

KANDHARI RUBBERS LIMITED

NOTICE TO MEMBERS:

Notice is hereby given that the **Twenty Seventh Annual General Meeting** of the Members of Kandhari Rubbers limited, will be held on Saturday, The 28th September , 2013 at 4.30P.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, 2013 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.

Place: Udaipur
Date : 25.08.2013

By order of the Board

sd
(Harish Kandhari)
Mg. Director

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 23.09.2013.
- 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 Twenty Seventh Annual Report** together with the Audited Accounts for the financial year **31st March, 2013**..

FINANCIAL RESULTS:

	(Rs.in Lacs)	
	<u>2012-2013</u>	<u>2011-2012</u>
1. Sales/ Other Receipts	01.77	19.31
2. Gross Profit /(Loss)	00.00	(04.50)

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.

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 31.03.2013:

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>2012-13</u>	<u>2011-12</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) :

- 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 <u>2012-13</u>	Previous Year <u>2011-12</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: 25.08.13

sd
(Harish kandhari)
Mg. Director

4.

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 two Non- Executive Director for the year 2012-13

	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
MEETING DATES****PURPOSE**

25.07.12	Review financial statements for the year ended 31.03.2012
18.11.12	Considered un-audited financial result.
25.02.13	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 30.04.2011, 25.07.11, 26.09.11, 28.09.11, 31.10.2011 and 31-01-2012. THE ATTENDANCE PARTICULARS ARE:

S.NO	NAME OF DIRECTOR	CATEGORY	WHEATHEIR ATTENDED AGM HELD ON 26.09.11	BOARD MEETING		OTHER BOARD		
				HELD	ATTENDED	DIRECTOR	COMMITTEE	COMMITTEE
						-SHIP	CHAIRMAN	MEMBER
							-SHIP	-SHIP
1	Shri Harish Kandhari Chairman & Managing director	Executive	Yes	9	9	-	-	-
2	Shri K.L.Arora	Non -Executive	Yes	9	7	-	-	-
3	Shri G.S.Bhagia	Independent Non -Executive	No	9	6	-	-	-
4	Shri Manoj Kandhari	Executive	Yes	9	8	-	-	-

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 13 C Town Hall Road Udaipur

The last Annual General Meeting was held at 4.30 P.M.on 29.09.2012

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 28 September, 2013 being saturday, at 13 C Town Hall Road , Udaipur- 313 001.at 4.30 P.M.

Financial year is from 01.04.20012 to 31.03.2013.

The Register of Members and Share transfer book shall remain closed on 23.09.2013.

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 predictable.

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, 2013 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	5.40
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
	5264	100.00	3650200	100.00

Category of Shareholders as on 31st March, 2013

Category	No. of Share holders	No of Share 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
	5264	3650200	100.00

Plant location : Movable and Immovable Assets of the compnay sold by Secured creditors which is under litigation.

POSTAL BALLOT

Not being resorted to at present.

Place: Udaipur

Dated: 25.08.13

For & behalf of the board of directors

Sd
(Harish Kandhari)
Managing Director

Sd
(K.L.Arora)
Director

KANDHARI RUBBERS LIMITED

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 2013 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, 2013 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.

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

Udaipur
Date: 25.08.13

Sd

Chandresh Kumar Jagetia
(Proprietor)



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, 2013 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, 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 to Rs.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 enteries 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.
 - h. No TDS Deducted on the payment liable for make TDS

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. 122.05 Lacs (as against the reported figure of profit Rs. 04.03 Lacs) and Liabilities and provisions would have been Rs. 155.51 Lacs (as against the reported figure of Rs 29.43 Lacs). Had the un-provided depreciation for the years 1998-99 to 2011-13 and interest to Financial Institutions for the year 2001-02 to 2012-13 also been considered the accumulated loss up to 31.03.13 would have been Rs. 2283.84 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