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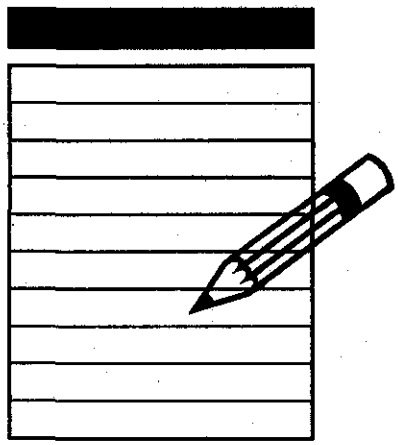
13th Annual Report
1998-99



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KANDHARI RUBBERS LIMITED

13th Annual Report
1998-99

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 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 - 110 020

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NOTICE TO MEMBERS

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of Kandhari Rubbers Limited, will be held on 30.09.1999 Thursday 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, 1999 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. V.K.Ladia who retire by rotation and being eligible offers himself for reappointment.
3. 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.

For and on behalf of the Board

Place : Udaipur
Date : 06.09.99

(JAGDISH KANDHARI)
Chariman

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 30.09.99.
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 holdings in one folio.
5. Members are requested to notify change in address, if any, immediately to our share transfer agent quoting their folio numbers.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Thirteenth Annual Report together with the audited accounts for the financial year ended 31st March, 1999.

FINANCIAL RESULTS

(Rs. in Lacs)

	1998-99	1997-98
Turnover	401.67	575.32
Gross Profit/(Loss)	(14.11)	(86.86)
Depreciation	--	37.89

OPERATIONS OF LAST YEAR :

Labour unrest continued for the first quarter during which production remained suspended.

From the month of July, 98 with the help of contract labour the production activities could be started. However, due to rising losses the liquid resources eroded compelling plant operations at very low capacity. Turnover decreased to Rs. 401.67 lacs resulting in further losses consequent to which dividend skipped.

PRESENT SCENARIO :

During current year company carries good marketing prospects. It has been awarded Trial Rate Contract by Association of State Transport Undertakings as also increase in order quantities by institutional buyers.

PROJECTIONS VS. PERFORMANCE :

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

Particulars	Projections	Performance
Capacity Utilisation	85%	18%
Sales (Rs. in lacs)	1873.00	401.67
Profit Before Tax (Rs. in lacs)	168.00	(120.17)

1. Export Sales of Rs. 60.41 lacs included in above sales. Rs. 39.41 lacs towards DEEC Benefits accured against exports yet to be availed.

2. Labour unrest, general economic slow down & recession in automobile industry were the key reasons for low performance.

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DIRECTORS :

In pursuance of the provisions of the Companies Act, 1956, and Articles of Association of the Company, Shri V.K. Ladia retire by rotation and being eligible, offer himself for reappointment.

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 Tripartiate agreement workmen had resorted to acts of indiscipline like go slow & work to rule on several occasions by raising illegal demand of recognising another union. Production continues to be effected during the first quarter of the year.

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 hereto as Annexure 'A' and form part of this report.

ACKNOWLEDGEMENT :

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

For and on behalf of the Board

Place : Udaipur **(JAGDISH KANDHARI)**
Date : 06.09.99 Chairman

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

POWER AND FUEL CONSUMPTION

	Current Year 1998-99	Previous Year 1997-98
1. Electricity Purchased		
Units	708732	663690
Total amount (Rs. in lacs)	29.90	32.21
Cost/Unit	4.22	4.85
Own Generation :		
(i) Through Diesel generator		
Units	177870	159060
Unit per ltr.	3.30	3.30
Cost/Unit	3.22	2.89
(ii) Through steam turbine / Generator	–	–
Units	–	–
Unit per ltr. of oil/gas	–	–
Cost/Units	–	–
2. Coal	–	–
Quantity (tonnes)	–	–
Total Cost	–	–
Average Rate	–	–
3. LDO		
Quantity (K. ltrs.)	112.00	119.00
Total amount (Rs. in lacs)	9.25	9.64
Average Rate (per ltr.)	8.26	8.10
4. Others/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 better customer response . Cost reduction and improvement in product

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quality has been possible thereby resulting in increased product acceptance.

(c) Future plan of action :
To further maintain and try to enhance the product quality and reduce cost of production with the increase in volume of production through higher R&D effort. Also addition of new products/sizes.

(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 indigeneously and qualified key operating technical personnel recruited.

(b) Benefits derived as a result of the above efforts :
Production on all machines have been established. Good quality tubes could be produced due to these efforts.

(c) Particulars related to imported technology :
All machines procured are indigeneously built.

3. Foreign exchange earning and outgo :

(Rs. in lacs)

	Current Year 1998-99	Previous Year 1997-98
(a) Earnings	60.41	260.10
(b) Outgo by way of import of raw material not available indigeneously	40.50	86.14

STATEMENT CONTAINING PARTICULARS OF EMPLOYEES REFERRED TO IN THE DIRECTORS REPORT PERSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 FOR THE 12 MONTHS ENDED 31ST MARCH, 1999 AND FORMING PART THEREOF -

S. No.	Name	Age Yrs.	Designation & Nature of duties	Remuneration received	Qualification and experience	Date of commencement of employment	Last employment & Designation
A.	Employed throughout the year under review and were in receipt of remuneration aggregating to not less than Rs. 6,00,000/-.						
				NIL			
B.	Employed for the part of the year under review and were in receipt of remuneration of Rs. 50000/- per month or more during the year.						
				NIL			

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