneumatic Tyre	1.15	0.24	—	—	0.92	0.24	—	—
4. Cycle Tube	0.20	—	—	0.191	0.20	—	—	0.184
5. Auto Tube	0.29	0.17	—	0.277	0.39	0.12	—	0.268
6. New Pneumatic Tube	0.25	0.05	—	—	0.21	0.05	—	—

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.

Nil

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. The Company has received responses from Central America, Canada, Europe and Australia for industrial/Farm Tyres and accordingly, your Company is taking up plan for increasing production of these products.

g. Total Foreign Exchange Used & Earned :

	2000-2001	1999-00
I) USED (Rs.in Lacs)		
i) Import of Raw Materials/ Capital goods	1068.19	1856.94
ii) Commission on Exports	—	13.80
iii) Others	2.55	33.71
Total	1070.74	1904.45
II) EARNED (Rs.in lacs)		
i) Exports at F.O.B. Value	4000.36	4866.69
ii) Indirect Exports	397.14	386.71
iii) Reimbursement of Freight & Insurance	680.92	325.41
Total	5078.79	5578.81

For and on Behalf of the Board of Directors

DHARAPRASAD PODDAR
Chairman

Mumbai:

Dated : 23rd June, 2001.



INTERNATIONAL 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, 2001 and also the annexed Profit & 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 account as required by law, have been kept by the Company, so far as appears from our examination of the books.
- c) 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.
- d) The Balance Sheet and the Profit & Loss Account dealt with by this Report are in agreement with the books of account.
- e) 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.

- f) On the basis of information and explanations given to us and written representations received from the Directors of the Company as at 31st March, 2001 and taken on record by the Board of Directors, we report that no Director is disqualified from being appointed as a Director of the Company under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- g) 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, Note No.7 regarding inclusion of interest in the cost of fixed assets in compliance with the Accounting Standard 16 on Borrowing Cost, Note No.8 regarding Debit Note of Rs.876.04 Lacs for interest on outstanding overdue balances / delayed payments of export receivables accounted for as income during the year and 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, 2001 and
 - ii. In the case of the Profit and Loss Account, of the loss for the year ended on that date.

for JAYANTILAL THAKKAR & CO.
CHARTERED ACCOUNTANTS

C.V.THAKKER
PARTNER

Mumbai :
Dated : 23rd June, 2001.

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, 2001.)

- 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 procedure 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