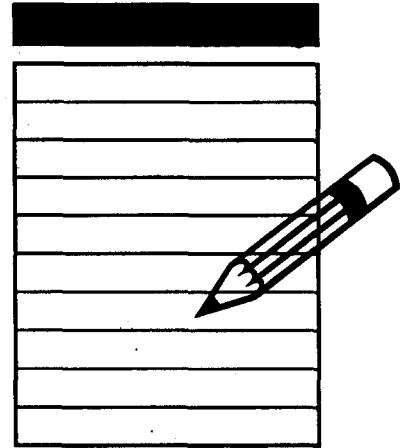


**18th Annual Report  
2003-2004**



**KANDHARI**

**BUTYL TUBES**

**FOR ALL TYRES**



**KANDHARI RUBBERS LIMITED**

 **KANDHARI RUBBERS LIMITED**

**18th Annual Report  
2003-2004**

**Board of Directors**

Shri Harish Kandhari  
Shri Manoj Kandhari  
Shri K.L. Arora  
Shri G.S. Bhagia  
Shri G.R. Muthreja

Chairman Cum Managing Director  
Director

**Auditors**

M/s. L.S. Nalwaya & Company  
Chartered Accountants  
Udaipur (Raj.) - 313 004

**Bankers**

State Bank of India  
- Nehru Place, New Delhi.  
- Commercial Branch, Ridhi Sidhi Complex,  
Madhuvan, Udaipur - 313 001

**Registered Office**

N.H. 8, Industrial Area, Sukher  
Udaipur - 313 004 (Raj.)

**Works**

N.H. 8, Industrial Area, Sukher  
Udaipur - 313 004 (Raj.)

**REGISTRARS AND SHARE TRANSFER AGENTS**

M/s. MCS Limited  
(Unit : Kandhari Rubbers Ltd.)  
Shri Venkatesh Bhawan,  
W-40, Okhla Industrial Area, Phase - II,  
New Delhi - 110 020

 **KANDHARI RUBBERS LIMITED**
**NOTICE TO MEMBERS :**

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Kandhari Rubbers limited, will be held on The 31st December, 2004 at 4.00 P.M. at works of Kandhari Rubbers Limited, N.H.-8, Sukher Industrial Area, Sukher, Udaipur - 313004 to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 and the profit & Loss account for the year ended on that date together with the report of the Directors and auditors thereon.
2. To appoint a director in place of shri G.R. Muthereja who retire by rotation.
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.

**SPECIAL BUSINESS :**

4. To consider & if thought fit, to pass, with or without modification(s) the following resolutions as a special resolution:

"RESOLVED THAT pursuant to provisions of section 293(1)(a) and other applicable provisions, if, any of the Companies Act, 1956 and subject to consent of the lending banks and financial institutions the consent of the Company be & is hereby accorded to the Board of directors to sell or otherwise dispose off the Companies surplus Land and Plant & Machinery situated at works of the Company N. H.-8 Sukher Industrial Area, Sukher Udaipur and the board of directors be & is hereby authorised to negotiate and determine with prospective buyer the conditions, the terms of payment and other conditions as may be beneficial to the Company and to do all such acts deeds, formalities and things as they may, in the exercise of their absolute discretion, consider necessary, expedient and desirable in the best interest of the Company to repay the OTS amount to the lending bank and financial institutions."

5. To consider & if thought fit, to pass, with or without modification(s) the following resolutions as a special resolution:

"RESOLVED THAT consent of the Member be & is hereby accorded in pursuance to de-listing guidance issued by SEBI for de-listing of Company's Equity Shares from Jaipur stock exchange, Jaipur, the stock exchange, Ahmedabad and Delhi stock exchange Association Ltd, Delhi.

"FURTHER RESOLVED THAT the Board of directors of the Company be & is hereby authorised to take all such steps for de-listing of Company's equity shares from Jaipur, Delhi and Ahmedabad stock exchanges inter alia including submission of application, providing exit offer to the shareholders or any other act as may be deemed necessary and expedient in this regard and in the interest of the Company."

6. To consider & if thought fit, to pass with or without modification(s) as an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and other applicable provision, if any, of the companies Act, 1956 read with schedule XIII of the said Act, and subject to such other approvals and consents as may be necessary, Shri Harish Kandhari, be & is hereby re-appointed as Managing Director of the Company with effect from 10.08.2004 for a period of five years i.e. up to 09.08.2009. He will be responsible for overall supervision and control of the day to day affairs of the Company and exercise of the powers under the superintendence, control and directions of the Board. He shall be paid following remuneration.

1. Salary : Rs 20000-10000-60000 per month including dearness allowances.
2. Perks:
  - (i) Gratuity : Payable at the rate not exceeding half month salary for each completed year of service.
  - (ii) Encashment of leave at the end of the tenure, and
  - (iii) P.F. contribution

"RESOLVED FURTHER THAT all other benefits of category "A" and category "B" will remain applicable same as mentioned in the resolution passed in AGM held on 30th Sept., 1996."

**Minimum Remuneration :**

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of his tenure, the Company has no profit or its profits are inadequate, the company will pay salary and perquisites as specified above as minimum remuneration in accordance with provisions of of section II part II of schedule XIII to the Companies Act, 1956.

By order of the Board

Place: Udaipur

Date : 27.11.2004

**(Manoj Kandhari)**  
Director

## KANDHARI RUBBERS LIMITED

### NOTES :

- 1 A member entitled to attend & vote at this meeting is entitled to appoint a proxy to attend & vote instead of himself. A proxy need not be a member of 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 scheduled time of the meeting.
- 2 The register of members and share transfer book of the company will remain closed on 31.12.2004.
- 3 Members desirous of getting any information about the accounts & operation 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.

### DIRECTOR'S REPORT TO THE SHARE HOLDERS :

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Accounts for the financial year 31st March, 2004.

### FINANCIAL RESULTS :

	( Rs.in Lacs )	
	<u>2003-2004</u>	<u>2002-2003</u>
1. Sales	106.47	136.03
2. Gross Profit /(Loss)	(25.92)	(73.17)
Export Sales of Rs56.86 Lacs (Previous Year Rs 50.63 lacs.) included in above turn over.		

Production activity remained suspended after July 2003.

Under directions of Hon'BIFR, IFCI appointed as operating Agency (OA) u/s 16(2) of the Sick Industrial Companies (Special Provisions) Act, 1985 got conducted Special Investigation Audit (SIA) through an Independent and reputed firm of Chartered Accountants and submitted report to the Board.

### DIRECTORS :

In pursuance of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Sh. G.R.Muthreja, retire by rotation.

### INSURANCE :

All properties of the company including Building, Plant &

Machinery, Equipment & other Assets, wherever necessary and to the extent required have been adequately insured.

### INDUSTRIAL RELATION :

Industrial relations during the year under consideration have been cordial. The Management will always value & cherish the devotion & commitment demonstrated by loyal employees at all levels.

### PARTICULARS OF EMPLOYEE :

The Company has no employees whose salary exceeds the limit prescribed under the section 217(2A), of the companies Act, 1956. Hence information required to be given under the said section read with Companies (Particulars of Employees) Rules, 1975 as amended w.e.f. April 17, 2002 has not been provided in this report.

### DIRECTOR'S RESPONSIBILITY STATEMENT:

As required under section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

1. In preparation of the Annual Accounts, applicable accounting standard have been followed with proper disclosure of any departure.
2. The accounting policies are consistently applied and reasonable, prudent judgment and estimate are made so as to give a true and fair view of the state of affairs of the company at the end of financial year .
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the said Act for safe guarding the assets of the Company and for preventing and deducting fraud and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.

### CORPORATE GOVERNANCE :

Pursuant to clause 49 of listing agreement with the Stock Exchanges, Management Discussion & Analysis, Corporate governance Report and Auditor's Certificate regarding compliance of the conditions of Corporate Governance are made a part of this Annual Report.

### LISTING :

The equity shares of the Company are at present listed with the Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad, The Stock Exchange, Jaipur, Delhi Stock Exchange Association Limited, New Delhi .

 **KANDHARI RUBBERS LIMITED**
**AUDITORS :**

The auditors M/s L.S.Nalwaya & Co. Chartered Accountants, Udaipur retire at the ensuing Annual General Meeting and are eligible for re-appointment. The observations of auditors in their report on accounts read with the relevant notes are self-explanatory.

**SALE OF SURPLUS LAND AND PLANT & MACHINERY :**

The Company is negotiating with lending bank & FI's to clear their dues through one time settlement scheme (OTS). The Board has decided to sale surplus Land and Plant & Machinery, subject to approval of members.

**DELISTING :**

The Company wants to de-list its shares from Jaipur, Delhi & Ahmedabad stock exchanges under voluntary de-listing guidelines of SEBI, subject to approval of members.

**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 and forms part of the report.

**ACKNOWLEDGEMENT :**

The Directors wish to place on record their appreciation for the co-operation received from share holders, valued customers, and deeply appreciate the commitment and dedication of employees at all levels.

For & on behalf of the Board

Place: Udaipur

Date: 27.11.2004

( **Manoj Kandhari** )

Director

**ANNEXURES TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2004 :**

Information in accordance with section 217(1)(e) of the Companies Act, 1956 read with Companies ( Disclosure of particulars in the report of Board of Directors ) , Rules 1988 and forming part of Director's Report :

1. Conservation of Energy : The Company is making all round efforts for conservation of energy. To reduce the cost energy efficient equipments were used and the effect of the same has been felt. Total energy consumption per unit of production as prescribed in form 'A' .

**POWER AND FUEL CONSUMPTION :**

	CURRENT YEAR 2003-04	PREVIOUS YEAR 2002-03
1 Electricity		
a) PURCHASED	N.A.	N.A.
Units		
Total amounts (in lac)		
Cost/unit (in Rs)		
b) Own generation		
Through Diesel Generator	5.23	22.12
(in lacs)		
Units	94050	221761
Unit per litre of diesel oil	3.30	03.30
Average Rate/Litre (Rs)	18.34	18.04
Average Cost/unit (Rs)	5.56	05.46
2. LDO		
Quantity (K Litre)	Nil	36.72
Total Amounts (Rs in lacs)	Nil	01.86
Average Rate (Per litre)	Nil	16.69

**2. TECHNOLOGY ABSORPTION :****EFFORTS MADE IN TECHNOLOGY ABSORPTION AS PER FORM-B OF THE ANNEXURE TO THE RULES :****1. RESEARCH & DEVELOPMENT ( R&D ) :**

- Specific area in which R&D carried out by the Company: None
- Benefits derived as a result of the above R&D: Not Applicable
- Future plan of action: Efforts are aimed at cost reduction, improvement in quality. The benefit of this will of course be visible in the years to come.
- Expenditure on R&D: NIL

**2. TECHNOLOGY ABSORPTION , ADOPTION AND INOVATION : Not Applicable.****3. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

- Activity relating to exports initiative taken to increase export market for products and services and export plan.
- The company continues to make Export marketing & survey.

	Current Year 2003-2004	Previous Year 2002-2003
Foreign exchange earned	34.66	30.84
Foreign Exchange out go	9.93	-

For & on behalf of the Board

Place: Udaipur

Date: 27.11.2004

( **Manoj Kandhari** )

Director

 **KANDHARI RUBBERS LIMITED**
**CORPORATE GOVERNANCE- CLAUSE 49 OF THE LISTING AGREEMENT :****1 COMPANY PHILOSOPHY ON THE CORPORATE GOVERNANCE:**

The basic philosophy of corporate governance in the company is to achieve business excellence and enhance shareholder value, keeping in view the need and interest of its shareholders.

**2 AUDIT COMMITTEE:**

The Company has already constituted an Audit Committee comprising of three Non- Executive Director for the year 2003-2004.

	<u>Name</u>	<u>Meeting</u>	
		<u>Held</u>	<u>Attended</u>
1	Shri K.L.Arora	3	3
2	Shri G.S.Bhagia	3	3
3	Shri G.R.Muthreja	3	-

Shri K.L.Arora is its Chairman.

The Broad terms of reference of the Audit Committee are :

- Review of the company's financial reporting process and its financial statements.
- Review of the remuneration payable to the Statutory Auditors.
- Review of the Internal control system.
- Review of financial & management policies and practices.

**AUDIT COMMITTEE****MEETING DATES****PURPOSE**

31.07.2003	Considered un-audited financial result.
03.09.2003	Review financial statements for the year ended 31.03.2003
31.12.2003	Considered un-audited financial result.

**3 REMUNERATION COMMITTEE:**

The Company has not constituted the Remuneration Committee, as none of the non-executive directors are paid any remuneration. As and when the need arises the committee would be formed.

**4 BOARD OF DIRECTORS:**

The Board of Directors Meet on the Six Times on 26.04.2003, 31.07.2003, 16.08.2003, 03.09.2003, 31.10.2003, 23.02.2004.

S.No	NAME OF DIRECTOR	CATEGORY	WHEATHER ATTENDED AGM HELD ON 30.09.2003	BOARD MEETING		OTHER BOARD		
				HELD	ATTENDED	DIRECTOR -SHIP	COMMITTEE CHAIRMAN -SHIP	COMMITTEE MEMBER -SHIP
1	Shri Harish Kandhari Chairman & Managing director	Executive	Yes	6	6	-	-	-
2	Shri K.L.Arora	Non -Executive	Yes	6	4	-	-	-
3	Shri S.C.Kucchal	Non -Executive	No	4	1	-	-	-



4	Shri G.S.Bhagia	Independent Non -Executive	No	6	-	-	-	-
5	Shri G.R.Muthreja	Independent Non -Executive	No	6	-	-	-	-
6	Shri Manoj Kandhari	Executive	Yes	6	2	-	-	-

#### 5 **SHAREHOLDERS' GRIEVANCE COMMITTEE:**

The entire work relating to share registry in term of physical is done by SEBI registered R & T Agent M/S MCS Limited, New Delhi.

Transfers are normally approved in fifteen days

No. of complaints NIL

Complaints not solved NIL

No of pending Share transfers NIL

#### 6 **GENERAL MEETING :**

The Annual General Meeting are held at Registered office of the Company at NH-8, Sukher Industrial Area, Sukher, Udaipur- 313 004. The last Annual General Meeting was held at 4.00 P.M. on 30.09.2003

#### 7 **DISCLOSURES:**

There were no significant related party transaction with its promoters, directors, subsidiaries, or relatives.

There was no non-compliance of any law or regulations and hence no penalties.

#### 8 **MEANS OF COMMUNICATIONS:**

The Board of directors of the Company approves and taken on record the unaudited financial results in the proforma prescribed by the stock exchange, Mumbai and announces the results to all the stock exchanges where the company's shares are listed.

#### 9 **GENERAL SHAREHOLDER INFORMATION**

The Next Annual General Meeting will be held on 31st December, 2004 being Friday, at NH-8 Sukher Industrial Area, Sukher, Udaipur- 313 004 at 4.00 P.M.

Financial year is from 01.04.2003 to 31.03.2004.

The Register of Members and Share transfer book shall remain closed on 31.12.2004.

The Security of the Company are listed on the Stock Exchange Mumbai, Ahmedabad, New Delhi, and Jaipur.

The security of the Company hardly traded on SES, Market price is not practicable.

The entire work relating to share registry in term of physical is done by SEBI registered R & T Agent M/s MCS Limited, New Delhi.

The distribution of shareholding as on 31st March, 2004 is as follows

No. of Equity Shares Held	No. of Share holders	% of Share holders	No. of Share held	% of Share holding
Up to 5000	4867	92.46	880000	24.11
5001 - 10000	225	4.27	197220	5.4
10001 - 20000	74	1.41	113700	3.11
20001 - 30000	19	0.36	49100	1.35
30001 - 40000	14	0.27	50500	1.38
40001 - 50000	25	0.47	122200	3.35
50001 - 100000	13	0.25	97500	2.67
100001 and above	27	0.51	2139980	58.63
	<b>5264</b>	<b>100.00</b>	<b>3650200</b>	<b>100.00</b>