

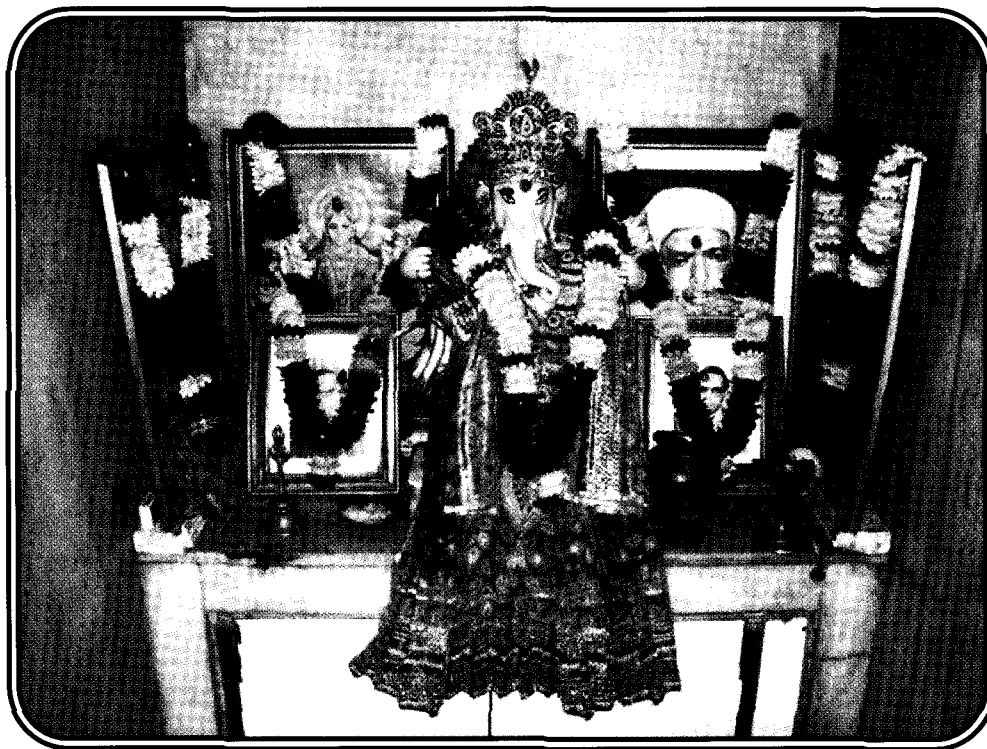
SANSKO RUBBER LIMITED

24th Annual Report 2008-09



INTERNATIONAL

Partners Forever



Lord Ganesh Temple at Ludhiana Plant

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OFFICE :

1st Floor, Durga Trading Bldg., Sitaram Mill Compound,
N. M. Joshi Marg, Lower Parel, Mumbai-400 011.

- a) V.P.O. Jugiana, G. T. Road, Ludhiana,
Punjab-14 120.
- b) Kangawal Road, V.P.O. Jugiana,
G. T. Road, Ludhiana, Punjab-14 120.

DIRECTORS:

VINOD PODDAR	Managing Director
K. M. GARG	Director
UMESH LATHI	Whole time Director
SANDEEP JHUNJHUNUWALA	Director

COMMITTEE

RAHUL PODDAR

M/s. JAYANTILAL THAKKAR & CO.

Chartered Accountants

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

Notice

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of Govind Rubber Limited will be held on Monday, the 17th August, 2009, at 10.30 a.m. at Nehru Centre, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 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 Junjhunwala 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 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, 2008, on the terms and conditions including remuneration as approved by the Board of Directors in its Meeting held on 31st July, 2008 and as set out in the explanatory statement attached to the notice with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and remuneration so as to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Company 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."

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 163 and all other applicable provisions, if any, of the Companies Act, 1956 the Register of Members, Index of Members, Register of Debenture holders, Index of Debenture holders and other related books be kept at the premises of the Company's Registrar and Transfer Agent viz., M/s Sharepro Services (India) Pvt. Ltd., 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange, Off: Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai- 400 072 and also at 912, Raheja Centre, Free Press journal Road, Nariman Point, Mumbai- 400 021.

By order of the Board of Directors

Place: Mumbai

Date: 24th June, 2009

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 No. 4 & 5 of the Notice is annexed hereto.

In terms of provisions of relevant sections of the Companies Act, 1956, the Company has already transferred unpaid dividend for the financial year 1999-2000 to the Central Government on the completion of seven years from the date of payment and this being the last dividend payment made by the Company since then, there has been no pending unpaid dividend to be transferred to the Central Government as of now.

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

Notice

The Register of Members and Share Transfer Books of the Company shall remain closed from 12.08.2009 to 14.08.2009 (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.

Shri Sandeep Jhunjhunwala is retiring by rotation and being eligible for reappointment, has offered himself for reappointment. His attendance record in the Board/ General Meeting during the year under review is given in this Report. Shri Jhunjhunwala is a Director of the Company since September' 2001. He has completed his graduation in commerce. He is a member of audit committee as well as shareholders' grievance committee. Shri Jhunjhunwala is also director in Oxemberg Fashions Ltd., Balgopal Holding & Traders Ltd. and Balkrishna Synthetics Ltd.

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 Nos. 4 & 5 of the accompanying Notice set out hereinabove is as under;

Item No. 4

On the expiry of term of Shri Vinod Poddar as Managing Director on 31st July, 2008, the Board of Directors at its Meeting held on 31st July, 2008 reappointed him as Managing Director for further period of five year w.e.f. 01.08.2008 subject to approval from the Members of the Company as per the terms and conditions and also at the remuneration as approved by the Board in the said Meeting. The Board while considering the reappointment of Shri Vinod Poddar as managing Director of the Company also considered the remuneration payable to him be reasonable and in commensurate with the current financial position of the Company and also as per the provisions of relevant sections of the Companies Act, 1956 read with Schedule XIII of the said Act. The terms and conditions as approved by the Board are as under;

I. REMUNERATION: (Salary, Perquisites & commission)

- i) Salary & Perquisites: Up to a Maximum Rs.3,00,000/- per month with authority to the Board to fix the salary within the said limit from time to time.

- ii) Commission: May be decided by the Board for each financial year subject to the provisions of relevant sections of the Companies Act, 1956 read with Schedule XIII of the said Act.

II. OTHER FACILITIES

1. 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 himself and his family.

2. LEAVE TRAVEL CONCESSION:

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

3. CLUB FEES:

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

4. PERSONAL ACCIDENT INSURANCE:

Personal Accident Insurance Policy for an amount, the annual premium of which shall not exceed Rs.10,000/- p.a.

5. 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 Director of the Company.

6. GRATUITY:

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

7. LEAVE:

Shri Vinod Poddar 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.

8. TELEPHONE, TELEFAX AND OTHER COMMUNICATION FACILITIES:

Notice

The Company shall provide telephones, telefax and other communication facilities at the Managing Director's residence.

III. 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.

IV. MINIMUM REMUNERATION:

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

The copy of the resolution passed by the Board of Directors of the Company at its Meeting held on 31st July, 2008 approving the reappointment of Shri Vinod Poddar as Managing Director of the Company is available for inspection by the Members of the Company at its Registered Office between 11.00 A.M. to 2.00 P.M. on all working days till the date of Annual General Meeting.

None of the Directors other than Shri Vinod Poddar is concerned or interested in the Resolution.

Item No. 5

Under the provisions of the Companies Act, 1956 (the "ACT") certain documents such as the Register and Index of Members, Register and Index of Debenture holders, other related books and papers etc., are required to be kept at the Registered office of the Company. However, these documents can be kept at any other place within the city, town or village in which the Registered office of the Company is situated, with the approval of the Members to be accorded by a Special Resolution.

M/s Sharepro Sevices (India) Pvt. Ltd., Mumbai is our Registrar and Share Transfer Agent (RTA), who have been providing depository related services for the shares held in demat mode and also acting as the Share Transfer Agent for the shares held in physical segment. Hence, the approval of the Members is sought in terms of Section 163 (1) of the Act, for keeping the aforesaid Registers and documents as the premises of the RTA as stated in the resolution.

The Board of Directors recommends the resolution as set out in the Notice for your approval.

By order of the Board of Directors

Place: Mumbai
Date: 24th June, 2009

VINOD PODDAR
Managing Director

Directors' Report

DIRECTORS' REPORT, MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Your Directors are pleased to present the 24th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS :

	Rs. In Lacs	
	2008-2009	2007-2008
Sales and Operational Income (Gross)	25982	25084
Other Income	44	11
TOTAL INCOME	26026	25095
Gross Profit	447	565
Depreciation	297	338
Operating Profit/ (Loss)	150	227
Profit before Tax	150	227
Fringe Benefit Tax	6	7
Profit after Tax	144	220
Balance brought forward	(5247)	(5467)
Balance carried forward to Balance Sheet	(5103)	(5247)

In view of inadequacy of profit, no dividend has been recommended by the Board of Directors for the year 2008-09.

OPERATIONS :

Your Company has achieved a Gross Turnover and Operational Income of Rs. 25982 lacs as compared to Rs 25084 lacs in the previous year. The gross profit is Rs. 447 lacs as compared to Rs 565 lacs in the previous year. The net profit for the year stood at Rs 144 lacs as compared to Rs 220 lacs in the previous year.

OUTLOOK FOR THE CURRENT YEAR 2009-10 :

Inflationary increase in the cost of raw materials in the first half of the year though partial set off by price increase has impacted operating margins for the year. This was characterized by extreme volatile financial, commodity and consumer markets. Your Company is pursuing aggressive cost management measures to enhance cost competitiveness.

Your Company expects to show steady growth in the current year. Your Company is also pushing thrust on other verticals of tyres and tubes. Your Company continue to explore new avenues of growth to meet needs of new and niche market.

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 31st March, 2009.

DIRECTORS :

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

DIRECTORS' 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 2009, the applicable Accounting Standards had been followed along with 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 2009, 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. It is proposed to reappoint them as statutory Auditors of the Company until the conclusion of the next Annual General Meeting.

The observation in the Auditors' Report read with the Notes on Accounts are self explanatory and do not require any comments.

Directors' Report

HUMAN RESOURCES :

The employee relations scenario continued to be harmonious and congenial. Training on behavioural skills, productivity and quality improvements were imparted during the year.

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 this report describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements considering the applicable laws or regulations. These statements are based on certain assumptions and expectations of 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 and domestic demand- supply conditions. Finished goods prices, raw materials costs 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 :

The Board of Directors of your company wish to thank and place on record 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, Suppliers and Customers of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 24th June, 2009.

VINOD PODDAR
Managing Director

Annexure to Directors' Report

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, 2009.

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

1.	Mr.Vinod Poddar	49	Managing Director	3900000	B.Com (29)	01.01.86	Business (11yrs)
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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 Director

Mumbai:
Dated : 24th June, 2009

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.

Though there is no impact directly on cost of production but will save scarce water resources.

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

A. CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

I. Energy conservation is a top priority for the Company. All processes are continuously evaluated to ensure that 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.

II. 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.

III. Installation of RO Plant (Reverse Osmosis) to save the natural resources water coming out from the STP Plant which is sewerage treatment plant.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

The equipments are continuously upgraded for achieving improved energy efficiency.

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.

FORM - A

		2008-2009	2007-2008
(A) Power & Fuel Consumption :			
1) Electricity:			
a) Purchased:			
Units	1,70,04,908	1,91,03,659	
Total Amount (Rs.)	8,37,39,798	9,27,13,661	
Rate/Unit (Rs.)	4.92	4.85	
b) Own Generation			
i) Through Diesel Generator:			
Units	11,77,200	10,42,047	
Units per liter of diesel	3.00	3.00	
Cost/Unit (Rs.)	10.46	9.29	
ii) Through Steam Turbine/Generator	Nil	Nil	
2) (i) Coal			
Quantity (Kgs.)	27,080	16,155	
Amount (Rs.)	2,60,448	1,40,583	
Rs./Kg.	9.62	8.70	
(ii) Rice-Husk			
Quantity (Kgs.)	1,86,30,505	1,97,18,437	
Amount (Rs.)	6,96,53,460	5,43,87,312	
Rs./Kg.	3.74	2.76	

Annexure to Directors' Report

(B) Energy Consumption per Unit of Production:

Sr. Product No.	Electricity Units	2008-2009		Electricity Units	2007-2008	
		Coal Kgs.	RiceHusk Firewood Kgs.		Coal Kgs.	RiceHusk Kgs.
1 Cycle Tyres	0.73	0.001	0.747	0.63	0.001	0.534
2 Cycle Tubes	0.23	0.000	0.233	0.20	0.000	0.166
3 Auto Tyres	-	-	-	1.06	0.002	1.007
4 Auto Tubes	0.44	0.001	0.449	0.35	0.000	0.309

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.

The Company is developing and introducing various new designs and patterns of tyres under its continuous R & D Programmes. The Company is also making efforts to improve quality of existing products under continuous quality improvement programme.

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

The above activities have helped the Company, achieve a firm foothold in competitive Indian & International 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 use of new technology of centrain production equipement will bring in improved quality of products so as to enter into niche market of Inida and abroad.

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 :

- 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 over fifteen countries.

g) Total foreign exchange used & earned:

I) USED (Rs. in Lacs)	2008-2009	2007-2008
i) Import of Raw Materials /Capital goods	3171.92	3762.00
ii) Commission on Exports	122.55	3.72
iii) Freight on Exports	93.54	65.88
iv) Others	109.04	142.66
Total	3497.05	3974.26

II. EARNED (Rs. in lacs)

i) Exports at F.O.B. Value	6036.14	5071.02
ii) Reimbursement of Freight and insurance	93.54	65.88
iii) Indirect Exports	789.52	346.33
Total	6919.20	5483.23

For and on Behalf of the Board of Directors

Place : Mumbai;
Dated 24th June, 2009

VINOD PODDAR
Managing Director

Annexure to Directors' Report

ANNEXURE-III

CORPORATE GOVERNANCE

In accordance with clause 49 of the Listing Agreement entered into with the Stock Exchange in India, the details of compliance by the Company with the norms on Corporate Governance are as under;

I. Company's Philosophy on Code of Corporate Governance

Govind Rubber Limited defines corporate governance as systemic process by which the Companies are directed and controlled to enhance their wealth-generating capacity. Your Directors philosophy on corporate governance aimed at the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and all its interactions with its stakeholders including shareholders, employees and the government.

II. Board of Directors

a) Composition of Board :

The Company has four Directors on the Board, comprising of a Managing Director, Whole time Director and Non-Executive Independent Directors. The Non- Executive Directors are professionals, drawn from amongst persons with experience in business & industry, finance and law. The composition of the Board is in the conformity with clause 49 of the Listing Agreement entered into with the Stock Exchange.

b) Number of Board Meetings:

There have been five Board Meetings held during the year. The dates on which the Board Meetings held are as follows-

8th May, 2008, 30th June 2008, 31st July, 2008, 24th October, 2008 and 24th January, 2009.

c) Directors attendance record and Directorship held

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 is given below.

Sr. No.	Name of Directors	Category	Attendance		Outside Director ship	Committee Position	
			Board	Last AGM		Member	Chairman
1	Vinod Poddar	Managing Director	5	Yes	—	—	—
2	K.M.Garg	Non-Executive Independent Director	5	No	—	—	—
3	Umesh Lathi	Whole time Director	5	Yes	—	—	—
4	Sandeep Jhunjhunwala	Non-Executive Independent Director	5	Yes	4	—	—

d) Code of Conduct:

The Company has framed a Code of Conduct for the members of the Board of Directors and Senior Management personnel of the Company. Requisite annual affirmation of compliance with the respective Codes have been made by the Managing Director of the Company which form part of this report.

Clause 49 II of the Stock Exchange.

The terms of reference of the Audit Committee are broadly as under;

- Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement reflect a true and fair position and that sufficient and credible information is disclosed.

III. Audit Committee

- The Audit Committee has been constituted by the Board in accordance with the terms of