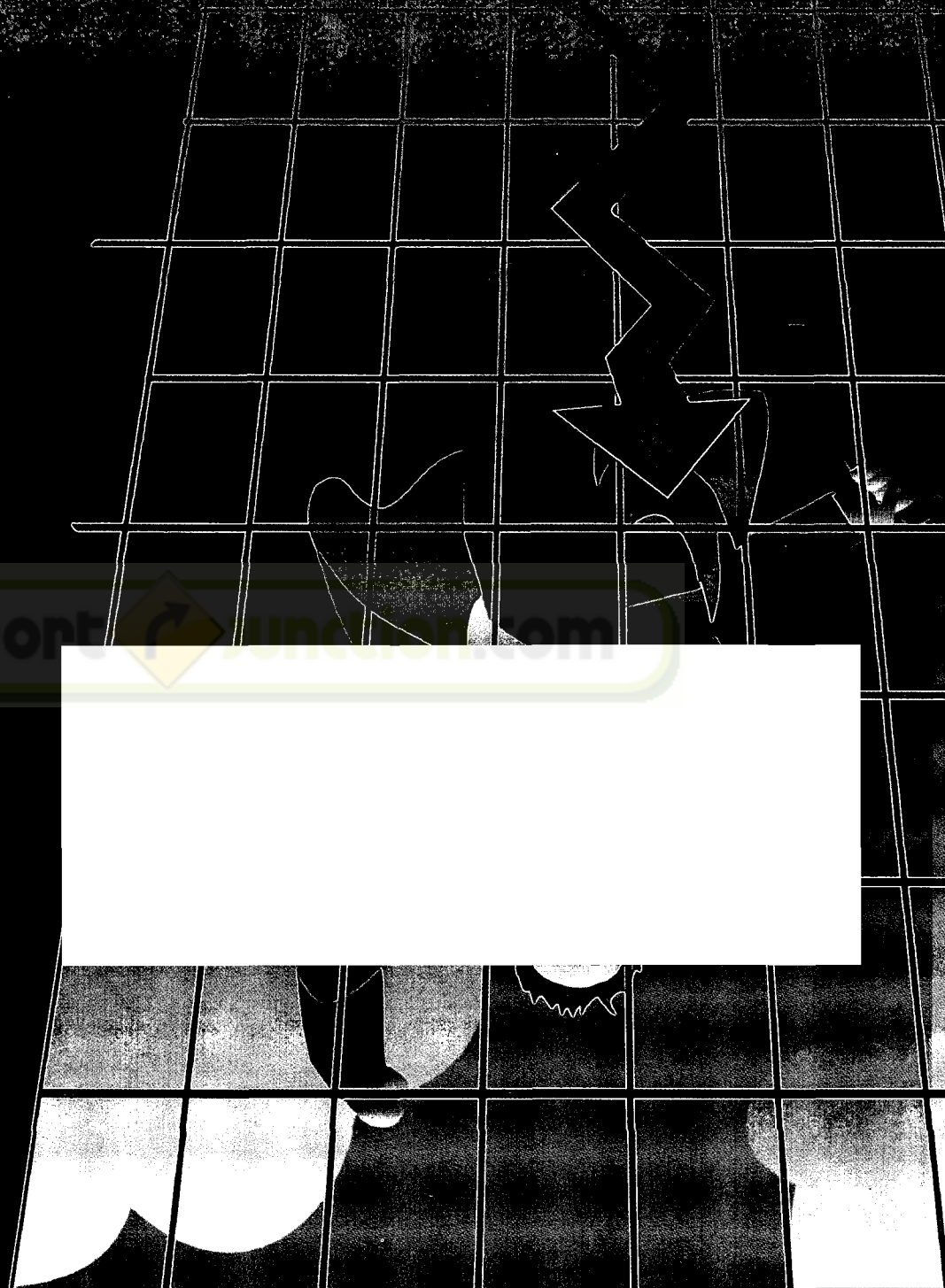


*Pathways Forever*



**GOVIND RUBBER LIMITED**  
22 ND ANNUAL REPORT 2006 - 2007



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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.
- Kanganwal Road, V.P.O. Jugiana, G. T. Road, Ludhiana, Punjab - 141 120.

## BOARD OF DIRECTORS:

VINOD PODDAR	Managing Director
K.M.GARG	Director
UMESH LATHI (w.e.f. 01.07.2007)	Director
SANDEEP JHUNJHUNUWALA	Director
MADHUSUDAN LOHIA (Upto 26.06.2007)	Director
RAMEN RAY MANDAL (w.e.f. 26.06.2007)	Nominee Director (ICICI)

## AUDITORS :

M/s. JAYANTILAL THAKKAR & CO.  
Chartered Accountants

## BANKERS :

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

# Notice

**NOTICE** is hereby given that the Twenty second Annual General Meeting of the Members of Govind Rubber Limited will be held on Tuesday, the 21<sup>st</sup> August 2007 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 31<sup>st</sup> March 2007 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 Sandeep Jhunjunwala who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

## SPECIAL BUSINESS

4. 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.22,00,00,000/- (Rupees Twenty Two crores only) divided into 2,20,00,000 (Two crores Twenty 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.

5. 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.22,00,00,000/- (Rupees Twenty Two crores only) divided into 2,20,00,000 (Two crores Twenty 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.

6. 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 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 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 requisite number of equity shares on preferential basis in one or more tranches, to one or more financial institutions/ banks in accordance with the SEBI Guidelines for Preferential Issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investors Protection) Guidelines, 2000 in order to meet with the terms of CDR Re-work proposal as approved by CDR Cell of Reserve Bank of India.

RESOLVED FURTHER THAT the Board be and hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this 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 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, applicable guide line of SEBI for preferential allotment under Chapter XIII (Disclosure & Investor Protection) Guidelines as amended as on date as also of any other guidelines (including any amendment thereto or re-enactment thereto) and the enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement of the Stock Exchange where the Company's shares are listed and subject to all such approvals, consents, permissions and/or sanctions from all appropriate authorities and subject

# Notice



to such conditions and modifications as may be prescribed or imposed by any of them while granting any such consents, permissions, approvals and/or sanctions 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 requisite number of equity shares on preferential basis in one or more tranches, to the promoters/body corporates for an aggregate amount not exceeding Rs. 200 lacs.

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.

8. 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 Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Umesh Lathi, who was appointed as an additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation.

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, (including any statutory modification (s) or re-enactment thereof for the time being in force) and subject to such approval from the Central Government or any other authority, as may be required, consent of the Company be and is hereby accorded to the appointment of Shri Umesh Lathi as a Whole-time Director, designated as President cum Director of the Company for a period of five years commencing from 1<sup>st</sup> July, 2007 on the terms and conditions including remuneration as set out in the explanatory statement annexed to the notice convening this meeting with liberty to the Board of Directors (hereinafter referred to as "Board") to alter and vary the terms and conditions of the said appointment including minimum remuneration (in case of absence or inadequacy of profits), as may be agreed to between the Board and Shri Umesh Lathi.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

10. 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 314 and other applicable provisions, if any of the Companies Act, 1956 consent of the Company be and is hereby accorded to Shri Rahul V. Poddar, relative of Shri Vinod M. Poddar, Managing Director of the Company, holding and continuing to hold an office of place of profit under the Company as Executive, or with such other designation as may be decided from time to time w.e.f. 1<sup>st</sup> November, 2006, initially as a salary of Rs.30,000/- per month (in the scale upto Rs.30,000 – 2000- 34000) together with the usual allowances, benefits, amenities and facilities applicable to other employees as per the Rules of the Company.

By order of the Board of Directors

Place: Mumbai  
Date: 26<sup>th</sup> June, 2007

VINOD PODDAR  
Managing Director

## NOTES:

**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.**

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. 4 to 10 of the Notice is annexed hereto.

The Company has already transferred all unclaimed dividend declared up to the financial year ended 31<sup>st</sup> March, 1996 to the 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 205 C by the Companies (Amendment) Act, 1999, dividend for the financial year ended 31<sup>st</sup> March, 1999 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



# Notice



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
31-03-2000	17-08-2000	16-08-2007	13-09-2007

Shareholders who have not yet encashed the dividend warrants for the financial year ended 31<sup>st</sup> March, 2000, 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 or its Registrar immediately of any change in their address.

The Register of Members and Share Transfer Books of the Company shall remain closed from 17.08.2007 to 18.08.2007 (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.

At the ensuing Annual General Meeting, Shri Sandeep Jhunjhunwala- Director of the Company retires by rotation and being eligible offer himself for re-appointment. Shri Umesh Lathi, additional Director seeks appointment as a Director of the Company. The information pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange, is furnished as Annexure to the Notice.

## ANNEXURE TO NOTICE

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

The Explanatory statement under Section 173 (2) in respect of Item No. 4, 5, 6 & 7 of the accompanying Notice set out hereinabove is as under :

#### Item Nos. 4, 5, 6 & 7

At present the Authorised Share Capital of the Company is Rs. 21,00,00,000/- (Rupees Twenty One crores only ) made up of 2,10,00,000 (Two Crores Ten Lacs) Equity Shares of Rs.10/- (Rupees Ten only) each.

In terms of rework out proposal as approved by Corporate Debt Restructure Cell (CDR Cell) of Reserve Bank of India in the last year, certain Financial Institutions/ Banks have exercised their option for obtaining equity shares on NPV basis to be issued as per the price to be determined under DIP Guideline of SEBI. To further financial support to meet the growing needs of the Company, the promoters of the Company has decided to infuse an amount maximum upto Rs.200 lacs in the Company. The resolution

proposed set out at item No.7 is enabling resolution to authorize the Board of Directors of the Company to raise additional resources to meet the financial needs of the Company depending on market dynamics, by way of issue and allot requisite number of equity shares of the Company on preferential basis to the promoters/ body corporates for the amount not exceeding Rs.200 lacs as per the price to be determined under DIP Guideline of SEBI.

Disclosure are to be made under various regulations, as may be applicable of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Guidelines for Preferential issues under SEBI (Disclosure and Investor Protection) Guide Lines 2000 as amended from time to time in respect of the proposed issue.

- i) Identity of the Acquirers/ Allottees:
- a) Financial Institution / Banks and Promoters / body corporates.
- ii) Price at which the issue and allotment is proposed :  
Price shall be determined in accordance with SEBI DIP Guide Lines, 2000.
- iii) The purpose of and reason for such issue and allotment is as stated above.
- iv) There will not be any change in the Board of Directors of the Company consequent to such allotment.
- v) There shall not be any change in the control of the Company as a result of such allotment.
- vi) The proposed allotment will be completed within a period of three months from the date of the passing this resolution.
- vii) Consequential changes in the voting rights and shareholding pattern.  
Since number of shares are yet to be determined, such information is not determinable.

Your Directors recommend the resolutions as set out at item Nos. 4 to 7 for your approval.

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

#### Item No. 8 & 9

Shri Umesh Lathi was appointed as an Additional Director of the Company on 26<sup>th</sup> June, 2007. Shri Umesh Lathi holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 read with Article 22 of the Company's Articles of Association. A Notice as required under Section 257 of the Companies Act, 1956 has been received by the Company from a member proposing his candidature for the office of a Director of the Company along with requisite deposit. Accordingly, the resolution at item No. 8 of the Notice is being proposed for his appointment as Director of the Company.

# Notice

Before the appointment of Shri Umesh Lathi as a Whole Time Director, he had been Vice President- Finance of the Company. He is a Chartered Accountant by qualification and possesses varied experience above 15 years. His experience and qualifications eminently qualifies him for the appointment as a Whole Time Director.

The gist of material terms and conditions relating to his appointment as Whole-time Director are as follows:

**1. Salary :**

Rs 50,000/- per month to Rs. 6,00,000/- per month.

The same is bifurcated as under:

(i) Basic Salary: Rs 50,000/- per month.

(ii) House Rent Allowance : 50% of the Basic Salary

**2. Commission:**

No commission is payable to him.

**3. Perquisites :**

In addition to the salary, he shall also be entitled to the following perquisites, as per the Rules of the Company:

- a) Medical Reimbursement :  
Reimbursement of medical expense incurred for self and family, as per the Rules of the Company.
- b) Leave Travel Assistance :  
Reimbursement of actual traveling expenses for proceeding on leave once in a year for self and family as per the Rules of the Company.

**Explanation :**

For the purpose of the perquisites under (a) & (b) above, family shall mean the spouse, the dependent children and the dependent parents.

- c) Personal Accident Insurance:  
Actual Premium paid.
- d) Provident Fund:  
Contribution to Provident Fund is payable as per the Rules of the Company.
- e) Contribution to Superannuation Fund:  
Rs.9,000/- per month.
- f) Gratuity:  
Gratuity shall be payable as per the Rules of the Company.
- g) Leave and Encashment of Leave:  
He will be entitled to leave with full pay and encashment of the accumulated leave, as per the Rules of the Company and will not be included in the computation of the ceiling on perquisites.
- h) Use of Car:  
The Company shall provide fully maintained car with driver for business and personal use.

**i) Bonus & Ex-gratia:**

Bonus & Ex-gratia will be paid, as per the Rules of the Company.

**j) Telephones, Facsimile and other communication facilities:**  
The Company shall provide free telephones, Facsimile and other communication facilities at his residence.

**k) Other allowances and benefits in terms of current employment shall continue including special allowance, leave, provident fund, superannuation, gratuity and other retiring benefits to which he may be entitled, account shall be taken of his service with the Company prior to his appointment as Whole Time Director designated as President cum Director.**

**4. Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any Financial Year during the currency of his tenure, the Company has no profit or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above subject to compliance with the applicable provisions of Schedule XIII to the Act, if and to the extent necessary, with the approval of the Central Government.

The above may be treated as an abstract of the agreement between the Company and Shri Umesh Lathi pursuant to Section 302 of the Companies Act, 1956.

None of the Directors other than Shri Umesh Lathi is concerned or interested in this resolution.

**Item No.10**

The Board of Directors at its Meeting held on 31<sup>st</sup> October, 2006, appointed Shri Rahul V.Poddar as an Executive of the Company with effect from 1<sup>st</sup> November, 2006 subject to the approval from the shareholders of the Company on a salary of Rs.30,000/- per month (in the scale of Rs.30000 – 2000- 34000) plus allowances and benefits as applicable, including bonus, superannuation, gratuity, provident fund etc. as per the rules of the Company. The management may entrust upon Shri Rahul Poddar such additional duties and functions with suitable designation/ position as they may consider appropriate from time to time.

Shri Rahul V. Poddar is a relative of Shri Vinod M.Poddar- Managing Director of the Company.

This Resolution is placed for your approval under Section 314 of the Companies Act 1956.

None of the Directors except Shri Vinod M.Poddar being relative of Shri Rahul V.Poddar is concerned and interested in this Resolution.

By order of the Board of Directors

Place: Mumbai  
Date: 26<sup>th</sup> June, 2007

**VINOD PODDAR**  
Managing Director

# Directors' Report

## DIRECTORS' REPORT,

### MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Your Directors are pleased to present the 22<sup>nd</sup> Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL RESULTS

	Rs. In Lacs	
	2006-07	2005-06
Sales and Operational Income ( Gross )	25094	21835
Other Income	09	49
<b>TOTAL</b>	<b>25103</b>	<b>21884</b>
Gross Profit	518	435
Depreciation	324	377
Operating Profit/ (Loss) before exceptional items	194	58
Exceptional items	---	75
Excess Provision of Income Tax	11	---
Profit before Tax	205	133
Fringe Benefit Tax	5	5
Profit after Tax	200	128
Balance brought forward	5667	(5795)
Balance carried forward to Balance Sheet	(5467)	(5667)

In view of inadequacy of profit, no dividend has been recommended by the Board of Directors for the year 2006-07.

### OPERATIONS :

The Company has achieved a Gross Turnover and Operational income of Rs. 25094 Lacs as compared to Rs. 21835 Lacs in the previous year, reflecting an increase of 15%. The gross profit is Rs. 518 Lacs as compared to 435 Lacs in the previous year. The net profit for the year stood at Rs. 200 Lacs as compared to Rs 53 Lacs in the previous year before exceptional items.

### OUTLOOK FOR THE CURRENT YEAR 2007 - 08 :

Your Company continues to show growth in terms of Sales and expects to continue the trend in replacement and Exports

markets. The Company continues to implement various cost effective measures in various processes. Modernisation and Technological upgradation programmes are being thrust upon to maintain competitiveness, quality and higher margins.

Your Company has developed new ranges in all segments to meet needs of niche market in high end bicycle tyres and expects to increase better product mix and volume in the current year.

### CORPORATE GOVERNANCE :

Pursuant to the Provisions of 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 :

No deposit was accepted during the year and there was no outstanding deposit as on 31<sup>st</sup> March, 2007.

### DIRECTORS :

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

Shri Madhusudan Lohia has resigned from the Board of Directors of the Company and his resignation has been accepted by the Board in the Meeting of Board of Directors held on 26<sup>th</sup> June, 2007. The Directors on the Board place on record their appreciation for the valuable guidelines and services rendered by Shri Madhusudan Lohia during his tenure as a Director of the Company.

Shri Umesh Lathi has been appointed as an additional Director of the Company w.e.f. 01.07.2007.

Shri Ramen Ray Mandal - Deputy General Manager of ICICI Bank Limited has been appointed as Nominee Director on the Board of the Company w.e.f. 26.06.2007.

### 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 31<sup>st</sup> March 2007, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;



# Directors' Report

- ii. 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 ;
- iii. 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 ;
- iv. The Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2007, 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.

## INDUSTRIAL RELATIONS AND HUMAN RESOURCE

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.

## PARTICULARS OF EMPLOYEES

Particular 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 :

Statements in the this report describing the Company's objectives, projection, estimates, expectations or predictions may be forward looking statements considering the applicable laws and regulations. These statements are based on certain assumptions and expectations of the future events.

Actual results could, however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global domestic demand - supply conditions. Finished goods prices, raw materials cost and availability, fluctuations in exchange rates, changes in Government regulations and Tax structure within India and the Countries with which the company has business contacts and other factors such as litigation and industrial relations. Investors will bear the above in mind.

## APPRECIATION

Your Company is grateful for the continued co-operation and assistance extended to it by the Shareholders, 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

Place: Mumbai  
Date: 26<sup>th</sup> June, 2007

**VINOD PODDAR**  
Managing Director



# Annexure to Directors' Report

## ANNEXURE - I

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, 2007.

Sr. No.	Name of Employee	Age	Designation	Remuneration Rs. (Gross)	Qualification & Experience in yrs.	Date of Commencement of Employment	Particulars of last Employment held (Name, Designation & Experience)
---------	------------------	-----	-------------	--------------------------	------------------------------------	------------------------------------	--

### A. Employed throughout the year and in receipt of remuneration in aggregate of not less than Rs. 24,00,000/-.

1.	Mr. Vinod Poddar	47	Managing Director	4160164	B.Com (27)	01.01.86	Business (11yrs)
----	------------------	----	-------------------	---------	------------	----------	---------------------

### B. Employees 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 : 26<sup>th</sup> June, 2007

**VINOD PODDAR**

Managing Director

## ANNEXURE - II TO DIRECTORS' REPORT

DISCLOSURE UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS), RULES, 1988.

The use of rice-husk boilers has resulted in an annual savings of about 9000 MT of Coal. However, this also depends on quality and cost of rice-husk available.

### A. CONSERVATION OF ENERGY:

#### a) Energy conservation measures taken:

- Energy conservation is a top priority for the Company. All processes are continuously evaluated to ensure the energy consumption is minimized. Energy audits are conducted on regular basis with the involvement of outside consultants. Their recommendations are implemented to achieve a higher level of energy efficiency.
- By closely monitoring the plant operating power load, we are optimizing the power factor for all our manufacturing activities. The plants are run in a manner to achieve an even power load by staggered operations.
- Locally available rice husk is used to reduce consumption of coal for which the boilers are suitably modified.
- Additional investments and proposals, if any, being implemented for reduction of consumption of energy.**  
The equipments are continuously upgraded for achieving improved energy efficiency.
- Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

#### d) Total and per unit energy consumption as per form A.

#### FORM - A

#### (A) Power & Fuel Consumption

##### 1) Electricity :

##### a) Purchased :

	2006-07	2005-06
Units	1,74,45,122	1,56,30,618
Total Amount (Rs.)	7,55,34,783	6,87,07,698
Rate/Unit (Rs.)	4.33	4.40

##### b) Own Generation

##### i) Through Diesel Generator:

Units	17,07,429	35,88,559
Units per liter of diesel	3.00	3.25
Cost/Unit (Rs.)	9.94	8.17

##### ii) Through Steam Turbine/Generator

NIL NIL

##### 2) (i) Coal Quantity (Kgs.)

Amount (Rs.)	27,800	19,760
Rs./Kg. (Rs.)	1,99,190	1,21,610
	7.17	6.15

##### (ii) Rice-Husk Quantity (Kgs.)

Amount (Rs.)	1,77,34,727	1,48,21,071
Rs./Kg. (Rs.)	4,39,78,073	2,40,35,740
	2.48	1.62

# Annexure to Directors' Report

## (B) Energy Consumption per Unit of Production:

Sr. Product No.	2006-2007			2005-2006		
	Electri-city Units	Coal Kgs.	Rice-Husk Kgs.	Electri-city Units	Coal Kgs.	Rice-Husk Kgs.
1 Cycle Tyre	0.58	0.001	0.534	0.62	0.001	0.602
2 Cycly Tube	0.18	0.000	0.166	0.19	0.000	0.184
3 Auto Tyres	1.09	0.002	1.007	1.10	0.001	1.070
4 Auto Tubes	0.33	0.000	0.309	0.28	0.000	0.268

NOTE: The Company manufactures a wide range of products and the consumption of energy will vary significantly depending upon the actual product mix for the period.

## 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.

Predominantly for the sophisticated global Bicycle Tire markets, the Company has developed new patterns, sizes and varied application tyres & tubes under its continuous R & D programmes.

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

The above activities have helped the Company in achieving a firm foothold in competitive global market. Penetration in sophisticated markets is essential to maintain a future growth in value added products.

##### 3) Future plan of action

- Efforts would be increased to add higher value added products in our products range.
- Achieve a higher level of customers satisfaction by improved product quality.
- Achieve an improved manufacturing efficiency.

## B) Technology absorption, adaptation and innovation:

### i) Efforts in brief made towards technology

## absorption, adaptation and Innovation;

The new value added products were developed based on the various inputs received from our local & foreign customers. The processes were further adapted and innovated to be compatible with the newly acquired equipment.

Various innovations were made in the process to achieve a higher level of process efficiency and improved product quality.

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

Improved process efficiency, higher product quality, cost reduction and achieved a better customer satisfaction.

### 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:

	2006-07	2005-06
I) USED (Rs. in Lacs)		
i) Import of Raw Materials & others	4645.70	3813.15
ii) Commission on Exports	2.58	3.54
iii) Freight on Exports	322.34	68.35
iv) Others	77.71	52.97
Total	5048.33	3938.01
II. EARNED (Rs. in lacs)		
i) Exports at F.O.B. Value	6136.14	2203.31
ii) Reimbursement of Freight and insurance	322.34	68.41
iii) Indirect Exports	719.92	351.28
Total	7178.40	2623.00

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 26<sup>th</sup> June, 2007

VINOD PODDAR  
Managing Director

## ANNEXURE - III

### CORPORATE GOVERNANCE

Over the years, the Board has developed corporate governance guidelines to help fulfill our corporate responsibilities to various stakeholders. The Company has incorporated a separate section on corporate governance in this Annual Report for informative and useful information to the investors and shareholders of the Company.

### I. Company's Philosophy on Code of Corporate Governance

The Company's activities are carried out in accordance with good corporate governance and the Company is constantly striving to make them better and adopt the best practices. We firmly believe that good corporate governance practices ensure efficient conduct of the affairs of the Company and help the Company achieve its goal of maximizing value for all its stakeholders.