

KANDHARI RUBBERS LIMITED

NOTICE TO MEMBERS:

Notice is hereby given that the **Twenty Third Annual General Meeting** of the Members of Kandhari Rubbers limited, will be held on Friday, The **25th September , 2009** at **4.00P.M.** at 13-C, Town Hall Road Udaipur – 313001 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 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 and eligible for reappointment..
3. To appoint M/s C K Jagetia & Co, 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.

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

“RESOLVED THAT pursuant to the provisions of the section 198, 269, 309 and other applicable provision, if any, of the Companies act, 1956 read with scheduled XIII of the said Act, and subject to such other approvals & consents as may be necessary, Shri Harish Kandhari, be & is hereby re-appointed as Managing Director of the Company w.e.f. 10.08.2009 for a period of Five years i.e. 09.08.2014. He will be responsible for overall Supervision & Control of the day to day affairs of the Company and exercise of the Powers under the superintendence, control & directions of the Board.

He shall be paid following remuneration:

1. Salary: Rs 15000-10000-60000 per month including dearness allowances.
2. Perks:

Gratuity : Payable at the rate not exceeding half month salary for each completed year of service.

Encashment of leave at the end of Tenure, and

PF: as per statutory provisions of the Act

“RESOLVED FURTHER THAT all other benefits of the category “A” and category “B” will remain applicable same as mentioned in the resolutions 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 profit are inadequate, the Company will pay Salary and perquisites as specified above as Minimum remuneration in accordance with provisions of section II part II of schedule XIII to the Companies act, 1956.

By order of the Board

Place: Udaipur
Date : 17.08.2009

sd
(Harish Kandhari)
Mg. 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 25.09.2009.
- 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.

REPORT JUNCTION.COM

KANDHARI RUBBERS LIMITED

DIRECTOR'S REPORT TO THE SHARE HOLDERS:

Your Directors have pleasure in **presenting the Twenty Third Annual Report** together with the Audited Accounts for the financial year **31st March,2009**.

FINANCIAL RESULTS:

| | (Rs.in Lacs) | |
|--------------------------|------------------|------------------|
| | <u>2008-2009</u> | <u>2007-2008</u> |
| 1. Sales/ Other Receipts | 27.85 | 04.66 |
| 2. Gross Profit /(Loss) | 20.61 | (01.81) |

DIRECTORS:

In pursuance of the provisions of the Companies Act, 1956 and Articles of Association of the Company, **Shri. K.L.arora** , retire by rotation and eligible for reappointment..

INSURANCE:

All properties of the company including Building, Plant & Machinery, Equipment & other Assets, wherever necessary and to the extent required **have not been insured** as **Assets were illegally possessed and sold by the FI's . Your company had Challenged the sale by FI's through writ before Honrable RHC Jodhpur .**

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.

KANDHARI RUBBERS LIMITED**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 C.K. Jagetia & Co., Chartered Accountants, Udaipur retire at the ensuing Annual General Meeting and are eligible for re-appointment.

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 shareholders, valued customers, and deeply appreciate the commitment and dedication of employees at all levels.

ANNEXURES TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2009:

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 | PREVIOUS YEAR |
|------------------------|----------------|----------------|
| | <u>2008-09</u> | <u>2007-08</u> |
| 1 Electricity | | |
| a) PURCHASED | N.A. | N.A |
| Units | | |
| Total amounts (in lac) | | |
| Cost/unit (in Rs) | | |

3.

KANDHARI RUBBERS LIMITED**b) Own generation**

| | | |
|------------------------------------|------|---|
| Through Diesel Generator (in lacs) | 0.00 | 0 |
| Units | 0 | 0 |

| | | |
|------------------------------|---|---|
| Unit per litre of diesel oil | 0 | 0 |
| Average Rate/Litre (Rs) | 0 | 0 |
| Average Cost/unit (Rs) | 0 | 0 |

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) :

- a) Specific area in which R&D carried out by the Company: None
- b) Benefits derived as a result of the above R&D: Not Applicable
- c) 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.
- d) Expenditure on R&D: NIL

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

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

| | (Rs. In lacs) | |
|-------------------------|-------------------------------------|--------------------------------------|
| | Current Year <u>2008-2009</u> | Previous Year <u>2007-2008</u> |
| Foreign exchange earned | 0.00 | 0.00 |
| Foreign Exchange out go | 0.00 | 0.00 |

For & on behalf of the Board

Place: Udaipur

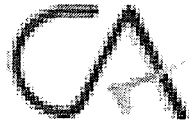
Date: 17.08.09

sd

(Harish kandhari)

Mg. Director

4.



C.K. Jagetia & Co.,

Chartered Accountants,

73 Ashok Nagar 1st Floor, Road No.3, Udaipur – 313001

Tel.: 0294-2414052(O), 2414196®, 9414263296(M) 9636446206(M)

Email: ckjagetiaca@rediffmail.com

AUDITOR'S REPORT

To the Members of
KANDHARI RUBBERS LIMITED, UDAIPUR

1. We have audited the attached Balance Sheet of KANDHARI RUBBERS LIMITED as at 31st March, 2009 and also the Profit & Loss Account and cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies Act (auditor's report) Order, 2003 issued by the Central Government of India in term of Sub-Section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of Books and records of the Company as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of such books.
 - c. The Balance Sheet and profit and Loss Account and cash flow statement dealt with by this Report comply with the mandatory accounting standards referred to in Section 211 (3C) of the Companies Act 1956.

- d. The Balance Sheet and Profit & Loss account referred to in this report are in agreement with the books of account.
 - e. Based on the written representations received from the Directors of the Company as on March 31st, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
5. Note No. 26 regarding preparation of accounts on going concern basis
- 6 Attention is invited to:
- a Non – provision for margin money in the form of FDRs on account of time barred guarantees given by bank and interest thereupon as referred in Note No. 1 (III) (amount unascertainable).
 - b Non –provision for depreciation aggregating toRs.6461610.00 as referred in Note No. 13.
 - c Non – provision for interest aggregating to Rs. 6146390.00 as referred in Note No. 15.
 - d Non – provision (amount unascertainable) for interest on bank borrowing as referred in Note No 16.
 - e Non– provision (amount unascertainable) for interest on loans and advances as referred in Note No.18.
 - f. **No accounting entries passed on by the company for sales of Immovable and movable assets of the company by Secured creditors of the company on 02-01-2008 and 31-01-2008 for Rs 5 Crore .**
 - g. **Effect of sales of assets by secured creditors not given under heading secured loans shown in balance sheet.**

We further report that, without considering items mentioned at 6(a), 6(d) & 6(e) above, the effect of which could not be determined, had the observations made by us in items at 6 (b) & (c) above been considered, the loss for the period would have been Rs. 118.34 Lacs (as against the reported figure of profit Rs. 20.61 Lacs) and Liabilities and provisions would have been Rs. 166.36 Lacs (as against the reported figure of Rs.40.28 Lacs). Had the un-provided depreciation for the years 1998-99 to 2008-09 and interest to Financial Institutions for the year 2001-02 to 2008-09 also been considered the accumulated loss up to 31.03.09 would have been Rs. 2024.79 Lacs.

7. Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to our observations read together with other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
- ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date.

For :- M/S C.K.Jagetia & Co.,
Chartered Accountants

Udaipur
17 August. 2009

Sd
Chandresh Kumar Jagetia
Proprietor
M.N.,74511

Report  junction.com

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our Report of even date)

1. In respect of its fixed assets:-

- (a) The Company has maintained records in loose leaf showing full particulars including quantitative details and situation of its fixed assets. **There is no fixed assets in existence as company Immovable and movable assets possessed and sold out by the FI's and as reported by management the illegal possession and sales of Immovable and movable assets of the company is challenged before honorable RHC Jodhpur through writ .by the company..**

2. In respect of its inventories:-

- (a) **There is no Inventory in existence as company Immovable and movable assets possessed and sold out by the FI's and as reported by management the illegal possession and sales of Immovable and movable assets of the company is challenged before Honorable RHC Jodhpur through writ .by the company**

3. In respect of loans Secured or Unsecured, granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:-

- (a) According to the information and explanation given to us, the company has granted unsecured interest free loans to 5 parties aggregating to Rs 72.40 lacs and the Company has not taken any loans, secured or unsecured from Companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- (b) In our opinion and according to the information and explanations given to us, the loans to the parties have been given without interest and any terms and conditions for repayment.

- (c) No reasonable steps have been taken by the Company for recovery of the principal.

4. In our opinion and according to the information and explanations given to us, the internal control procedures needs to be strengthened to bring it in line with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for sale of goods. During the course of our audit we have not noticed any major weakness in internal control procedures

5. In respect of transactions covered under section 301 of the Companies Act, 1956:-

In our opinion and according to the information and explanations given to us, there were no transactions during the year that need to be entered in to the register in pursuance of section 301 of the Companies Act, 1956.

6. The Company has not accepted any deposits from the public during the accounting year within the meaning of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.

7. In our opinion, the internal audit system in the Company needs to be strengthened to bring it in line with the size of the Company and the nature of its business.