

GOVIND RUBBER LIMITED



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17TH ANNUAL REPORT 2001-2002

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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).
- B-37 & C-142 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. VINOD PODDAR	Managing Director
MR. KAILASH GOENKA	Managing Director
MR. K.M. GARG	Director
MR. SANDEEP JHUNJHUNWALA	Director
MRS. ANUPAMA RANADE	Nominee - ICICI

AUDITORS

M/s. JAYANTILAL THAKKAR & CO.
Chartered Accountants

SOLICITORS & LEGAL ADVISOR

KANGA & CO.
Advocates, Solicitors & Notary

BANKERS

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

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors present their 17th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2001-2002	2000-01
Sales: (Gross)	22500	25217
Other income	28	163
Total	22528	25380
Gross Profit	(2649)	368
Depreciation	858	1059
Profit/(Loss) before Tax	(3507)	(691)
Provision for Taxation		
Current Tax	-	-
Deferred Tax	1284	-
Profit/(Loss) after Tax	(2223)	(691)
Extraordinary items of Income/(-) Expenses	(876)	-
Net Profit/(Loss)	(3099)	(691)
Transferred from Debenture Redemption Reserve	150	-
Balance brought forward	(601)	90
Balance c/f to Balance Sheet	(3550)	(601)

In view of the net loss, no dividend has been recommended for the Financial Year 2001-2002.

OPERATIONS

The Gross Sales turnover of the Company during the year is at Rs.225.00 Crores as against Rs.252.17 Crores during the previous year which shows 10.78% decline mainly because of continuous labour problems at Bhiwadi Unit of the Company. In view of the huge losses, the Company has closed operations of Bhiwadi Unit since September, 2001. The net loss for the year was at Rs.3099 Lacs as against Rs.691 Lacs in the previous year.

The Company is exploring the possibility to hive off the loss making Bhiwadi Unit by selling the same to Balkrishna Industries Limited, Unit: Balkrishna Tyres (BKT), a Tyre Manufacturing Unit.

Meanwhile as an interim arrangements, the Company has given part of the plant to BKT on conducting lease for the purpose of their own production. With hiving off of the Bhiwadi Unit, the rest operations of the Company are expected to resume normalcy.

FINANCES

Due to cash losses incurred during the year the Company could not meet its obligation to make payment of interest and instalment of term loan availed from Financial Institutions. The Company has approached to Bankers and Financial Institutions with a request for restructuring of debts.

DEBENTURES

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

FIXED DEPOSITS

Fixed Deposits from the Public as on 31st March, 2002 aggregated Rs.635.70 Lacs.

DIRECTORS

Shri Vinod Poddar and Shri K.M. Garg will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Shri Sandeep Jhunjhunwala has been appointed as an additional Director of the Company w.e.f. 28.09.01.

Shri Dharaprasad Poddar and Shri Jaikumar Jain have resigned

from the Board of Directors of the Company w.e.f. 28.09.2001. 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.

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 disturbance at Bhiwadi unit. The operations of the said unit has been closed since September, 2001.

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 as Annexure I.

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.

CORPORATE GOVERNANCE

To comply with the requirement of Clause 49 of the Listing Agreement of the Stock Exchange, Mumbai a Management Discussion and Analysis, Corporate Governance and Auditors Certificate are included in this Report as Annexure III.

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

Mumbai:
Dated : 31st July, 2002

VINOD PODDAR
Managing Director



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, 2002.

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	59	Managing Director	2285648	B.Sc. (Chem.) Engg. (32)	01.05.85	Business (21 Years)
2.	Mr. Vinod Poddar	42	Managing Director	2285648	B.Com. (22)	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 and Retirement benefits.
- Appointment of Managing Directors is for a period of 5 years.

For and on behalf of the Board of Directors

VINOD PODDAR
Managing Director

Mumbai:

Dated : 31st July, 2002

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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 past experience.
- 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 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.

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 6300 MT of Coal. However, this also depends on quality and cost of rice-husk available.

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

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FORM-A

2001-2002 2000-2001

(A) Power & Fuel Consumption :

1) Electricity :		
a) Purchased :		
Units	2,15,66,207	2,67,26,109
Total Amount (Rs.)	8,26,35,615	10,27,17,293
Rate/Unit (Rs.)	3.83	3.84
b) Own Generation		
i) Through Diesel Generator:		
Units	22,54,740	43,07,506
Units per litre of diesel	3.13	3.15
Cost/Unit (Rs.)	4.98	4.50
ii) Through Steam Turbine/Generator	Nil	Nil
2) (i) Furnace Oil :		
Quantity (Ltrs.)	3,29,026	20,14,780
Amount (Rs.)	29,00,428	1,97,91,413
Rs./Ltr (Rs.)	8.82	9.82
(ii) Coal		
Quantity (Kgs.)	18,313	17,658
Amount (Rs.)	1,13,378	1,22,634
Rs./Kg. (Rs.)	6.19	6.95
(iii) Rice-Husk		
Quantity (Kgs.)	2,11,62,102	2,07,98,027
Amount (Rs.)	3,44,59,706	2,67,48,711
Rs./Kg. (Rs.)	1.63	1.29

(B) Energy Consumption per Unit of Production:

Product	2001-2002				2000-2001			
	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	0.59	—	0.001	0.546	0.64	—	0.001	0.624
2. Auto Tyre	1.17	1.88	0.001	1.115	1.10	0.65	0.001	1.110
3. New Pneumatic Tyre	1.38	0.14	—	0.89	1.15	0.24	—	—
4. Cycle Tube	0.18	—	—	0.187	0.20	—	—	0.191
5. Auto Tube	0.30	0.10	—	0.243	0.29	0.17	—	0.277
6. New Pneumatic Tube	0.30	0.03	—	0.19	0.25	0.05	—	—

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

B. TECHNOLOGY ABSORPTION :

e) Efforts made in technology absorption as per form B

FORM - B

Form for disclosure of particular with respect to technology absorption.

A) Research & Development (R&D) :

1) Specific area in which Research & Development carried out by the Company.

The Company is developing and introducing various new sizes, designs and patterns of Tyres under its continuous R & D programmes as per changing market needs.

2) Benefit derived as a result of above Research & Development

The R & D activities resulted into development of new designs and products and also acceptability of the products in the market.

3) Future plan of action

- Development of New value added product
- Improvement in product quality
- Technology upgradation and modernisation

B) Technology absorption, adaptation and innovation:

i) Efforts in brief made towards technology absorption, adaptation and Innovation; Implementation of continuous modernization programmes at Ludhiana.

ii) Benefits derived as a result of the above efforts.

Product improvements, cost reduction, product quality and better productivity

iii) 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 products 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. 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 :

I) USED (Rs.in Lacs)	2001-2002	2000-01
i) Import of Raw Materials/ Capital goods	792.15	1068.19
ii) Commission on Exports	139.09	—
iii) Others	16.40	2.55
Total	947.64	1070.74
II) EARNED (Rs.in lacs)		
i) Exports at F.O.B. Value	1816.71	4000.36
ii) Indirect Exports	642.36	680.92
iii) Reimbursement of Freight & Insurance	178.72	397.14
Total	2637.79	5078.79

For and on Behalf of the Board of Directors

VINOD PODDAR
Managing Director

Mumbai:
Dated : 31st July, 2002.



GOVIND RUBBER LIMITED

ANNEXURE-III TO DIRECTORS' REPORT**Corporate Governance**

(Required as per the provisions of Clause 49 of Listing Agreement of Bombay Stock Exchange)

Company Philosophy

Govind Rubber Limited is a well-known Company for the manufacturing of Tyres and Tubes. The Company firmly believes in fairness, efficiency and transparency in business operations and also fairness to the shareholders of the Company. As a listed Company with Stock Exchange Mumbai, Company has to comply with the requirement of Listing Agreement and it has complied with the same in all material respects as specified in the Listing Agreement.

Board of Directors

The Board comprises of two Managing Director's and two non-executive independent Directors. During the year, five Board Meetings were held on 23.06.01, 28.07.01, 28.09.01, 24.11.01 and 30.01.02. None of the Directors on the Board are members in more than 10 Committees and they do not act as Chairman of more than five committees across all Companies in which they are Directors.

The compositions of Board of Directors as well as the attendance of directors in various meetings are as follows: -

Sr. No.	Name of Directors	Category	No. of Board Meetings Attended	Attendance of last AGM	No. of other Director-Ship	No. of other Committee Membership
1.	Dharaprasad Poddar (Resigned w.e.f. 28.9.01)	Chairman	2	Yes	4	-
2.	Arvind Poddar (Resigned w.e.f. 23.6.01)	Director	-	No	7	-
3.	Vinod Poddar	Managing Director	5	Yes	3	-
4.	Kailash Goenka	Managing Director	-	No	1	-
5.	Jaikumar Jain (Resigned w.e.f. 28.9.01)	Non-Executive Director	2	Yes	4	1
6.	Nimesh Shah (Resigned w.e.f. 14.2.02)	Nominee ICICI	-	No	-	1
7.	K.M.Garg	Non-Executive Independent Director	5	Yes	-	2
8.	Sandeep Jhunjunwala	Non-Executive Independent Director	3	No	-	2

Audit Committee

During the period under review, the audit committee met three times viz. 28.07.2001, 23.11.01 and 31.01.02

1) Constitution of Audit Committee and Attendance Report

Sr. No.	Name of Director	Category	No. of meetings attended
1.	K.M.Garg	Non Executive Independent Director	3
2.	J.K.Jain *	Non Executive Director	1
3.	Nimesh Shah**	Independent Director	-
4.	Sandeep Jhunjunwala	Non Executive Independent Director	2

* Ceased to be a Member of Audit Committee following his resignation from the Board of Directors of the Company w.e.f. 28.09.2001.

** Nomination has been withdrawn by ICICI w.e.f. 14.02.2002

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2) Terms of Reference of Audit Committee

To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

To recommend the appointment and removal of external auditor, to fix their audit fees and also to approve the payment for any other services rendered by the auditors.

To review with the Management and the Auditors about the adequacy of internal control systems.

To discuss with external auditor before audit commences about the nature and scope of audit.

To review Company's financial and risk management policies.

To review the quarterly, half yearly and yearly financial statements before submitting to the Board.

Compliances with accounting standard and listing agreement.

Remuneration Committee

The Company has not formed any remuneration committee. The remuneration policy of the company is as under:-

The payment of remuneration to the Company's Managing Directors is governed by the respective agreements executed by and between the Company and them. The remuneration to the Managing Directors is within the overall limits of Schedule-XIII, and being approved by the Board of Directors and Members of the Company. The Non-Executive Directors are not being paid any remuneration except sitting fees for attending Board Meetings.

Remuneration paid to the Directors for the year 2001-2002

Name of Director	Sitting Fees (Rs.)	Salary & Perquisites (Rs.)	Total (Rs.)
Dharaprasad Poddar*	1500.00	—	1500.00
Jaikumar Jain*	1500.00	—	1500.00
Vinod Poddar	—	2285648.00	2285648.00
Kailash Goenka	—	2285648.00	2285648.00
K.M.Garg*	8750.00	—	8750.00
Sandeep Jhunjunwala*	2250.00	—	2250.00

*Part of the year

The agreement with the Managing Director is for a period of 5 years, which can be terminated by six months notice in writing on either side.

The Company does not have any stock option scheme.

Shareholder's / Investor's Grievance Committee

1) Terms of Reference

- To ensure smooth and expeditious transfer of shares.
- To ensure redressal of Shareholders' complaints relating to transfer of shares, non-receipt of balance sheet, dividends etc.

2) Composition of Committee

The Committee comprises of the two Directors namely Shri K.M. Garg being the chairman of the committee and Mr.Sandeep Jhunjunwala which was formed on 30th January, 2002. Since then there has been two meeting held by the Committee i.e. on 28th February, 2002 and 30th March, 2002 and both the committee members attended the said Investors Grievance Meeting. Mr.S.P.Parekh- Secretarial Assistant has been appointed as the compliance officer.

The Company has received a few complaints from the Shareholders during the year and the same have been resolved by the Company. There was no transfer request pending with the Company as on 31st March, 2002.

General Body Meetings

Locations and time where last three General Meetings of the Company were held:



GOVIND RUBBER LIMITED

Financial Year	Location	Date & Time
2000-2001	Nehru Centre, Hall of Harmony, Worli, Mumbai- 400 018	28.09.2001 11.00 A.M.
1999-2000	Nehru Centre, Hall of Harmony Worli, Mumbai- 400 018	17.08.2000 3.30P.M
1998-1999	Nehru Centre, Hall of Harmony Worli, Mumbai- 400 018	22.07.1999 10.30.A.M.

No Special Resolutions are required to put through postal ballot at these Annual General Meetings.

Disclosure

There were no material transactions of the Company with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company.

There was no instances of non-compliance of any matter related to the capital markets during the last three years.

Means of Communications

Quarterly, half yearly results and annual audited financial results are generally published in Free Press Journal and Nav-Shakti (Vernacular). All these results are promptly submitted to the Stock Exchange.

General Shareholders Informations

- 1) Annual General Meeting
 - a) Date : 30th September, 2002
 - b) Time : 11.00 a.m.
 - c) Venue : Damodar Hall Natya Gruh
Dr.Ambedkar Marg
Parel TT, Mumbai- 400 012.
- 2) Financial Calendar : April, 02 to March, '03
 - Financial Results (Tentative)
 - i) 1st Quarter : 4th Week of July, '02
 - ii) 2nd Quarter : 4th Week of October, '02
 - iii) 3rd Quarter : 4th Week of January, '03
 - iv) Audited Yearly Results : 4th Week of June, '03
- 3) Book Closure Date : 26.09.2002 to 30.09.2002
- 4) Listing on Stock Exchange : Mumbai
- 5) Stock Code : Physical Mode : 509148 Electronic Mode: ISIN:INE011C01015

Annual Listing Fees has been paid to the above Stock Exchange upto 31.03.2003.

STOCK PRICE DATA FOR THE YEAR 2001-2002 AT STOCK EXCHANGE, MUMBAI

Month	(Rupees)		BSE SENSEX	
	High	Low	High	Low
April, 2001	5.75	3.90	3605.01	3183.77
May, 2001	6.75	4.50	3742.07	3494.48
June, 2001	5.40	4.00	3557.64	3318.67
July, 2001	5.20	4.00	3453.99	3251.53
August, 2001	4.55	3.25	3337.91	3244.95
September, 2001	3.50	2.75	3231.60	2600.12
October, 2001	4.40	2.90	3061.91	2754.95
November, 2001	4.50	3.55	3322.77	3013.94
December, 2001	4.35	3.35	3442.89	3131.78
January, 2002	4.45	3.10	3437.78	3246.15
February, 2002	4.50	3.15	3712.74	3311.73
March, 2002	4.20	3.40	3690.27	3459.08

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Share Transfer System

The Company's Shares are traded compulsorily in Demat segment in the Stock Exchange, Mumbai. Shares in physical segment which are lodged with the Company for transfer are processed and returned to the Shareholders within stipulated time period.

Registrar & Transfer Agent

For physical mode:

Processed in-house by the Company at the Registered Office.

For Electronic (Demat) mode:

Sharepro Services

Satam Estate, Above BOB

Cardinal Gracious Road

Chakala, Andheri (E)

Mumbai - 400 099

Dematerialisation of Shares

Based on Stock Exchange directives, Company's share are compulsorily traded in dematerialized form. As on 31.03.02, 22.08% shares have been dematerialized.

ISIN for NSDL & CDSL : INE011C01015

Distribution of Shareholding as on 31.03.2002

Range of holding	No. of Shareholders	%age of total Shareholders	No. of Shares held	%age of total Shares
1 to 500	8175	93.93	1504375	19.57
501 to 1000	303	3.48	167700	2.18
1001 to 5000	120	1.38	246893	3.21
5001 to 10000	19	0.22	106580	1.39
10001 and above	86	0.99	5661340	73.65
	8703	100.00	7686888	100.00

Shareholding Pattern as on 31.03.2002

Sr.No.	Particulars	No. of Folios	No. of Shares	Percentage
1	Foreign Investors	02	95238	1.24
2	NRI	08	2100	0.03
3	Promoters			
	a) Individual	151	2451316	31.89
	b) Companies	09	1684144	21.91
4	Other Companies	107	145488	1.89
5	Banks	05	2500	0.03
6	Financial Institutions	09	72203	0.94
7	Others	8412	3233899	42.07
	TOTAL	8703	7686888	100.00

Plant Location : a) Vill. & P.O. Jugiana - 141 120 Dist: Ludhiana
b) Plot No.SP-923, IIIrd Phase, RICCO Indl.Estate, Bhiwadi -Raj

Address for Correspondence : Shareholders will address their correspondence to the Registered Office of the Company

For and on Behalf of the Board of Directors

VINOD PODDAR
Managing Director

Mumbai:

Dated : 31st July, 2002.

**INTERNATIONAL GOVIND RUBBER LIMITED****AUDITORS' REPORT ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE.**

To the Shareholders of Govind Rubber Limited.

We have examined the compliance of corporate governance by Govind Rubber Limited, for the year ended on 31st March, 2002 as stipulated in Clause 49 of the Listing Agreement of the Stock Exchange, Mumbai.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For JAYANTILAL THAKKAR & CO.
Chartered Accountant

C.V. THAKKER
Partner

Date : 31st July 2002
Place: Mumbai

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