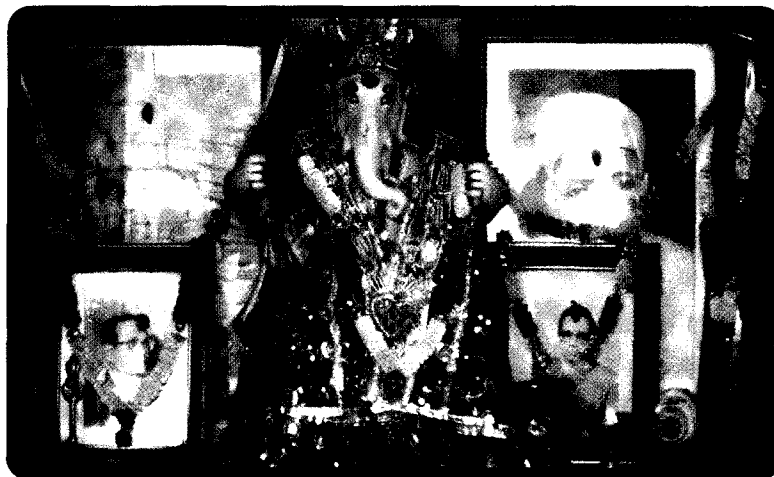


GOVIND RUBBER LIMITED

27th Annual Report 2011-2012

GRL®



LORD GANESH TEMPLE AT LUDHIANA PLANT

CONTENTS :

Notice.....	1-3
Directors' Report.....	4-13
Auditors' Report.....	14-15
Balance Sheet.....	16
Statement of Profit & Loss.....	17
Cash Flow Statement.....	18
Notes on Financial Statements.....	19-30
Auditors' Report on Consolidated Financial Statements.....	31
Consolidated Balance Sheet.....	32
Consolidated Statement of Profit & Loss.....	33
Consolidated Cash Flow Statement.....	34
Notes on Consolidated Financial Statements.....	35-44
Financial Information of Subsidiary Company.....	45

REGISTERED OFFICE :

418, Creative Ind. Estate
72, N.M.Joshi Marg
Lower Parel
Mumbai- 400 011

WORKS :

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

BOARD OF DIRECTORS :

VINOD PODDAR
Chairman & Managing Director

RAHUL PODDAR
Executive Director

K.M.GARG
Independent Director

S.DORAIRAJAN
Independent Director

UMESH LATHI
Whole time Director

SANDEEP JHUNJHUNWALA
Independent Director

MANAGEMENT COMMITTEE :

SHEFALI PODDAR

AUDITORS :

M/s. JAYANTILAL THAKKAR & CD.
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 Seventh Annual General Meeting of the Members of Govind Rubber Limited will be held on Wednesday, the 11th July 2012, at 11.00 a.m. at Nehru Centre, Hall of Harmony, 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 2012 and Statement of Profit & Loss 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(s), the following Resolution as an ordinary Resolution.
RESOLVED THAT Shri S.Dorai Rajan be and is hereby appointed as a Director of the Company and that he shall be liable to retire by rotation.

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ordinary Resolution.
RESOLVED THAT Shri Rahul Poddar 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(s), 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 Rahul Poddar as an Executive Director of the Company for a period of five years commencing from 1st December' 2011 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 Rahul Poddar.

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.

7. To consider and if thought fit, to pass, with or without modification(s), 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 of 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 reappointment of Shri Umesh Lathi as a Whole time Director for a further period of five years from 1st July, 2012 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.

By order of the Board of Directors

VINOD PODDAR

Chairman & Managing Director

Place : Mumbai

Dated : 28th May' 2012

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.

UNPAID/ UNCLAIMED DIVIDEND:

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.

The Register of Members and Share Transfer Books of the Company shall remain closed from 09.07.2012 to 11.07.2012 (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. Shri Sandeep Jhunjunwala is retiring by rotation and is 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 Sandeep Jhunjunwala is an independent Director of the Company since 2001. He is a business man and having experience in varied business verticals. He is a member of audit committee as well as shareholders' grievance committee.

Notice

- II. Shri Rahul Poddar (26) is the son of Shri Vinod Poddar and he has achieved a BBA from United Kingdom and brings with him multiple skills to achieve professionalism into the organization and he aims to bring this business conglomerate who can lead in the area of operations by creating value in quality, complete customers' solution and stakeholders wealth. He has received managerial and entrepreneurial level training under able leadership of his father. He will be quite instrumental in overall development strategies of the group.
- III. Shri S.Dorai Rajan is the Director on the Board of Kanzen Institute Asia Pacific Pvt.Ltd. He is a qualified Cost Accountant and carries rich & vast experience in the field of manufacturing and journey towards perfection. He has been helping the organization to become world class. He is acknowledged experts in continual improvements and problem solving. His vast experience of operation will benefit to the organization.
- IV. Shri Umesh Lathi is being reappointed as a whole time Director of the Company w.e.f.01.07.2012.

Shri Lathi is with the Company since May' 04 and has joined the Board in July' 07. Shri Lathi is a Chartered Accountant and having rich experience in finance and commercial verticals. In addition to finance, he is looking after all major areas of business development and has been shouldering overall responsibilities of day to day affairs of the Company.

ANNEXURE TO NOTICE:

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 No.4

Shri S.Dorai Rajan has been appointed as an additional Director of the Company by the Board of Directors at its Meeting held on 10th November' 2011. 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 ₹ 500/-.

The Board recommends the Resolution for your approval.

None of the Directors of the Company except Shri S.Dorai Rajan is concerned or interested in this Resolution.

Item No.5 & 6

Shri Rahul Poddar has been appointed as an additional Director of the Company by the Board of Directors at its Meeting held on 10th November, 2011. 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 ₹ 500/-.

The Board in its said Meeting appointed Shri Rahul Poddar as an executive Director of the Company for a period of 5 years w.e.f. 01.12.2011.

The gist of material terms and conditions relating to his appointment as an Executive Director are as follows:

1. **Salary :**
₹ 3,00,000/- per month upto ₹ 10,00,000/-.
2. **Commission:**
Having regards to the provisions of Section 309(3) of the

Companies Act, 1956, Commission may be paid to Shri Rahul Poddar which shall not exceed 5 percent of net profit.

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 expenses incurred for self and family, as per Rules of the Company.
The Company shall take a separate Mediclaim Policy for Shri Rahul Poddar and his family and premium on such policy shall be paid by the Company.
- b) **Leave Travel Assistance:**
Reimbursement of actual travelling expenses for proceeding on leave for self and family as per 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, Superannuation Fund or Annuity Fund:**
The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per rules of the Company.
- e) **Gratuity:**
Gratuity shall be payable as per Rules of the Company.
- f) **Leave and Encashment of Leave:**
He will be entitled to leave with full pay and encashment of the accumulated leave, as per rules of the Company and will not be included in the computation of the ceiling on perquisites.
- g) **Use of Car:**
The Company shall provide two fully maintained cars with drivers for business and personal use.
- h) **Club Fees:**
The Company shall reimburse the membership fees for two clubs in India which includes admission fees and life membership fees.
- i) **Bonus & Ex-gratia:**
Bonus & Ex-gratia will be paid, as per rules of the Company.
- j) **Reimbursement of Expenses:**
The Company shall reimburse all expenses including travelling, entertainment and other for the business purpose on actual basis.
- k) **Telephones, Facsimile and other communication facilities:**
The Company shall provide telephones, Facsimile and other communication facilities at his residence and the same shall be borne by the Company.
- l) **Other allowances and benefits in terms of current employment including leave, provident fund, gratuity and other retiring benefits to which he may be entitled, as an Executive Director.**
4. **Minimum Remuneration:**
Notwithstanding anything to the contrary herein contained,

Notice



wherein 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.

RESOLVED FURTHER THAT the draft agreement of the appointment of Shri Rahul Poddar as an Executive Director under Section 302 of the Companies Act, 1956 be kept available for the inspection of Shareholders and the necessary form/ return be filed with MCA-21 as per the requirement of Law Provisions.

5. Memorandum of Interest:

None of the Directors of the Company except Shri Rahul Poddar and Shri Vinod Poddar relative of Shri Rahul Poddar are concerned or interested in passing of this resolution.

The Board recommends the Resolution for your approval.

Item No.7

The Present term of office of Shri Umesh Lathi as a whole time Director of the Company expires on 30th June, 2012. Subject to Shareholders' approval, the Board of Directors, at its Meeting held on 28th May, 2012, reappointed him as a whole time Director for a further period of five years with effect from 1st July, 2012 as per the terms and conditions set out in the draft agreement referred to in the resolution as item no. 7 of the accompanying notice. The Board of Directors consider that the services of Shri Umesh Lathi as a whole time Director will be very useful and beneficial to the Company.

The terms and conditions of the draft agreement referred to in the resolution of the accompanying notice is set out as under;

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

1. Salary :

- a. ₹ 1,00,000/- per month upto ₹ 8,00,000/ per month.
- b. The same is bifurcated as under:
 - i. Basic Salary: ₹ 1,00,000/- per month with annual increment as decided.
 - ii. House Rent Allowance : 50% of the Basic Salary.
 - iii. Special allowance with annual increment as decided.

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 expenses 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, Superannuation fund or Annuity fund:

Contribution to Provident Fund, Superannuation fund or Annuity fund is payable as per the Rules of the Company.

e) 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.

f) Use of Car:

The Company shall provide fully maintained car with driver for business and personal use.

g) Bonus & Ex-gratia:

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

h) Telephones, Facsimile and other communication facilities:

The Company shall provide free telephones, Facsimile and other communication facilities at his residence.

i) Other allowances and benefits in terms of current employment including 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.

4. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, wherein 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.

RESOLVED FURTHER THAT the draft agreement of the appointment of Shri Umesh Lathi- Whole time Director under Section 302 of the Companies Act, 1956 be kept available for the inspection of Shareholders and the necessary form/ return be filed with MCA-21 as per the requirement of Law Provisions.

By order of the Board of Directors

VINOD PODDAR

Chairman & Managing Director

Place : Mumbai

Dated : 28th May' 2012

Please address all correspondence relating to this matter to:

M/s.Sharepro Services (India) Pvt. Ltd.

Unit:- Govind Rubber Limited

13 A-B Samhita Warehousing Complex

2nd Floor, Sakinaka Telephone Exchange Lane

Off Andheri-kurla Road, Sakinaka

Andheri (E), Mumbai – 400 072

Tel: 022-6772 0300/400

Fax: 022-2859 1568

E-mail: grubber@shareproservices.com



DIRECTORS' REPORT, MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Your Directors are pleased to present the 27th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS:

	2011-2012	2010-2011
Sales and Operational Income (Gross)	35535	34927
Other Income	480	114
TOTAL INCOME	36015	35041
Gross Profit	889	1376
Depreciation	288	278
Profit before Tax	601	1098
Deferred Tax Asset (Liability)	(499)	587
Income tax related to earlier years	(1)	4
Profit after Tax	1101	507
Balance brought forward	(4270)	(4777)
Balance carried forward to Balance Sheet	(3169)	(4270)

In view of inadequacy of profit, no dividend has been recommended by the Board of Directors for the year 2011-2012.

OPERATIONS:

Your Company has achieved a Gross Turnover and Operational Income of ₹ 35535 lacs as compared to ₹ 34927 lacs in the previous year. The gross profit is ₹ 889 lacs as compared to ₹ 1376 lacs in the previous year. The net profit for the year stood at ₹ 1101 lacs as compared to ₹ 507 lacs in the previous year with a growth of 117% over the last year.

OUTLOOK FOR THE CURRENT YEAR 2012-2013:

As per the Vision Statement adopted by the Company, your Company has formed a Wholly Owned Subsidiary Company in Netherlands, Europe as GRL BV. Through this office, we will be expanding our operations in Europe for all range of tires and tubes. Your Company has also set up a Joint Venture in Republic of Korea to manufacture high grade reclaim rubber with 50% partnership.

Your Company has also launched new Website for its bicycle business called www.traxbicycles.com to attract kids and teenager customers. The Company is further expanding its range in Auto tires and tubes business to target a turnover of ₹ 100 crores in Three years horizon. Your Company expects better performance in the current financial year in terms of sales and profitability. In brand building exercise, your Company is taking various initiatives such GRL Club Membership for its dealers, non-dealers and internal customers.

DIRECTORS :

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

CORPORATE GOVERNANCE :

Your Company is in compliance with the requirements and disclosures with respect to the Code of Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Stock Exchange. As a listed Company, necessary measures are taken to comply with the Listing Agreement with the Stock Exchange. A report on Corporate Governance as stated above along with a certificate from the Auditor form part of this Annual Report as per Annexure- III

FIXED DEPOSITS :

No deposit was accepted during the year and there was no outstanding deposit as on 31st March, 2012.

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 2012, the applicable Accounting Standards had been followed and there are no material departures from prescribed accounting standards in the adoption of the accounting standards.
- 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 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 2012, on a "going concern" basis.

AUDITORS AND AUDITORS' REPORT:

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 Company has received a letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditors Report are self explanatory and do not call for any further comments.

HUMAN RESOURCES:

The employee relations scenario continued to be harmonious and congenial. Our manufacturing facilities have conducted 5S activities and winners have been awarded. GRL learning club

Report



members have taken unique initiatives of Muda, Mura and Muri. Your company has won National green tech HR award in Gold category. Your company has also launched ISO 14001 and striving to implement the same. GRL has conducted health check up program for its workers and employees at Ludhiana.

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 those 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.

SUBSIDIARY COMPANY AND JOINT VENTURE:

Please see Annexure III to Directors' Report

ANNUAL REPORTS OF SUBSIDIARIES:

Ministry of Corporate Affairs, Government of India, vide its circular dt.8th February, 2011 has exempted companies from attaching the Annual Reports and other particulars of its subsidiary companies along with the Annual Report of the Company required u/s 212 of the Companies Act, 1956. Therefore, the Annual Reports of the subsidiary company viz GRL BV is not attached with this Annual Report. However, a statement giving certain information as required vide aforesaid circular dt.8th February, 2011 is placed along with the Consolidated Accounts.

The Annual Account of subsidiary company is kept for inspection by the shareholders at the Corporate (Head Office) of the Company.

CONSOLIDATED FINANCIAL STATEMENTS:

As stipulated by Clause 32 of the listing agreement with the Stock Exchange, Mumbai, the consolidated financial statements have been prepared by the Company in accordance with the applicable accounting standards issued by The Institute of Chartered Accountants of India. The audited consolidated financial statements together with Auditors' Report form part of the Annual 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.

FORWARD LOOKING 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, vendors and Customers of the Company.

For and on behalf of the Board of Directors

VINOD PODDAR

Chairman & Managing Director

Place : Mumbai

Dated : 28th May' 2012

SAVE ENVIORMENT

Your Company requests you to register your email id with your DP or with R&T of the Company to get all shareholders informations through email and save **Enviorment by Supporting Green Intiative** Campaign of the Government.

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, 2012.

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

A. Employed throughout the year and in receipt of remuneration in aggregate of not less than ₹ 60,00,000/-.

-----NIL-----

B. Employees for part of the year and in receipt of remuneration of not less than ₹ 5,00,000/- per month.

----- NIL -----

For and on behalf of the Board of Directors

VINOD PODDAR
Chairman & Managing Director

Place : Mumbai

Dated : 28th May' 2012

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. Rice-husk is being used to reduce consumption of Coal for which special purpose boilers have been installed.
- II. Maximum demand of Electricity is being reduced by evenly distributing the loads throughout the day and increasing efficiency of Plants & Equipments.

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

- i) The use of rice-husk/coal boilers has resulted in an annual savings of about 5150 MT of coal. However, this also depends on quality and cost of rice-husk available.
- ii) To start the project to purchase the power under open access with the bidding system of Indian Energy Exchange in our plants reflecting a saving of ₹ 45.00 lacs.

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.

- AS per Table A-

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

	2011-2012	2010-2011
(A) Power & Fuel Consumption :		
1) Electricity:		
a) Purchased:		
Units	1,39,79,817	1,67,08,241
Total Amount (₹)	8,68,57,065	9,05,98,431
Rate/Unit (₹)	6.21	5.42
b) Own Generation		
i) Through Diesel Generator: Units	2,33,605	6,52,518
Units per liter of diesel	2.78	3.00
Cost/Unit (₹)	14.08	11.80
ii) Through Steam Turbine/Generator	Nil	Nil
2) (a) Coal		
Quantity (Kgs.)	20,650	10,989
Amount (₹)	2,71,417	1,20,581
₹ /Kg.	13.14	10.97
(b) Rice-Husk		
Quantity (Kgs.)	1,55,49,437	1,65,56,554
Amount (₹)	5,96,64,647	6,22,08,005
₹/Kg.	3.84	3.76

to Directors' Report



(B) Energy Consumption per Unit of Production:

Sr. Product No.	2011-2012			2010-2011		
	Electricity units	Coal Kgs.	Rice-Husk Kgs.	Electricity Units	Coal Kgs.	Rice-Husk Kgs.
1 Cycle Tyre	0.67	0.001	0.736	0.64	0.000	0.610
2 Cycle Tube	0.23	0.000	0.252	0.22	0.000	0.207
3 Auto Tyres	2.50	0.004	2.734	2.62	0.002	2.498
4 Auto Tubes	0.36	0.001	0.389	0.35	0.000	0.330

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 has developed new products to meet the requirement of the customers in niche market for domestic and international markets. These involve developing of new pattern, constructions, rubber compounds and raw materials sources.

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

To remain better than the best in the industry, continuous R & D activities helps the Company to set new international bench marking and maintain growth in value added products.

- 3) Future plan of action

Development of new varieties and product mix thereby achieving complete customer solution.

B) Technology absorption, adaptation and innovation:

I. Efforts in brief made towards technology absorption, adaptation and Innovation;

- 1) The Company has been making improvements in process technology in its various manufacturing sections which are being implemented into regular manufacturing operations.
- 2) 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.

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 exporter of Cycle Tyres/Tubes in the country. The Company exports a large quantity to over fifty countries.

g) Total foreign exchange used & earned:

I. USED (₹ in Lacs)	2011-2012	2010-2011
i) Import of Raw Materials/ Capital goods	3744.24	7261.83
ii) Commission on Exports	33.42	12.84
iii) Sales Promotion	42.44	16.73
iv) Others	88.81	62.28
Total	3908.91	7353.68
II. EARNED (₹ in lacs)		
i) Exports at F.O.B. Value	3986.48	3040.01
ii) Reimbursement of Freight and insurance	63.34	88.57
iii) Indirect Exports	1299.21	1027.76
Total	5349.03	4156.34

For and on Behalf of the Board of Directors

VINOD PODDAR
Chairman & Managing Director

Place : Mumbai

Dated : 28th May' 2012

to Directors' Report

ANNEXURE - III TO DIRECTORS' REPORT 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

Corporate Governance is a reflection of our policies, culture and relationship with shareholders, employees, customers, suppliers and diverse stakeholders.

The Company has embedded the best corporate governance practices in its day to day operation and aimed to build trust with all the stakeholders.

The Company's corporate governance philosophy consists mainly of transparency, equity, integrity and environmental duty that conform and adheres to all the relevant and applicable laws. The Company is preserving and maintaining good corporate governance practices and its primary objects is to create and adhere to transparency and professionalism in all activities to ensure high standard of ethics in all its business activities.

We have tried to blend growth and efficiency with governance and ethics. Our Board of Directors guided by the mission statement, formulate strategies and policies having focus on optimizing value for various stakeholders like consumers, shareholders and the society at large. The Company has a sound Corporate Governance Mechanism in place.

II. Board of Directors

a) Composition of Board :

At present there are six Directors on the Board of the Company and the composition of the Board is in consonance with clause 49 of the Listing Agreement. The Company has a Managing Director, an Executive Director, Whole time Director and three Non-Executive Independent Directors. The Non- Executive Directors are professionals, drawn from amongst persons with experience in business & industry, finance and law.

b) Number of Board Meetings:

There have been five Board Meetings held during the year as follows-25th May' 2011, 11th August' 2011, 01st October' 2011, 10th November' 2011 & 07th February' 2012.

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 Directorship	Committee Position	
			Board Meeting	Last AGM		Member	Chairman
1	Vinod Poddar	Managing Director	5	Yes	---	--	--
2	Rahul Poddar	Executive Director	1	N.A	--	--	--
3	K.M.Garg	Non-Executive Independent Director	5	Yes	---	--	--
4	S. Dorai Rajan	Non-Executive Independent Director	2	N.A.	--	--	--
5	Umesh Lathi	Whole time Director	5	Yes	--	--	--
6	Sandeep Jhunjhunwala	Non-Executive Independent Director	5	Yes	3	--	--

i. Shri Rahul Poddar has been appointed as an Executive Director of the Company w.e.f. 10th November, 2011.

ii. Shri S.Dorai Rajan has been appointed as Non Executive Independent Director w.e.f.10th November, 2011.

d) Code of Conduct:

The Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the code on annual basis.