

GOVIND RUBBER LIMITED

28th Annual Report 2012-2013

GRL

®

Wheel of progress



LORD GANESH TEMPLE AT LUDHIANA PLANT

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REGISTERED OFFICE :

418, Creative Indl. 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

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 Eighth Annual General Meeting of the Members of Govind Rubber Limited will be held on Wednesday, the 21st August, 2013, 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, 2013 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 Umesh Lathi 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 a Special 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 the Chairman & Managing Director of the Company for a further period of three years w.e.f 01st August' 2013, on the terms and conditions including remuneration as approved by the Board of Directors in its Meeting held on 30th May 2013 and as set out herein below with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and remuneration within the overall limits as 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.

REMUNERATION: (Salary, Perquisites & commission)

- i) Fixed Pay : ₹ 3,50,000/- to ₹ 10,00,000/- per month by way of salary, perquisites and other allowances.
- 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 in respect of himself and his family.
3. Reimbursement of Car Expenses:
Reimbursement of actual car related expense.
4. Club Fees:
Reimbursement of Membership Fee for Clubs in India including admission and Life Membership Fees for maximum upto two clubs.
5. Telephone and Credit Card:
Telephone at Residence, mobile Phone and Credit Card shall be provided.
6. Personal Accident Insurance:
Personal Accident Insurance Policy for an amount, the annual premium of which shall not exceed ₹ 5,00,000/- p.a.
7. 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 the Chairman & Managing Director of the Company.
8. Gratuity:
Gratuity shall be payable at half month's salary for each completed year of service.
9. 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.
10. Gas Supply, Electricity & Other:
Supply of Gas, Electricity and water at the residence of the Chairman & Managing Director and value of the same shall not exceed 25% of the salary.
11. Accommodation:
The Company shall provide for himself and family, a fully furnished accommodation in Mumbai and elsewhere.

Notice



RESOLVED THAT the Company shall reimburse the Chairman & Managing Director all expenses incurred on entertainment, travelling and/or any other expenses incurred and that the same shall not be considered a part of remuneration.

RESOLVED FURTHER THAT in case of loss or inadequacy of profit, the aggregate of monthly remuneration payable to the Chairman & Managing Director inclusive value of perquisites shall not exceed the overall ceiling limits specified under Schedule XIII to the Act, 1956.

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

By order of the Board of Directors

Place: Mumbai

VINOD PODDAR

Date: 30th May' 2013

Chairman & 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.

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 19.08.2013 to 21.08.2013 (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.

- I. Shri Vinod Poddar is the promoter Director of the Company and has been designated as Managing Director since 1988. He has been shouldering overall responsibilities of the Company and putting tireless

efforts for the growth of the Company. His term as a Chairman & Managing Director of the Company expires on 31st July' 2013 and the Board in its Meeting held on 30th May' 2013 considered his reappointment as a Chairman & Managing Director for further three years with effect from 01st August' 2013.

- II. Shri Umesh Lathi is retiring by rotation and is eligible for re appointment, has offered himself for reappointment. His attendance record in the Board/ General Meeting during the year under review is given in this Report. Shri Umesh Lathi is a Whole Time Director of the Company since 2007. Shri Umesh Lathi is associated with the Company since 2004 and having experience of 24 years in all business verticals. He is a Chartered Accountant by profession and looks after all day to day commercial, finance and strategic value creation activities into the Company. He is a member of Audit Committee as well as shareholders grievance committee.

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 of the accompanying Notice set out hereinabove is as under;

Item No. 4

On the expiry of term of Shri Vinod Poddar as the Chairman & Managing Director on 31st July, 2013, the Board of Directors at its Meeting held on 30th May, 2013 reappointed him as the Chairman & Managing Director for further period of three years w.e.f. 01.08.2013 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 the Chairman & 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 Board recommends that the Resolution be passed.

In terms of the requirements as per sub Clause (iv) of the proviso to sub-paragraph (B) of paragraph (1) of Section- II, part-II of Schedule XIII to the Act, the information is as furnished below.

I. General Information:

1) Nature of industry:

Manufacturing of bicycle tyres & tubes. Auto tyres & tubes.

Notice



2) **Date of commencement of commercial production:**
Not Applicable.

3) **In case of new Company, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not Applicable.

4) **Financial performance based on given indicators:**
Turnover of the Company for the year ended 31st March, 2013 stood at ₹ 40930 lacs and net profit after tax arrived at ₹ 156.04 lacs.

5) **Export Performance and net foreign exchange collaboration:**

Export at FOB Value: ₹ 6044.44 lacs

6) **Foreign investors or collaboration, if any:**
No.

II. INFORMATION ABOUT THE APPOINTEE:

1) **Back ground details:**

Shri Vinod Poddar is the Chairman & Managing Director of the Company at present. He has been with the Company since its inception. He is a commerce graduate and has developed his techno commercial acumen in initial years of his career while working with his father late Shri Mahabirprasad Poddar. He has extensively travelled across the globe and gained wide experience by having close knit with world class manufacturers.

2) **Past Remuneration:**

₹ 3,50,000 per month.

3) **Recognition or awards:**

He is the member of Board of Europe India Chamber of Commerce.

4) **Job profile and his suitability:**

He has been shouldering overall responsibility of the Company and putting all best possible efforts for the growth of the Company by using his expertise in the manufacturing field for years.

5) **Remuneration proposed:**

Remuneration proposed and to be paid is 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

Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

We are paying remuneration as prescribed by the Act and which commensurate with industry standards.

7) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:**

Promoter Director of the Company holding 6.92 % shares in the Company singly and 53.84 % shares as promoter group.

III. OTHER INFORMATION:

1) **Reasons of loss or inadequate profits:**

The increased raw material cost and high finance cost was the major contributor of inadequate profits.

2) **Steps taken or proposed to be taken for improvement:**

New avenues of Business and improving sales on high contributing segments, achieving higher economic scale of operations and increasing width and depth of the market will be the major contributor to increase profitability.

3) **Expected increase in productivity and profits in measurable terms:**

It cannot be quantified at present, however efforts are on towards better profitability by putting above strategic thought process in place.

The proposal set out in item no. 4 of the Notice is placed for consideration and approval of Members by way of Special Resolution.

None of the Directors other than Shri Vinod Poddar and Shri Rahul Poddar being son of Shri Vinod Poddar are concerned or interested in the resolution.

By order of the Board of Directors

Place: Mumbai

VINOD PODDAR

Date: 30th May, 2013

Chairman & Managing Director

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



DIRECTORS' REPORT MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Your Directors are pleased to present the 28th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS:

| | 2012-2013 | 2011-2012 |
|--|--------------|--------------|
| | ₹ In Lacs | |
| Sales and Operational Income (Gross) | 42942 | 35535 |
| Other Income | 107 | 480 |
| TOTAL INCOME | 43049 | 36015 |
| Gross Profit | 494 | 889 |
| Depreciation | 288 | 288 |
| Profit before Tax | 206 | 601 |
| Deferred Tax / (Liabilities) | (48) | (499) |
| Tax Expenses | 2 | (1) |
| Profit after Tax | 156 | 1101 |
| Balance brought forward | (3159) | (4270) |
| Balance carried forward to Balance Sheet | (3013) | (3169) |

In view of inadequacy of profit, no dividend has been recommended by the Board of Directors for the year 2012-2013.

OPERATIONS :

Your Company has achieved a Gross Turnover and Operational Income of ₹42942 lacs as compared to ₹35535 lacs in the previous year with a growth of 20.84% over last year. The gross profit is ₹494 lacs as compared to ₹ 889 lacs in the previous year. The net profit for the year stood at ₹156 lacs as compared to ₹ 1101 lacs in the previous year.

OUTLOOK FOR THE CURRENT YEAR 2013-2014:

Your Company is expanding its wings into Domestic market by reaching to end consumer and retailers through various attractive packages. Exports in European market and through our subsidiary is poised to increase in coming years due to high end Bicycle Tyres. Joint Venture has also commenced its production and selling its products into Korea, China and other neighbouring countries. Your Company is also taking measures to improve on customer services by introducing new technology of modern era. The Company has started gaining its market acceptance of Auto Tyres and Tubes into many parts of the country and intends to penetrate its product across India through its wide network. Your Company is undertaking various cost saving measures at plant level by applying modern

methods of optimizing man, machine and material resources.

DIRECTORS:

Shri Umesh Lathi will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself 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, 2013.

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 2013, 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 2013, 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

Directors' Report



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 employees relations continued to be harmonious and congenial. Your manufacturing facilities have conducted training programme such as "The effective Team Management" through bonding relationship. Your Company has celebrated Anti Tobacco day, World Environment day and Leakage Free day for bringing awareness among all associates. Your Company plans for competency mapping, job rotation, customer centric organization as a concept in this 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 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:

1. The information in respect of Subsidiary Company and joint Venture is furnished in Corporate Governance (Annexure-III to the 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 : 30th May, 2013

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, 2013.

| Sr. No. | Name of Employee | Age | Designation | Remuneration | Qualification & Experience In yrs. | Date of Commencement of Employment | Particulars of last Employ ment 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 Director

VINOD PODDAR

Chairman & Managing Director

Place : Mumbai

Dated : 30th May, 2013

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:

- Rice-husk is being used to reduce consumption of Coal for which special purpose boilers have been installed.
- Maximum demand of Electricity is being reduced by evenly distributing the loads throughout the day and increasing efficiency of Plants & Equipments.
- Conversion of Bias Cutter Cutting System from penumatic to electrical type resulted into saving of energy,
- Installation of pressure reducing valves in curing presses conserve energy and improve quality.

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

The use of rice-husk/coal boilers has resulted in an annual savings of about 6600 MT of coal. However, this also depends on quality and cost of rice-husk available.

c) Impact of the measurers 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.

(A) Power & Fuel Consumption :

1) Electricity:

a) Purchased:

| | 2012-2013 | 2011-2012 |
|------------------|--------------|-------------|
| Units | 1,68,21,008 | 1,39,79,817 |
| Total Amount (₹) | 12,01,84,895 | 8,68,57,065 |
| Rate/Unit (₹) | 7.14 | 6.21 |

b) Own Generation

i) Through Diesel Generator:

| | | |
|---------------------------|----------|----------|
| Units | 4,15,004 | 2,33,605 |
| Units per liter of diesel | 2.81 | 2.78 |
| Cost/Unit (₹) | 14.64 | 14.08 |

ii) Through Steam Turbine/Generator

Nil Nil

2) (a) Coal

| | | |
|-----------------|----------|----------|
| Quantity (Kgs.) | 31,299 | 20,650 |
| Amount (₹) | 3,91,175 | 2,71,417 |
| ₹/Kg. | 12.50 | 13.14 |

(b) Rice-Husk

| | | |
|-----------------|-------------|-------------|
| Quantity (Kgs.) | 1,68,30,568 | 1,55,49,437 |
| Amount (₹) | 7,51,05,149 | 5,96,64,647 |
| ₹/Kg. | 4.46 | 3.84 |

(B) Energy Consumption per Unit of Production:

| Sr. Product No. | 2012-2013 | | | 2011-2012 | | |
|-----------------|-------------------|-----------|-------------------------|-------------------|-----------|----------------|
| | Electricity units | Coal Kgs. | Rice-Husk Firewood Kgs. | Electricity Units | Coal Kgs. | Rice-Husk Kgs. |
| 1 Cycle Tyre | 0.68 | 0.001 | 0.839 | 0.67 | 0.001 | 0.736 |
| 2 Cycle Tube | 0.22 | 0.000 | 0.218 | 0.23 | 0.000 | 0.252 |
| 3 Auto Tyres | 2.43 | 0.004 | 2.378 | 2.50 | 0.004 | 2.734 |
| 4 Auto Tubes | 0.35 | 0.001 | 0.344 | 0.36 | 0.001 | 0.389 |

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.**
 - i) The Company has started using cold feed extruder for its butyl Tube Extrusion. This has improved the guage consistency and dimensional stability of Butyl Tubes.
 - ii) The Company has installed two Folding butyl Tire Building Machine for high end tires.
 - iii) The company has REACH/PAH Certification fot its European Exports Tires and Tubes
- 2) **Benefit derived as a result of above Research & Development :**

To stay the best in the industry, the Company in under continuous activities of R&D to make growth in terms of value added product.
- 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.

- III. 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:

| | 2012-2013 | 2011-2012 |
|--|----------------|----------------|
| I. USED (₹ in Lacs) | | |
| i) Import of Raw Materials/Capital goods | 2615.63 | 3744.24 |
| ii) Commission on Exports | 29.18 | 33.42 |
| iii) Sales Promotion | 76.16 | 42.44 |
| iv) Others | 273.37 | 88.81 |
| Total | 2994.34 | 3908.91 |
| II. EARNED (₹ in lacs) | | |
| i) Exports at F.O.B. Value | 5898.42 | 3986.48 |
| ii) Reimbursement of Freight and insurance | 146.82 | 63.34 |
| iii) Indirect Exports | 420.00 | 1299.21 |
| Total | 6464.44 | 5349.03 |

For and on Behalf of the Board of Directors

VINOD PODDAR
Chairman & Managing Director

Place : Mumbai
Dated : 30th May, 2013



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

At GRL Corporate Governance has been a high priority both in letter and in spirit. The Company believes that good Corporate Governance strengthens the investors trust and ensures a long term partnership that helps in Company's objectives. The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. The philosophy is manifested in its operation through exemplary standards of ethical behaviors both within the organization as well as in external relationship.

GRL believe in professional style of management and best business practices. Its core value are based on integrity, respect for the law and compliance thereof, emphasis on product quality and a caring spirit.

GRL believes that good governance generates goodwill among business partners, customers and investors and earns respect from the society at large.

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 seven Board Meetings held during the year as follows-

02nd April' 2012, 28th May' 2012, 14th August' 2012, 27th September' 2012, 12th October' 2012, 06th November' 2012 & 11th February' 2013.

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 Member Chairman |
|---------|----------------------|------------------------------------|---------------|----------|-----------------------|------------------------------------|
| | | | Board Meeting | Last AGM | | |
| 1 | Vinod Poddar | Chairman & Managing Director | 7 | Yes | --- | -- |
| 2 | Rahul Poddar | Executive Director | 6 | Yes | --- | -- |
| 3 | K.M.Garg | Non-Executive Independent Director | 5 | Yes | --- | -- |
| 4 | S.Dorairajan | Independent Director | 3 | Yes | -- | -- |
| 5 | Umesh Lathi | Whole time Director | 7 | Yes | -- | -- |
| 6 | Sandeep Jhunjhunwala | Non-Executive Independent Director | 7 | Yes | 4 | -- |

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.

III. Audit Committee

a) The Audit Committee has been constituted by the Board in accordance with the terms of 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.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post- audit discussion to ascertain any area of concern.