

GOVIND RUBBER LIMITED



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INTERNATIONAL

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REGISTERED OFFICE

72, N.M. Joshi Marg, Lower Parel, Mumbai - 400 011.
(Creative), G-15.

WORKS

- a) V.P.O. Jughana, G.T. Road, Ludhiana, Punjab-141 120.
- b) Kangana Road, V.P.O. Jughana, G.T. Road, Ludhiana, Punjab-141 120.
- c) B-37 & C-142, Phase V, Focal Point, Ludhiana - 141 010 (Punjab).

BOARD OF DIRECTORS :

MR. VINOD PODDAR	1-5
MR. KAILASH GOENKA	6-13
MR. K.M. GARG	14-15
MR. SANDEEP JHUNJHUNWALA	16
MR. MADHUSUDAN LOHIA	17
MS. ANUPAMA RANADE	18-30
MS. RAJANA RAJANI	31
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COMPANY SECRETARY

RAMESH S. CHAMADIA

AUDITORS

Ms. JAYANTILAL THAKKAR & CO.
Chartered Accountants

SOLICITORS & LEGAL ADVISOR

KANGA & CO.
Advocates, Solicitors & Notary

BANKERS

INDIAN OVERSEAS BANK
STATE BANK OF INDIA
CENTRAL BANK OF INDIA

Nominee - IFCI
Nominee - IFCI
Director
Director
Director
Managing Director
Managing Director

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BOARD OF DIRECTORS :

MR. VINOD PODDAR
 MR. KAILASH GOENKA
 MR. K.M. GARG
 MR. SANDEEP JHUNJHUNWALA
 MR. MADHUSUDAN LOHIA
 MS. ANUPAMA RANADE
 MS. RANJANA RAJANI

Managing Director
 Managing Director
 Director
 Director
 Director
 Nominee - ICICI
 Nominee - IFCI

REGISTERED OFFICE

G-15, 'Creative',
 72, N.M. Joshi Marg, Lower Parel, Mumbai - 400 011.

WORKS

- a) V.P.O. Jugiana, G.T. Road, Ludhiana, Punjab-141 120.
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BANKERS

CENTRAL BANK OF INDIA
 STATE BANK OF INDIA
 BANK OF BAROD
 INDIAN OVERSEAS BANK

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NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held on Monday, the 29th September, 2003 at 10.30 a.m. at Nehru Centre, Hall of Harmony, Dr. Annie Beasant 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 2003 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 K.K. Goenka who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Sandeep Jhunjhunwala 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 thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

RESOLVED THAT Mr. Madhusudan Lohia 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 thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Section 19, 94 and other applicable provisions of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered by deleting therefrom the existing Clause V and substituting in its place and stead the following new Clause V :

V. The Authorized Share Capital of the Company is Rs.21,00,00,000/- (Rupees Twenty one crores only) divided into 2,10,00,000 (Two crores ten lacs) Equity Shares of Rs.10/- (Rupees Ten only) each.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be considered necessary and expedient for giving effect to the above resolution.

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

RESOLVED THAT pursuant to the provisions of Section 31 and other applicable sections of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by deleting therefrom the existing Article 2 and substituting in its place and stead the

following new Article 2 :

2. The Authorised Share Capital of the Company is Rs.21,00,00,000/- (Rupees Twenty one crores only) divided into 2,10,00,000 (Two crores ten lacs) Equity Shares of Rs.10/- (Rupees Ten only) each.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be considered necessary and expedient for giving effect to the above resolution.

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the Memorandum and Articles of Association of the Company and subject to all requisite approvals, consents, permissions, sanctions, etc. of the Securities and Exchange Board of India (hereinafter referred to as SEBI) and of such other appropriate authorities, financial institutions and banks who have advanced monies to the Company as may be required under any statutory provisions, guidelines, rules, regulations, notifications, or otherwise or under any agreements entered into by the Company and further subject to such terms and conditions and modifications as may be prescribed or imposed while granting such sanctions, approvals, consents, permissions, etc. and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee of Directors, for the time being authorized by the Board of Directors to exercise the powers conferred on the Board of Directors by this resolution), consent and approval of the Company be and is hereby accorded to the Board to offer, allot and issue on preferential basis in one or more tranches upto 1,31,29,300 (One crore thirty one lacs twenty nine thousand three hundred) Equity Shares of the Company of the face value of Rs.10/- (Rupees Ten only) each at par, to the Financial Institutions, Indian Promoters and their relatives, group, associate companies in the manner set out below and in the Explanatory Statement hereto :

- I. 14,40,000 (Fourteen lacs forty thousand) Equity Shares shall be issued at par to ICICI Bank by converting a portion of the outstanding interest due to them on their loans amounting to Rs.1,44,00,000/- (Rupees One crore forty four lacs only).
- II. 29,86,200 (Twenty nine lacs eighty six thousand two hundred) Equity Shares shall be issued at par to IDBI by converting a portion of the outstanding interest due to them on their loan amounting to Rs.2,98,62,000/- (Rupees Two crores ninety eight lacs sixty two thousand only).
- III. 7,03,100 (Seven lacs three thousand one hundred) Equity Shares shall be issued at par to IFCI by converting a portion of the outstanding interest due



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to them on their loan amounting to Rs.70,31,000/- (Rupees Seventy lacs thirty one thousand only).

IV. 80,00,000 (Eighty lacs) Equity Shares shall be issued at par to the Indian Promoters and/or their relatives, group/associate companies at par, by appropriating the application money already received from them towards preference shares amounting to Rs. 8,00,00,000/- (Rupees Eight crores only).

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

RESOLVED THAT, in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the reappointment of Shri Vinod Poddar as Managing Director of the Company for a further period of five years w.e.f.1st August, 2003, on the terms and conditions including remuneration as are set out in the Agreement to be entered into between the Company and Shri Vinod Poddar, a draft whereof is placed before this meeting which agreement if hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or remuneration and / or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or any amendments thereto as may be agreed to between the Board and Shri Vinod Poddar.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

10. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

RESOLVED THAT, in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the reappointment of Shri K.K.Goenka as Managing Director of the Company for a further period of five years w.e.f.1st August, 2003, on the terms and conditions including remuneration as are set out in the Agreement to be entered into between the Company and Shri K.K.Goenka, a draft whereof is placed before this meeting which agreement if hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or remuneration and / or agreement, subject to the same not exceeding the limits specified

in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or any amendments thereto as may be agreed to between the Board and Shri K.K.Goenka.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

By order of the Board of Directors

VINOD PODDAR
Managing Director

Place : Mumbai

Date : 29th July, 2003

NOTES:

1. 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.

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business as set out in Item Nos.5, 6, 7, 8, 9 & 10 of the Notice is annexed hereto.

3. The Company has already transferred all unclaimed dividend declared upto the financial year ended 31st March, 1995 to the general revenue account of Central Government in terms of provisions 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 205 A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, dividend for the financial year ended 31st March, 1997 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.

4. Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

Financial year Ended	Date of declaration of Dividend	Last date for claiming unpaid dividend	Due date for transfer to IEP Fund
31-03-1997	21-08-1997	20-08-2004	17-09-2004
31-03-1998	10-08-1998	09-08-2005	06-09-2005
31-03-1999	22-07-1999	21-07-2006	18-08-2006
31-03-2000	17-08-2000	16-08-2007	13-09-2007

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Shareholders who have not yet encashed 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.

Members are requested to notify to the Registrar immediately of any change in their address.

5. The Register of Members and Share Transfer Books of the Company shall remain closed from 24.09.2003 to 29.09.2003 (both days inclusive).

Note on Director's seeking appointment/re-appointment as required under Clause 49 (VI)(A) of the Listing Agreement of Stock Exchange, Mumbai.

- 1) Mr. Vinod Poddar-He is the Director of the Company since 1985 and was redesignated as a Managing Director in 1993. He has completed his graduation in Commerce and has a vast experience in Tyre Industry for the last 21 years.
- 2) Mr. Kailash Goenka-He is the Director of the Company since 1985 and was also redesignated as a Managing Director in 1993. He has completed his graduation with a degree in B.Sc. (Chem.) and has a vast experience in Tyre Industry for the last 21 years. He is also a Director in Ludhiana Beverages Private Limited.
- 3) Mr. Sandeep Jhunjhunwala-He is a Director of the Company since September, 2001. He has completed his graduation in Commerce. He has been in the business of textile for more than 16 years. He is a member of the Audit Committee as well as Shareholders' Grievance Committee. He is also a Director in Oxemberg Fashions Limited and Idol Textiles Limited.
- 4) Mr. Madhusudan Lohia- He has been appointed as an Additional Director w.e.f. 31-03-2003. He has completed his graduation in Commerce. He has been in the business of textile for more than 14 years. He is a member of the Audit Committee as well as Shareholders' Grievance Committee. He is also a Director in Sanchana Trading & Finance Limited, Poddar Bros. Investments Limited, Oxemberg Fashions Limited and Paramount Fintex & Industries Limited.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

The Explanatory statement for Item Nos. 5 to 10 of the accompanying Notice set out hereinabove is as under:

Item Nos. 5

Mr. Madhusudan Lohia has been appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 31.03.2003. 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. Madhusudan Lohia is concerned or interested in this resolution.

Item Nos. 6, 7 & 8

At present the Authorised Share Capital of the Company is Rs.16,00,00,000/- (Rupees Sixteen crores only) made up of 80,00,000 (Eighty lacs) Equity Shares of Rs.10/- (Rupees Ten only) each and 8,00,000 (Eight lacs) Preference Shares of Rs.100/- (Rupees Hundred only) each. The Company's financial position continues to be critical and the Corporate Debt Restructuring Proposal of the Company has been approved, in principle, by the Financial Institutions and Bankers. One of the conditions of the said approval is, as informed to the shareholders in the last AGM held on 30-9-2002 and the EGM on 26-12-2002, that the unsecured fixed deposits of the Promoters of Rs.8,00,00,000/- (Rupees Six crores only) be converted into Equity / Preference shares and that the Promoters to bring in additional amount of Rs.2,00,00,000/- (Rupees Two crores only) towards equity / preference shares. Pursuant to the above condition, the Board of Directors in their meeting held on 3rd February, 2003 passed a resolution for the issue of 0 % Redeemable Preference Shares of Rs.8,00,00,000/- (Rupees Eight crores only) to the Promoters and their relatives, etc. The amount of Rs. 6,00,00,000/- lying in unsecured fixed deposits alongwith the balance amount of Rs.2,00,00,000/- received from the Promoters and their relatives, etc. before the close of the accounting year ended 31st March, 2003 has been lying as application money towards preference shares. Another condition of the CDR Proposal is the part conversion of the simple interest dues of the Financial Institutions on the loans advanced by them to the Company into Equity Shares at par. To meet the above conditions of the CDR Proposal, it is proposed to reclassify and also to raise the Authorised Share Capital of the Company from the existing Rs.16,00,00,000/- (Rupees Sixteen crores only) to Rs.21,00,00,000/- (Rupees Twenty one crores only) divided into 2,10,00,000 (Two crores ten lacs) Equity Shares of Rs.10/- (Rupees Ten only) each. The Company shall make necessary application to SEBI under Regulation 3 (1) (L) and other provisions / regulations as may be applicable in this regard for seeking exemption from SEBI for the issue of 1,31,29,300 Equity Shares to the Financial Institutions, the Promoters and their relatives, etc. in terms of the CDR Proposal.

The following disclosures are made under various regulations, as may be applicable, of the SEBI



(Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the Guidelines for Preferential Issues under SEBI (Disclosure and Investor Protection) Guidelines 2000 in respect of the proposed issue and allotment of Equity Shares.

i) Shri Vinod Poddar and Shri Kailash Goenka, who are Indian Promoter Directors of the Company, are/may be concerned or interested in these resolutions to the extent of the equity shares which are to be / may be issued and allotted to them, their relatives and/or the Company(s) in which they may be interested.

ii) Identity of the Acquirers/Allottees :

1. 14,40,000 (Fourteen lacs forty thousand) Equity Shares shall be issued at par to ICICI Bank by converting a portion of the outstanding interest due to them on their loans amounting to Rs.1,44,00,000/- (Rupees One crore forty four lacs only).

2. 29,86,200 (Twenty nine lacs eighty six thousand two hundred) Equity Shares shall be issued at par to IDBI by converting a portion of the outstanding interest due to them on their loan amounting to Rs.2,98,62,000/- (Rupees Two crores ninety eight lacs sixty two thousand only).

3. 7,03,100 (Seven lacs three thousand one hundred) Equity Shares shall be issued at par to IFCI by converting a portion of the outstanding interest due to them on their loan amounting to Rs.70,31,000/- (Rupees Seventy lacs thirty one thousand only).

4. 80,00,000 (Eighty lacs) Equity Shares shall be issued at par to the Indian Promoters and/or their relatives, group/associate companies, by appropriating the application money already received from them towards preference shares amounting to Rs. 8,00,00,000/- (Rupees Eight crores only).

iii) Price at which the issue and allotment is proposed is Rs.10/- (Rupees Ten only) per share.

iv) The purpose of and reason for such issue and allotment is as stated above.

v) There will not be any change in the Board of Directors of the Company consequent to such allotment. However, IDBI has a right to appoint a Nominee Director on the Board, if they so desire.

vi) There shall not be any change in the control of the Company as a result of such allotment.

vii) The proposed allotment will be completed within a period of 3 months from the date of the passing of these resolutions.

viii) Consequential changes in the voting rights and shareholding pattern.

Shareholding pattern before and after the preferential issue

	Present		Post preferential issue	
	Rs. In lacs	%	Rs. In lacs	%
1. Paid up Share Capital	768.69	100.00	2081.62	100.00
2. Promoters shareholding including Companies	445.57	57.97	1245.57	59.84
3. NRI's, Foreign Investors	9.84	1.28	9.84	0.47
4. FIs & Banks / Mutual Funds	3.80	0.49	516.73	24.82
5. Bodies Corporates	16.13	2.09	16.13	0.77
6. Public	293.35	38.17	293.35	14.10
Total	768.69	100.00	2081.62	100.00

Item Nos. 9 & 10

The present terms of office of Shri Vinod Poddar & Shri K.K. Goenka as Managing Directors of the Company expire on 31st July, 2003. Subject to the Shareholders' approval, the Board of Directors, at their Meeting held on 29th July, 2003, have re-appointed the aforesaid Directors for a further period of 5 years w.e.f. 1st August, 2003 to 31st July, 2008 as per the terms and conditions set out in the draft agreements referred to in the resolutions at Item Nos. 9 & 10 of the accompanying Notice. The Board of Directors consider that the services of Shri Vinod Poddar & Shri K.K. Goenka will be very useful to the Company. They also considered the remuneration payable to Shri Vinod Poddar & Shri K.K. Goenka as set out in the draft agreement referred to in the resolutions to be reasonable on the basis of the current financial status of the Company.

The terms & conditions of the draft agreements referred to in the resolutions of the accompanying Notice are as under:

I. REMUNERATION :

i) Salary : Rs.80,000/- (Rupees Eighty thousand only) per month in the scale of (Rs.80,000 - Rs.10,000 - Rs.1,20,000). The next increments shall fall due on 1st April, 2004 and thereafter on 1st April every year.

ii) Commission : 1 % of the amount of net profits as appearing in the Audited Annual Profit & Loss Account for each Financial year of the Company, unless otherwise decided by the Board of Directors for any financial year subject, however, that the total remuneration (i.e. Salary, perquisites and commission) in any one financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and all other applicable

provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, as may for the time being be in force.

iii) Perquisites :

PART A :

(1) HOUSING :

- (a) Fully furnished residential accommodation or house rent allowance @ 60 % of the salary.
- (b) Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company, subject to a ceiling of 10 % of the salary.

(2) MEDICAL REIMBURSEMENT :

Reimbursement of actual medical expenses incurred in India and / or abroad and including hospitalization, nursing home, surgical charges and medical insurance premium for themselves and family.

(3) LEAVE TRAVEL CONCESSION :

Reimbursement of actual traveling expenses for proceeding on leave once in a year in respect of themselves and family.

(4) CLUB FEES :

Reimbursement of Membership Fee for Clubs in India including Admission and Life Membership Fees.

(5) PERSONAL ACCIDENT INSURANCE :

Personal accident insurance policy for an amount, the annual premium of which shall not exceed Rs.10000/- p.a.

PART B :

(1) CONTRIBUTION TO PROVIDENT FUND, SUPERANNUATION FUND OR ANNUITY FUND :

The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company applicable to Managing Directors of the Company.

(2) GRATUITY :

Gratuity shall be payable at half month's salary for each year of completed year of service.

(3) LEAVE :

Shri Vinod Poddar and Shri K.K.Goenka shall be entitled to leave with full pay as per the rules of the Company and will be entitled to encash the accumulated leave at the end of the tenure / retirement.

PART C :

(1) CONVEYANCE FACILITIES :

The Company shall provide suitable conveyance facilities as may be required by Shri Vinod Poddar and Shri K.K.Goenka.

(2) TELEPHONE, TELEFAX AND OTHER COMMUNICATION FACILITIES :

The Company shall provide telephones, telefax

and other communication facilities at the Managing Directors' residence.

II. OVERALL REMUNERATION :

The aggregate of salary, commission and perquisites in any one financial year shall not exceed the limits prescribed or to be prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being be in force.

III. MINIMUM REMUNERATION :

In the event of absence or inadequacy of profits in any financial year during the currency of the tenure of services of the Managing Directors, the payment of salary, commission, perquisites and other allowances shall be governed by limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956.

The respective Agreements may be terminated by either party (the Company or the concerned Managing Director) by giving six months' prior notice in writing.

The draft Agreements to be entered into between the Company and each of Shri Vinod Poddar & Shri K.K.Goenka respectively incorporating the above particulars of remuneration, are available for inspection at the Registered Office of the Company on all working days upto the date of the ensuing Annual General Meeting between 11.00 A.M. and 1.30 P.M.

This may also be treated as an abstract of the terms of the contract / agreement between the Company and Shri Vinod Poddar & Shri K.K.Goenka respectively pursuant to the provisions of Section 302 of the Companies Act, 1956.

Shri Vinod Poddar & Shri K.K.Goenka are interested in the Resolutions which pertain to their respective reappointments and / or remuneration payable to each of them.

Your Directors commend the resolutions set out at Item Nos. 9 & 10 of the Notice for your approval.

By order of the Board of Directors

VINOD PODDAR
Managing Director

Place : Mumbai

Date : 29th July, 2003



INTERNATIONAL GOVIND RUBBER LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present their 18th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2002-2003	2001-02
Sales: (Gross)	20299	22500
Other income	214	28
Total	20513	22528
Gross Loss	(403)	(2649)
Depreciation	809	858
Loss before Tax	(1212)	(3507)
Provision for Taxation		
Current Tax	-	-
Deferred Tax	-	1284
Loss after Tax	(1212)	(2223)
Extraordinary items of Expenses	(598)	(876)
Net Loss	(1810)	(3099)
Transferred from Debenture Redemption Reserve	50	150
Balance brought forward	(3550)	(601)
Balance c/f to Balance Sheet	(5310)	(3550)

In view of the net loss, no dividend has been recommended for the Financial Year 2002-2003.

OPERATIONS

In spite of the closure of the Company's Bhiwadi unit, the Company has achieved a Gross Sales turnover of Rs.202.99 Crores as against Rs.225.00 Crores during the previous year which shows a decline of 9.78%. The net loss for the year was at Rs.1810 Lacs as against Rs.3099 Lacs in the previous year.

As reported earlier, the Company had entered into a conducting agreement (lease) with Balkrishna Industries Limited of its Bhiwadi Unit.

During the year, the Company sold its Bhiwadi Unit to Balkrishna Industries Limited for Rs.16.96 crores subject to necessary approvals.

FINANCES

Due to cash losses incurred during the year, the Company could not meet its obligation to make payment of interest and instalments of term loans availed from Financial Institutions.

OUTLOOK FOR THE CURRENT YEAR 2003-04

The Company's debt restructuring proposal has been cleared, in principle, by the Financial Institutions & Bankers. Your Directors have taken all measures to improve the performance of the Company and hope to see an overall improvement during the current year 2003-04, barring unforeseen circumstances. However, it may be noted that the Company's business is subject to high volatility in raw material prices, foreign exchange fluctuations and stiff competition from others.

DEBENTURES

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

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock

Exchange, Mumbai, Management Discussion and Analysis, Corporate Governance Report and Auditor's Certificate regarding Compliance of the same are made a part of this Annual Report.

FIXED DEPOSITS

Fixed Deposits from the Public as on 31st March, 2003 aggregated Rs.0.70 lacs.

DIRECTORS

Shri K.K.Goenka and Shri Sandeep Jhunjhunwala will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Ms.Anupama Ranade, Nominee of ICICI has been appointed as a Director of the Company w.e.f. 31.07.2002.

Ms. Ranjana Rajani, Nominee of IFCI has been appointed as a Director of the Company w.e.f. 03.02.2003.

Shri Madhusudan Lohia has been appointed as an Additional Director of the Company w.e.f. 31.03.2003.

RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that -

- In the preparation of the annual accounts for the financial year ended 31st March 2003, 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 judgments 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 loss of the Company for the year under review ;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- The Directors have prepared the accounts for the financial year ended 31st March 2003, 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 continues to be cordial.

Adequacy of internal controls

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

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The internal control system is designed to ensure that the financial and other records are reliable to prepare financial statements and other data and for maintaining accountability of assets.

Quality Policy

The company's quality policy is :-

To manufacture products that meet the specifications using standard and quality raw materials

To ensure continuous monitoring of specified process parameters for integrated guaranteed quality.

To satisfy customers needs in terms of undiluted quality, quantity and auspicious delivery and service.

To comply with international standards for quality maintenance.

Research and Development

The company has developed and introduced various new designs and patterns of tyres under its Research and Development programmes. Efforts are being made for the technology adaptation and innovation and as a result the company has benefited with product improvements, cost reduction and better productivity.

Human Resource Development

The company provides periodically training and personal development opportunities to its employees to improve the skill and work efficiency to serve the company's customers in a better way. Company's business and industrial relations have been cordial and its employees morale is high

Health, Safety and Environment

Company has been making all efforts to maintain its operations in a manner that safety and health both inside and outside are maintained in the best conditions.

Employees are trained to observe and maintain all the safety and health related guidelines.

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 attached hereto and form 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.

CAUTIONARY STATEMENTS

Certain statements in the Management Discussion and Analysis describing the Company's views about expectations, etc. may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Company's operations may inter-alia affect with the supply and demand situations, input prices and their availability, changes in Government regulations, taxes, exchange fluctuations and other factors such as Industrial relations and economic developments. Investors should bear the above in mind.

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, Creditors and Dealers of the Company.

For and on behalf of the Board of Directors

VINOD PODDAR
Managing Director

Mumbai:

Dated : 30th June, 2003.

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, 2003.

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.24,00,000/-.

— NIL —

B. Employed for part of the year and in receipt of remuneration of not less than Rs.2,00,000/- per month.

— NIL —

For and on behalf of the Board of Directors

Mumbai:
Dated : 30th June, 2003

VINOD PODDAR
Managing Director



INTERNATIONAL GOVIND RUBBER LIMITED

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:**

- (i) Suitable steps are taken from time to time for energy conservation as per the past experience.
- (ii) Rice Husk is being used to reduce consumption of Coal for which special purpose boilers have been installed.
- (iii) 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 6600 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.**FORM-A****(A) Power & Fuel Consumption :****1) Electricity :****a) Purchased :**

Units	1,89,19,286	2,15,66,207
Total Amount (Rs.)	7,49,19,589	8,26,35,615
Rate/Unit (Rs.)	3.96	3.83

b) Own Generation**i) Through Diesel Generator:**

Units	24,06,563	22,54,740
Units per litre of diesel	3.25	3.13
Cost/Unit (Rs.)	5.14	4.98

ii) Through Steam Turbine/Generator

Nil Nil

2) (i) Furnace Oil :

Quantity (Ltrs.)	000	3,29,026
Amount (Rs.)	000	29,00,428
Rs./Ltr (Rs.)	000	8.82

(ii) Coal

Quantity (Kgs.)	27,360	18,313
Amount (Rs.)	1,68,695	1,13,378
Rs./Kg. (Rs.)	6.17	6.19

(iii) Rice-Husk

Quantity (Kgs.)	1,96,55,733	2,11,62,102
Amount (Rs.)	3,26,76,139	3,44,59,706
Rs./Kg. (Rs.)	1.66	1.63

(B) Energy Consumption per Unit of Production:

Product	2002-2003				2001-2002			
	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	0.58	—	0.001	0.538	0.59	—	0.001	0.546
2. Auto Tyre	1.04	—	0.001	0.956	1.17	1.88	0.001	1.115
3. New Pneumatic Tyre	—	—	—	—	1.39	0.14	0.000	0.890
4. Cycle Tube	0.18	—	0.000	0.164	0.18	—	—	0.167
5. Auto Tube	0.26	—	—	0.239	0.30	0.10	—	0.243
6. New Pneumatic Tube	—	—	—	—	0.30	0.03	—	0.190

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

- a) Development of New value added product
- b) Improvement in product quality
- c) 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**