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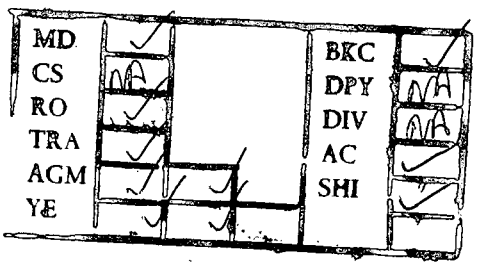
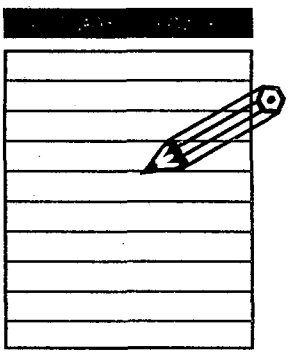
12th Annual Report
1997-98





KANDHARI
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FOR ALL TYRES

KANDHARI RUBBERS LIMITED

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KANDHARI RUBBERS LIMITED

12th Annual Report 1997-98

Board of Directors

Shri Harish Kandhari	Managing Director
Shri Jagdish Kandhari	Chairman
Prof. S.C. Kuchhal	
Shri N.L. Mehrotra	IDBI Nominee
Shri V.K. Ladia	
Shri A. I. Mehta	
Shri K.L. Arora	

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 - 11 0 020

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NOTICE TO MEMBERS

Notice is hereby given that the Tewelth Annual General Meeting of the Members of Kandhari Rubbers Limited, will be held on 30.09.1998 Wednesday at 3.00 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,1998 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Prof.S.C.Kuchhal who retire by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri K.L.Arora 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 consider and, if thought fit, to pass with or without modifications, the following resolution as a special Resolution:-

   "RESOLVED THAT in anticipation of the provisions likely to be incorporated in the Companies Act, 1956 by its amendments, re-enactments or in any other manner, consent of the Company be and is hereby accorded in favour of the Board of Directors to purchase upto 10% of Company's fully paid-up shares from the secondary market or in any other manner as might be legally prescribed or considered by it appropriate out of the free reserves of the company".

   "RESOLVED FURTHER THAT the consent herein above shall be construed to be the consent pursuant to the enabling provisions likely to be incorporated in the Companies Act,1956, in whatever manner by amendment, re-enactment etc. thereof and no subsequent fresh approval of the Company in the general Meeting shall be necessary."

   "RESOLVED FURTHER THAT the paid up capital of the Company shall stand reduced to the extent of the face value of the shares purchased by the Company."

   "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all necessary steps for acquiring the Company's own shares as authorised herein above and comply with the provisions of the Companies Act, 1956 including amendments and/ or re-enactments thereof and the relevant rules as may be prescribed by the Central Government for the purpose."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a special Resolution :-

   "RESOLVED THAT the consent of the company be and is hereby accorded to the Board of Directors of the Company, subject however, to the Consent/ approval of the concerned stock exchanges, the Securities And Exchange Board of India and other Government/Semi Government authorities as may be required under the applicable laws, rules and regulations in force from time to time, to make requisite applications and to take all other requisite decisions and actions for the purpose of de-listing of the Company's equity shares with the Stock Exchanges at Delhi & Ahmedabad.

By order of the Board

Place : Udaipur
Date : 01-09-98

(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 30.09.98.
3. Members desirous of getting any information about the accounts & operations of the Company are requested to address their query at the Registered address well in advance at least seven days before the date of the meeting to enable the Management to keep the information required readily available at the meeting.
4. Members who are holding shares in identical order of names in more than one folio, are requested to write to our share transfer agent to consolidate their holding in one folio.
5. Members are requested to notify change in address, if any, immediately to our share transfer agent quoting their folio numbers.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No 5.

The Companies Bill, 1997 introduced in the Rajya Sabha by Government authorises the Companies to buy back

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their own shares. For the obvious advantages, the Board recommends purchase of Company's shares to the extent of 10% of its paid-up capital at the prevailing market price. It would be in the interest of the Company to do so for the following consideration

i) With the reduction in the paid-up capital on account of purchase of its own shares, the book value of the shares of the Company would go up.

ii) Earning per share shall improve.

iii) Dividend will accure on reduced capital
None of the Directors is interested in the said resolution.

Item No.6

The Company's Equity Shares are presently listed at four Stock Exchanges at Mumbai, Delhi, Ahmedabad and Jaipur- but the trading in the said shares is almost negligible at the Stock Exchanges at Delhi & Ahmedabad since last two years. Therefore, your Board strongly recommends that the Equity Shares of the Company at these two Stock Exchanges at Delhi & Ahmedabad should be de- listed.

For the purpose of voluntary de-listing of the Company's shares, the Company's required to obtain specific prior approval of the Members of the Company by way of Special Resolution pursuant to the Circular no.SMDRP/CIR-14/98 dated 29.4.1998 issued by securities and exchange Board of India.

None of the Directore is interested in the said resolution.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Tewelth Annual Report together with the audited accounts for the financial year ended 31st March,1998.

FINANCIAL RESULTS	(Rs. in Lacs)	
	1997-98	1996-97
Turnover	575.32	1013.98
Gross Profit/(Loss)	(90.69)	80.24
Depreciation	37.89	57.92

OPERATIONS OF LAST YEAR:

Labour Unrest that started last year prevailed throughout the year inspite of favourable arbitration by the office of the labour commissioner, Govt. of Rajasthan. The production suffered badly resulting in low turnover of Rs. 575.32 lacs against turnover of Rs. 1564 lacs during the year 1995-96.

Economic recession especially in steel, cement and transport industry was another main reason effecting the results.

SKIPING OF DIVIDEND:

Considering the working results for the year under consideration, directors express their inability to recommend any dividend for the year 1997-98.

PRESENT SCENARIO :

The performance of Indian economy in the year 1997-98 has been dismal. Industrial production slumped to four percent, Export growth deteriorated. The money crises made Indian industry pass through a tough time, hit by demand recession domestically & cheap Imports from overseas. Automobile industry was one of the worst effected making tyre tube industry receive negative demand growth period.

PROJECTIONS VS PERFORMANCE

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

PARTICULARS	PROJECTIONS	PERFORMANCE
CAPACITY UTILISATION	85%	40%
SALES (Rs. in Lacs)	1873.00	575.32
PROFIT BEFORE -TAX (Rs. in Lacs)	16.00	(237.26)

1. Export Sales of Rs.260.10 Lacs included in above Sales figures. Rs.76.68 Lacs towards DEEC Benefits accured against exports made by the Company-yet to be availed.
2. General economic slow down & recession in tyre/tube Industry effected the sales, resulting into total work suspension.

DIRECTORS:

In pursuance of the provisions of the Companies Act,1956, and Articles of Association of the Company, Prof. S.C.Kuchhal & Shri K.L.Arora retire by rotation and being eligible offer themselves for reappointment.

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.

INDUSTRIAL RELATIONS :

Industrial relations during the Year under consideration have not been cordial. Overlooking the Tri portiate agreement, workmen resorted to acts of indiscipline like go slow & work to rule on several occasions by raising illegal demand of recognising another union. Work/production was completely suspended w.e.f. Dec. 2'97 until April'98.

AUDITORS:

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

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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 form part of this report.

ACKNOWLEDGEMENT:

The Directors acknowledge with thanks the co-operation and support received particularly from the financial institutions; viz. IFCI, IDBI, ICICI, State Bank of India, shareholders, customers and employees of the company.

for & on behalf of the Board

Place : Udaipur (JAGDISH KANDHARI)
Date : 01-09-98 CHAIRMAN

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

POWER AND FUEL CONSUMPTION.	Current Year 1997-98	Previous Year 1996-97
1. Electricity Purchased		
Units	663690	1196742
Total amount (Rs. in Lacs)	32.21	38.47
Cost/Unit	4.85	3.21
Own Generation :		
(i) Through diesel generator		
Units	159060	395340
Unit per Ltr.	3.30	3.30
Cost/Unit	2.89	2.60
(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.)	119.00	166.00
Total amount (Rs.lacs)	9.64	12.53
Average rate (per Ltr.)	8.10	7.55
4. Other/internal generation		
(Please give details)		
Quantity	-	-
Total Cost	-	-
Average rate	-	-

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (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 evolvement of alternative raw material mix with an eye on improvement of performance of the Products and reduction in production cost.

(b) Benefits derived as a result of the above R & D :

Addition to the Product range enabled coverage of the entire range of product. Cost reduction and improvement in product quality has been possible thereby resulting in customer satisfaction.

(c) Future Plan of action:

To further maintain and try to enhance the product quality and reduce cost of production with the ever increase in volume of production through higher R&D effort. Also at the same time add new products.

(d) Expenditure on R & D :

Charged under Primary heads of accounts.

2. Technology Absorption, Adoption and Innovation :

(a) Efforts made towards technology Absorption, Adoption and Innovation :

All the machines at the unit have been procured indigenously and qualified key operating technical personnel were recruited.

(b) Benefits derived as a result of the above efforts :

Production on all machines have been established. Particularly mother Plant worked upto 40% capacity. Good quality tubes could be produced due to these efforts.

(c) Particulars related to imported technology :

All machines Procured are indigenously built.

3. Foreign Exchange earning and outgo :

(Rs. in Lacs)

	Current Year	Previous year
(a) Earnings	260.10	127.35
(b) outgo by way of import of raw material not available indigenously.	86.14	235.54

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