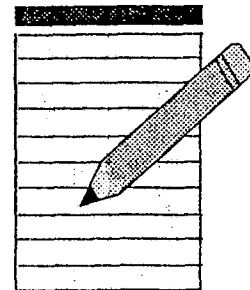


MD			BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHH	✓
YE	✓	✓		

11th Annual Report 1996-97



KANDHARI

BUTYL TUBES

Report  Junction.com

FOR ALL TYRES



KANDHARI RUBBERS LIMITED



Dear Shareholder,

I present copy of Annual Report of your Company for the year 1996-97.

The Political instability, economic slowdown, recessionary conditions especially in cement, steel and automobile industry have badly affected the performance.

The increase in installed capacities and shrink in domestic demand of Tyres & Tubes resulting price competition on increase eroding profitability, management of the Company shifted their focus towards opening up new export avenues as a result of which company marked its presence in more than 30 countries namely in United States of America, Europe, Gulf/Middle East, SAARC and ASEAN regions.

The products of your company are slowly gaining popularity in international markets which is evident by repeat purchases by overseas buyers after trial shipment. It is therefore planned to allocate higher share of production towards exports.

Labour unrest from January '97 turning into total strike w.e.f. March '97 also affected performance of company during the year. Normal working restarted from May '97 onwards.

The registrar of members shall remain closed on 24.12.97. As already informed share transfer job has been entrusted to M/S Computech Int'l Ltd; W-40, Okhla Industrial Area, Phase-II, New Delhi - 110 020. All correspondence in this regards are requested again to be forwarded directly to them.

Thanking you,

Yours faithfully,
for **KANDHARI RUBBERS LIMITED**

(Harish Kandhari)
Managing Director



KANDHARI RUBBERS LIMITED

Regd. Office : 13 -c, Town Hall, Udaipur - 313 001 (India)

Phones : (0294) 524871, 420407, 526741, 413118, Fax : (0294) 522097, 413118, Gram : BUTYL

Delhi Office : I/1, 1st Floor, Lajpat Nagar-III, New Delhi-110 024. Tele./Fax : 6822605



11th Annual Report 1996-97

Board of Directors

Shri Harish Kandhari
Shri Jagdish Kandhari
Prof. S.C. Kuchhal
Shri G.J. Prasad
Shri N.L. Mehrotra
Shri V.K. Ladia
Shri A.I. Mehta
Shri K.L. Arora

Managing Director
Chairman

IFCI Nominee
IDBI Nominee

Auditors

M/s. L.S. Nalwaya & Company
Chartered Accountants
Udaipur (Raj.)

Bankers

State Bank of India
- Nehru Place, New Delhi.
- Hospital Road, Udaipur.

Registered Office

13-C, Town Hall,
Udaipur - 313 001 (Raj.)

Works

N.H.8, Sukher,
Udaipur - 313 001 (Raj.)

REGISTRARS AND SHARE TRANSFER AGENTS

M/s. Computech International Ltd.
(Unit: Kandhari Rubbers Ltd.)
W-40, Okhla Ind. Area
Phase II, New Delhi - 110 020

**NOTICE TO MEMBERS**

Notice is hereby given that the Eleventh Annual General Meeting of the Members of Kandhari Rubbers Limited, will be held on 24.12.1997, Wednesday at 2.30 P.M. at Oriental Palace Resort, Udaipur to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts of the company for the year ended 31st March, 1997 and the report of the directors and auditors thereon.
2. To appoint a director in place of Shri V.K. Ladia who retire by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Shri A.I. Mehta who retire by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. L.S. Nalwaya & Company, Chartered Accountants, Udaipur as Auditors of the Company from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To appoint Sh. Jagdish Kandhari, chairman of the company as whole time Director & to fix his remuneration.

By Order of the Board

Place: Udaipur

Date : 28.11.97

(JAGDISH KANDHARI)
CHAIRMAN

NOTE

1. A member entitled to attend and vote at this meeting is entitled to appoint proxy to attend and vote instead of himself. A proxy need not be a member of the company. The enclosed proxy form, if intended to be used, should reach the Registered office of the company duly completed not less than forty eight hours before the scheduled time of the meeting.
2. The register of members shall remain closed on 24.12.97.

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 5**

At a meeting of the Board of Directors held on 28th Nov. 97, the Board has appointed Sh. Jagdish Kandhari as whole time director on the following remuneration w.e.f. 1st April 1997 :-

- (a) Salary of Rs. 15000/- per month.
- (b) Perquisites in addition to salary will be provided as under:

CATEGORY - A

- (i) Reimbursement of expenses incurred for the appointee & his family, subject to ceiling of one months salary in a year or three months salary in a block of three years.

- (ii) Leave Travel concession for the appointee & his family once in a year incurred in accordance with the rules of the company.

CATEGORY-B

- (iii) Provident Fund :

Not exceeding half a month salary for each completed year of service.

CATEGORY-C

- (iv) Provision of car for use on company's business and telephone at residence. These will not be considered perquisites.

The remuneration aforesaid be paid & perquisites provided as minimum remuneration in the event of loss or inadequacy of profit in any year, subject to such limits as may be prescribed in part - II of the schedule XIII of the companies Act, 1956 from time to time.

The above resolution which is subject to approval of the company is placed before the members for approval.

Except Sh. Jagdish Kandhari, no other Director is concerned or interested in the said resolution.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Eleventh Annual Report together with the audited accounts for the financial year ended 31st March, 1997.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	1996-97	1995-96
Turnover	1013.98	1564.21
Gross Profit	80.24	153.92
Depreciation	57.92	57.43

OPERATIONS

Performance of the Company during the year has not been encouraging. Main reason for lower level sales was over looking of annual purchase contract by domestic buyers & recessionary market conditions particularly in tyre tube industry. Further, labour unrest from January-97 turning into total strike w.e.f. 1st March, 97, also affected turnover & profits.

SKIPING OF DIVIDEND

Considering the future fund requirements, your directors express their inability to recommend any dividend for the year : 1996-97.

PRESENT SCENARIO

Recessionary market conditions are still prevailing in domestic markets which badly affected sales. As such now it is decided to give more thrust on exports. Company has introduced its products in SAARC, ASEAN, APEC, GCC, SOUTH AFRICA, EUROPE, USA AND LATIN AMERICAN COUNTRIES. Quality of the product has been accepted & appreciated in different countries. It is expected that during the current year, export turnover would be more than collective exports made in last two proceeding year.

**PROJECTIONS VS. PERFORMANCE**

DISCLOSURE AS PER CLAUSE 43 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES:

PARTICULARS	PROJECTIONS	PERFORMANCE
CAPACITY UTILISATION	85%	45.85%
SALES	1873.00	1013.98
PROFIT AFTER TAX	168.00	24.00

1. Export Sales of Rs.127.35 Lacs is included in above Sales figures but Rs. 20.62 Lacs towards DEEC Benefits accrued against export made by the Company yet to be received.
2. General economic slow down & recession in tyre tube Industry effected the sales.
3. Labour unrest at plant from the month of Feb.97 turning into total stike w.e.f. 01.03.97. Strike ended on 29.4.97 with execution of tripartite agreement.

DIRECTORS:

In pursuance of the provisions of the Companies Act 1956, and Articles of Association of the Company, Shri V.K.Ladia and Shri A.I.Mehta retire by rotation and being eligible, offer themselves for reappointment. The Board appointed Sh. Jagdish Kandhari as whole time Director of the company w.e.f. April, 1, 1997.

PERSONNEL:

Relations between the management and employees have been cordial. A statement giving particulars of employees pursuant to section 217(2A) of the Companies Act 1956, forming part of the report is attached.

INSURANCE:

All properties of the Company including Building, Plant and Machinery, equipment and other assets wherever necessary and to the extent required have been adequately insured.

AUDITORS:

The auditors M/s. L.S.Nalwaya & Co. Chartered Accountants, Udaipur retire at the ensuing annual general meeting and are eligible for reappointment.

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

The information relating to conservation of Energy, technology absorption and Foreign Exchange Earning and outgo, as required under 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 annexed here-to as Annexure 'A' and forms part of this report.

ACKNOWLEDGEMENT:

The directors acknowledge with thanks the co-operation and support received particularly from the financial

institutions; banks, shareholders, customers and employees of the company.

for & on behalf of the Board

Place: Udaipur
Date: 28.11.97

(JAGDISH KANDHARI)
CHAIRMAN

ANNEXURE 'A' TO THE DIRECTORS REPORT DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

POWER AND FUEL CONSUMPTION.	Current Year 1996-97	Previous Year. 1995-96
1. Electricity. Purchased Units	1196742	1431300
Total amount (Rs. in Lacs)	38.47	34.58
Cost/Unit	3.21	2.42

Own Generation:

(i) Through diesel generator Units	395340	155020
Unit per ltr.	3.30	3.30
Cost/Unit	2.60	2.38

(ii) Through Steam turbine/Generator Units	-	-
Units per Ltr. of oil/gas Cos. units.	-	-

2. Coal Quantity (tonnes)	-	-
Total Cost	-	-
Average Rate	-	-

3. LDO Quantity (K.Ltrs.)	166.00	166.00
Total amount (Rs.lacs)	12.53	10.61
Average rate (per ltr.)	7.55	6.40

4. Others/internal generation (Please give details) Quantity	-	-
Total Cost	-	-
Average rate -	-	-

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPEMENT (R&D)**1. Research and Development:**

(a) Specific areas in which R & D carried out:
R & D has been continuously carried out for design and development of different sizes of tubes and flaps through