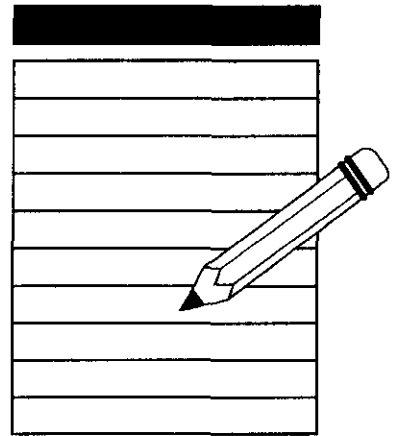


14th Annual Report
1999-2000



KANDHARI
BUTYL TUBES

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FOR ALL TYRES



KANDHARI RUBBERS LIMITED

Board of Directors

Shri Harish Kandhari	Managing Director
Shri Jagdish Kandhari	Chairman
Prof. S.C. Kuchhal	
Shri K.L. Arora	
Dr. J.D. Chougule	IFCI Nominee
Shri G.S. Bhagia	
Shri G.R. Muthreja	

Auditors

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

Bankers

State Bank of India
- Nehru Place, New Delhi.
- Commercial Branch, Ridhi Sidhi Complex,
Modhuvan, 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 - 110 021)

34530


KANDHARI RUBBERS LIMITED

folio numbers.

DIRECTOR'S REPORT TO THE SHARE HOLDERS

The Directors have pleasure in presenting the Fourteenth Annual Report together with the audited accounts for the financial year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	1999-2000	1998-99
Turn over	492.54	401.67
Gross Profit/(Loss)	(3.92)	(14.11)
Depreciation	-	-

Pursuant to prolonged labour unrest coupled with economic slow down & severe unending recession in Automobile industry effected badly the financials of the company and resulted into erosion of its Peak Net worth by more than fifty percent making it a Potentially Sick Industrial company required to be reported to BIFR under section 23(1) of the Sick Industrial companies (Special Provisions) Act, 1985.

OPERATIONS OF LAST YEAR :

Turn over for the year ended 31.03.2000 has been Rs. 492.54 lacs showing a very marginal increase as compared to previous year.

Company continue to face liquidity problem which arose initially due to prolonged labour unrest & later on due to mounting losses that restricted capacity utilisation to around 18% only.

PRESENT SCENARIO :

During current year company carries good orders & marketing prospects. Negotiation with OE's is in advanced stage.

PROJECTIONS VS. PERFORMANCE :**DISCLOSURE AS PER CLAUSE 43 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES :**

Particulars	Projections	Performance
CAPACITY	85%	17%
UTILISATION		
SALES (Rs. in Lacs)	1873.00	492.54
PROFIT BEFORE TAX (Rs. in Lacs)	168.00	(141.30)

NOTICE TO MEMBERS

Notice is hereby given that Fourteenth Annual General Meeting of the Members of Kandhari Rubbers Limited, will be held on 29.12.2000, Friday at 3.30 P.M. at Oriental Palace Resort, Udaipur to transact the following business.

ORDINARY BUSINESS :-

- To receive, consider and adopt the audited accounts of the company for the year ended 31st March, 2000 with erosion in net worth and the report of the Directors and Auditors thereon.
- To approve appointment of additional Director Sh. G.S. Bhagia.
- To approve appointment of additional Director Sh. G.R. Muthreja.
- To take note of appointment of Nominee Director Dr. J.D. Chougule by IFCI.
- 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 & on behalf of the Board

Place : Udaipur
Date : 06.11.2000

(JAGDISH KANDHARI)
CHAIRMAN

NOTE :

- 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.
- The register of members shall remain closed on 29.12.2000.
- 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.
- 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.
- Members are requested to notify change in address, if any, immediately to our share transfer agent quoting their


KANDHARI RUBBERS LIMITED
ANNEXURE 'A' TO THE DIRECTORS REPORT DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :
POWER AND FUEL CONSUMPTION

	Current Year 1999-2000	Previous Year 1998-99
1. Electricity		
Purchased		
Units	700212	708732
Total amount (Rs. in Lacs)	30.12	29.90
Cost/Unit	4.30	4.22
Own Generation :		
(i) Through Diesel generator		
Units	213840	177870
Unit per Ltr.	3.30	3.30
Cost/Unit	3.89	3.22
(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.)	108.00	112.00
Total amount (Rs. in Lacs)	11.05	9.25
Average Rate (per Ltr.)	10.23	8.26
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 involvement of alternative raw material mix with an eye on improvement of performance of the products and reduction in production cost.

1. Export Sales fo Rs. 105.33 Lacs included in above Sales.
2. Lack of liquid resource, general economic slow down & Excess capacity built up in Tyre industry were the key reasons for low performance.
3. Restructuring/ Revival plan under consideration of financial institutions.

DIRECTORS :

In pursuance of the provisions of the Companies Act, 1956, and Articles of Association of the Company, Prof. S.C. Kuchhal retire by rotation and being eligible, offer himself for reappointment.

Board in its meeting held on 29th July 2000 appointed Sh. G.S. Bhagia & Sh. G.R. Muthreja as additional Director. Their appointment as director requires approval by Members in general meeting.

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 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.

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 fo 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 & on behalf of the Board

Place : Udaipur
Date : 06.11.2000

(JAGDISH KANDHARI)
CHAIRMAN


KANDHARI RUBBERS LIMITED

(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 quality has been possible thereby resulting in increased product acceptance.

(c) Futrue 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 1999-2000	Previous Year 1998-99
(a) Earnings	105.33	60.41
(b) Outgo by way of import of raw material not available indigeneously	78.00	40.50

STATEMENT CONTAINING PARTICULARS OF EMPLOYEES REFERRED TO IN THE DIRECTORS REPORT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 FOR THE 12 MONTHS ENDED 31ST MARCH, 2000 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 & Desigantion
A.	Employed through-out 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			