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GOVIND RUBBER LIMITED
19TH ANNUAL REPORT 2003 - 2004



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REGISTERED OFFICE

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

WORKS

- V.P.O. Jugiana, G.T. Road, Ludhiana, Punjab-141 120.
- Kanganwala Road , V.P.O. Jugiana, G.T. Road, Ludhiana, Punjab-141 120.
- B-37 & C-142, Phase V, Focal Point, Ludhiana - 141 010 (Punjab).

BOARD OF DIRECTORS :

MR. VINOD PODDAR	Managing Director
MR. K.M. GARG	Director
MR. SANDEEP JHUNJHUNWALA	Director
MR. MADHUSUDAN LOHIA	Director
MS. ANUPAMA RANADE	Nominee - ICICI

COMPANY SECRETARY

RAMESH S. CHAMADIA

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



GOVIND RUBBER LIMITED

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Company will be held on Wednesday, the 8th September, 2004 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 2004 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 Vinod Poddar who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri K.M.Garg who retires by rotation and being eligible offers himself for reappointment.
4. To appoint 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 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 / modification of charges on whole of the immovable and movable properties of the Company present and future situate at Ludhiana (Punjab) and whole of the undertakings of the Company in such form and manner and on such terms and conditions as approved by the Corporate Debt Restructuring Cell in favour of IDBI, IFCI Ltd., ICICI Bank Ltd., Central Bank of India, Bank of Baroda, State Bank of India and Indian Overseas Bank for the various term loans, working capital term loans, etc. granted by them.

FURTHER RESOLVED THAT Shri Vinod Poddar, Managing Director and / or Shri Ramesh Chamadia, Company Secretary and / or Shri S.L.Verma, Commercial Manager of the Company be and are hereby authorized severally to do all such acts, deeds, matters and things as may be necessary for implementing the above resolution.

By order of the Board of Directors

VINOD PODDAR
Managing Director

Place: Mumbai
Date: 30.07.2004

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF 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 Company's Act, 1956 in respect of the special business as set out in Item No.5 of the Notice is annexed hereto.
3. The Company has already transferred all unclaimed dividend declared up to the financial year ended 31st March, 1996 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 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

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 Company immediately of any change in their address.

The Register of Members and Share Transfer Books of the Company shall remain closed from 06.09.2004 to 08.09.2004 (both days inclusive).



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

- i) Mr.Vinod Poddar is retiring by rotation and is eligible for reappointment. He has offered himself for reappointment. His attendance record in the Board/ General Meeting during the year under review is given in Annexure III of Directors' Report. Mr.Vinod Poddar, is the Director of the Company since 1985 and was redesignated as a Managing Director in 1993. He continues to be the Managing Director in terms of the Agreement entered into with the Company and valid up to 31st July, 2008. He has completed his graduation in commerce and has vast experience in the Tyre industry for the last 22 years.
- ii) Mr.K.M.Garg is retiring by rotation and is eligible for reappointment. He has offered himself for reappointment. His attendance record in the Board/ General Meeting/ Committee Meetings, during the year under review is given in Annexure III of Directors' Report. Mr.K.M.Garg is a Chartered Accountant by profession and has vast experience and knowledge in the field of accounts and management analysis.

The Members are already aware about the in principle approval to the Company's restructuring package by the CDR Cell. The final approval to the proposal was received by the Company in July, 2003 and the Company is in the process of implementing the terms of the said proposal. Since there has been a restructuring of the existing loans / working capital limits sanctioned by the lenders, it is necessary to create / modify the charges on whole of the immovable and movable properties of the Company present and future situate at Ludhiana (Punjab) and whole of the undertakings of the Company in favour of IDBI, IFCI Ltd., ICICI Bank Ltd., Central Bank of India, Bank of Baroda, State Bank of India and Indian Overseas Bank.

The Resolution is proposed to obtain consent of the Members in accordance with the provisions of Section 293(1)(a) of the Companies Act, 1956.

None of the Directors are in any way concerned or interested in passing of the Resolution.

ANNEXURE TO NOTICE

By order of the Board of Directors

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

VINOD PODDAR
Managing Director

The Explanatory statement for Item No. 5 of the accompanying Notice set out hereinabove is as under :

Place: Mumbai
Date: 30.07.2004

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 19th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2003-2004	2002-03
Sales : (Gross)	18697	20301
Other Income	135	218
TOTAL	18832	20519
Gross Profit (Loss)	669	(403)
Depreciation	710	809
Profit/ (Loss) before Tax	(41)	(1212)
Provision for Taxation	-	-
Profit/ (Loss) after Tax	(41)	(1212)
Exceptional Expenses	(482)	(598)
Prior Period adjustment	12	-
Net Profit/(Loss)	(511)	(1810)
Transferred from Debenture Redemption Reserve	-	50
Balance brought forward	(5310)	(3550)
Balance c/f to Balance Sheet	(5821)	(5310)

OPERATIONS :

During the year under review, due to stiff competition, the sales was lowered to Rs. 18697 lacs as against Rs. 20301 lacs in the previous year. The net loss stood at Rs. 511 lacs as against Rs. 1810 lacs in the previous year.

In view of the net loss, no dividend has been recommended for the Financial Year 2003-2004.

Approval of CDR Package

In terms of the sanctioned CDR Package and necessary exemption from SEBI, the Company has allotted 1,30,69,745 Equity Shares during the year. The in-principle approval and listing of these shares is under process as on date.

OUTLOOK FOR THE CURRENT YEAR 2004-05 :

Your Directors and all senior level staff have taken all measures to improve the performance of the Company and are confident to see an increase in the sale and also an overall improvement during the year 2004-05, 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.

CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, 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 :

No deposit was accepted during the year and there was no any outstanding deposit as on 31st March, 2004.

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.

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 2004, 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 profit or 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 2004, on a "going concern" basis.

AUDITORS

M/s. Jayantilal Thakkar & Co., Chartered Accountants, Mumbai, the Statutory 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 and the employees morale is high.

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.

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 product 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 the Research and Development programmes. Efforts are being made for the technology adaptation



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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 better way.

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 : 28th June, 2004.

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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, 2004.

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 : 28th June, 2004

VINOD PODDAR
Managing Director

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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:

- (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 5600 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

2003-2004 2002-2003

(A) Power & Fuel Consumption :

1) Electricity:

a) Purchased:

Units	1,72,74,986	1,89,19,286
Total Amount (Rs.)	7,28,02,494	7,49,19,589
Rate/Unit (Rs.)	4.21	3.96

b) Own Generation

i) Through Diesel Generator:

Units	12,06,078	24,06,563
Units per litre of diesel	3.25	3.25
Cost/Unit (Rs.)	5.56	5.14

ii) Through Steam

Turbine/Generator	Nil	Nil
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2) (i) Coal

Quantity (Kgs.)	17,295	27,360
Amount (Rs.)	1,06,370	1,68,695
Rs./Kg. (Rs.)	6.15	6.17

(ii) Rice-Husk

Quantity (Kgs.)	1,70,12,285	1,96,55,733
Amount (Rs.)	2,61,09,066	3,26,76,139
Rs./Kg. (Rs.)	1.53	1.66

(B) Energy Consumption per Unit of Production:

Product	2003-2004			2002-2003		
	Elect-ricity Units	Coal Kgs.	Rice-Husk Kgs.	Elect-ricity Units	Coal Kgs.	Rice Husk Kgs.
1. Cycle Tyre	0.65	0.001	0.598	0.58	0.001	0.538
2. Cycle Tube	0.20	0.000	0.183	0.18	0.000	0.164
3. Auto Tyers	1.15	0.001	1.063	1.04	0.001	0.956
4. Auto Tubes	0.29	0.000	0.266	0.26	0.000	0.239

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 new markets for products and services and export plans:

The Company is one of the largest exporters of Cycle Tyres/Tubes in the country. The Company exports a large quantity to many countries.

g) Total foreign exchange used & earned:

I) USED (Rs.in Lacs)	2003-2004	2002-03	II) EARNED (Rs.in lacs)		
i) Import of Raw Materials/ Capital goods	790.00	902.85	i) Exports at F.O.B. Value	1113.85	925.95
ii) Commission on Exports	5.79	18.71	ii) Indirect Exports	1188.09	1033.70
iii) Others	12.90	11.30	iii) Reimbursement of Freight & Insurance	137.75	107.20
Total	808.69	932.86	Total	2439.69	2066.85

For and on Behalf of the Board of Directors

VINOD PODDAR
 Managing Director

 Mumbai:
 Dated : 28th June, 2004.
ANNEXURE-III TO DIRECTORS' REPORT**Corporate Governance**

The Company has already implemented the Code of Corporate Governance as prescribed by SEBI and subsequently incorporated in Clause 49 of the Listing Agreement of the Stock Exchange, Mumbai. The detailed Compliance Report on Corporate Governance for the year 2003-04 is as follows;

Company's Philosophy on Code of Corporate Governance

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. At Govind Rubber Limited, we view Corporate Governance in its widest sense, almost like a Trusteeship. The primary object of Corporate Governance is to create and adhere to a corporate culture of consciousness, transparency and openness and to develop capabilities and identify opportunities that could serve the goal of value creation.

Composition of Board of Directors

The Composition and category of Directors and attendance at the Board Meetings during the year and at the last Annual General Meeting, as also the number of outside Directorships and Committee Memberships/ Chairmanships in public Companies (Excluding the Company) are given below.

Sr. No.	Name of Directors	Category	Attendance		Outside Directorship	Committee Member	Position Chairman
			Board	Last AGM			
1.	Vinod Poddar	Managing Director	6	Yes	-	-	-
2.	Kailash Goenka *	Managing Director	-	No	1	-	-
3.	K.M.Garg	Non-Executive Independent Director	6	Yes	-	-	-
4.	Sandeep Jhunjhunwala	Non-Executive Independent Director	6	Yes	2	-	-
5.	Madhusudan Lohia	Non-Executive Independent Director	6	Yes	3	-	-
6.	Anupama Ranade	Nominee ICICI Bank	1	No	-	-	-
7.	Ranjana Rajani **	Nominee IFCI	-	No	-	-	-

* Shri Kailash Goenka has resigned from the Board w.e.f. 27.09.2003

** Nomination of Ms.Ranjana Rajani has been withdrawn by IFCI and made effective from 28.06.2004 .

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Number of Board Meetings held and the dates on which held :

During the year, six Board Meetings were held i.e. on 30.06.03, 29.07.03, 27.09.03, 28.10.03, 30.01.04 and 26.03.04. The last Annual General Meeting was held on 29.09.2003.

Audit Committee

During the year under review, the Audit Committee met four times viz. 30.06.2003, 28.10.2003, 30.01.2004 and 26.03.2004.

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	4
2.	Sandeep Jhunjunwala	Non Executive Independent Director	4
3.	Madhusudan Lohia	Non Executive Independent Director	4

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 Director is governed by the respective agreement executed by and between the Company and Managing Director. The remuneration to the Managing Director 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 paid any remuneration except sitting fees for attending Board Meetings.

Remuneration paid to the Directors during the year 2003-2004

Name of Director	Sitting Fees (Rs.)	Salary & Perquisites (Rs.)	Total (Rs.)
Vinod Poddar	-	910740	910740
K.M. Garg	9,500	-	9,500
Sandeep Jhunjunwala	1,500	-	1,500
Madhusudan Lohia	1,500	-	1,500
Anupama Ranade	250	-	250
Ranjana Rajani	-	-	-

The Company does not have any stock option scheme.

Shareholder's / Investor's Grievance Committee**1) Terms of Reference**

a) To ensure smooth and expeditious transfer of shares.

b) 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 three Directors namely Shri K.M. Garg being the Chairman of the committee, Mr.Sandeep Jhunjunwala & Mr.Madhusudan Lohia .