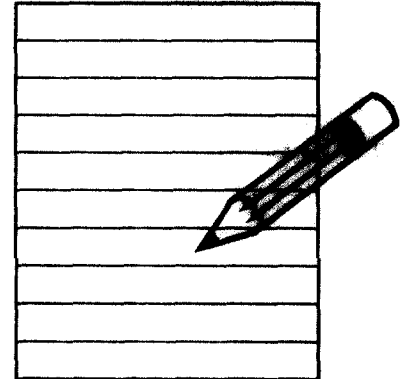


**19th Annual Report  
2004-2005**



**KANDHARI**  
**BUTYL TUBES**

**FOR ALL TYRES**



**KANDHARI RUBBERS LIMITED**



**19th Annual Report  
2004-2005**

**Board of Directors**

Shri Harish Kandhari	Chairman Cum Managing Director
Shri Manoj Kandhari	Director
Shri K.L. Arora	Director
Shri G.S. Bhagia	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 Nineteenth Annual General Meeting of the Members of Kandhari Rubbers limited, will be held on The 30th September, 2005 at 3.30P.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, 2005 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 K.L.Arora 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.

By order of the Board

Place: Udaipur

Date : 01.09.2005

(Manoj Kandhari)

Director

### NOTES:

1. A member entitled to attain & vote at this meeting is entitled to appoint a proxy to attain & 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 30.09.2005.
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.

### KANDHARI RUBBERS LIMITED

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

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Accounts for the financial year 31st March, 2005.

### FINANCIAL RESULTS:

( Rs.in Lacs )

	2004-2005	2003-2004
1. Sales	19.42	106.47
2. Gross Profit /(Loss)	1.07	(25.92)

Export Sales of Rs12.77 Lacs (Previous Year Rs 56.86 lacs.) included in above turn over.

Production activity remained suspended during the year.

### DIRECTORS :

In pursuance of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Sh. K.L.Arora, 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.

## KANDHARI RUBBERS LIMITED

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 .

### 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.

### 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, 1998 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.

### ANNEXURES TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2005:

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 2004-05	PREVIOUS YEAR 2003-04
1 Electricity		
a) PURCHASED	N.A.	N.A
Units		
Total amounts (in lac)		
Cost/unit (in Rs)		
b) Own generation		
Through Diesel Generator	0.00	5.23
(in lacs)		
Units	0.00	94050
Unit per litre of diesel oil	0.00	03.30
Average Rate/Litre (Rs)	0.00	18.34
Average Cost/unit (Rs)	0.00	05.56
2. LDO		
Quantity (K Litre)	Nil	Nil
Total Amounts (Rs in lacs)	Nil	Nil
Average Rate (Per litre)	Nil	Nil

### 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.

	(Rs. In lacs)	
	Current Year 2004-2005	Previous Year 2003-2004
Foreign exchange earned	12.33	34.66
Foreign Exchange out go	10.01	9.93

For & on behalf of the Board

Place: Udaipur  
Date: 17.06.2005

(Manoj Kandhari)  
Director

**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 2004-2005

	Name	Meeting	
		Held	Attended
1.	Shri K.L.Arora	3	3
2.	Shri G.S.Bhagia	3	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****PURPOSE****MEETING DATES**

31.07.2004	Considered un-audited financial result.
27.11.2004	Review financial statements for the year ended 31.03.2004
31.01.2005	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 MEETING HELD SEVEN TIMES ON 30.04.04, 31.07.04, 08.08.04, 11.08.04, 31.10.04, 27.11.04, 31.01.05. THE ATTENDANCE PARTICULARS ARE:

S.No	NAME OF DIRECTOR	CATEGORY	WHEATHER ATTENDED AGM HELD ON 31.12.2004	BOARD MEETING		OTHER BOARD		
				HELD	ATTENDED	DIRECTOR -SHIP	CHAIRMAN -SHIP	COMMITTEE MEMBER -SHIP
1	Shri Harish Kandhari Chairman & Managing director	Executive	Yes	7	2	-	-	-
2	Shri K.L.Arora	Non -Executive	Yes	7	6	-	-	-
3	Shri G.S.Bhagia	Independent Non -Executive	No	7	3	-	-	-
4	Shri G.R.Muthereja	Independent Non -Executive	No	4	-	-	-	-
5	Shri Manoj Kandhari	Executive	Yes	7	6	-	-	-



## 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 31.12.2004.

## 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 30th September, 2005 being Friday, at NH-8 Sukher Industrial Area, Sukher, Udaipur- 313 004 at 4.00 P.M.

Financial year is from 01.04.2004 to 31.03.2005.

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, 2005 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>

**Category of Shareholders as on 31st March, 2005**

Category	No. of Share holders	No. of Shares held	% of Share holding
Individuals	5041	2475800	67.82
Companies	7	727800	19.94
NRI's	214	245900	6.74
Mutual Funds	2	200700	5.5
	<b>5264</b>	<b>3650200</b>	<b>100.00</b>

Plant location : N.H.-8, Sukher Industrial Area, Sukher, Udaipur - 313 004 (Rajasthan.) The IDBI has taken Symbolic possession on 01.07.2003

**POSTAL BALLOT**

Not being resorted to at present.

**For & behalf of the Board Of Directors**

**Place: Udaipur**

**Dated: 17.06.2005**

**( Harish Kandhari )  
Mg. Director**

**( Manoj Kandhari )  
Director**

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members,  
M/s Kandhari Rubbers Limited,  
UDAIPUR

We have examined the compliance of conditions of corporate governance by M/s Kandhari Rubbers Limited, Udaipur for the year ended 31st March 2005 as stipulated in clause 49 of the listing agreement of the said Company with various stock exchanges (hereinafter referred to as the agreement).

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor a expression of opinion on the financial statement of the Company. In our opinion and to the best of our information & according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement in all material aspects.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state while the Shareholders Grievance Committee has not maintained records to show the investors Grievances pending for a period of one month against the Company, but the Board of Directors of the Company on quarterly basis have taken on record the details provided by the Registrar & Transfer Agent of the Company, and the registrar have certified that as at 31st March,2005 there were none cases of investors Grievances remaining unattained / pending for more than 30 days.

We Further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**L.S.NALWAYA & CO.**  
Chartered Accountants

Udaipur

Date: 17.06.2005

**L.S.NALWAYA**  
(Partner)