



**Modi Rubber Limited**

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**37TH ANNUAL REPORT 2008-2009**

# THE COMPANY

## BOARD OF DIRECTORS

**Vinay Kumar Modi**  
Chariman & Managing Director

**Alok Modi**

**Arvind Nath Seth**

**Sushil Chand Tripathi**  
Special Director – (Nominee of BIFR)

**K S Bains**

**Sanjiwan Sahni**

**Sanjeev Kumar Bajpai**  
Head – Legal & Company Secretary

**REGISTERED OFFICE**  
Modinagar – 201 204  
District Ghaziabad  
(Uttar Pradesh)

**HEAD OFFICE**  
4/7C DDA Shopping Centre  
New Friends Colony  
New Delhi – 110 025

**WORKS**  
Modinagar – 201 204  
District Ghaziabad  
(Uttar Pradesh)

**BANKERS**  
Yes Bank Ltd.

**STATUTORY AUDITORS**  
**M/s P.D.M. & Co.,**  
(Formerly Prabhat Jain & Co.)  
Chartered Accountants  
B-61, Flatted Factory Complex  
Jhandewalan, New Delhi 110 055

**REGISTRAR & SHARE TRANSFER AGENT**  
**M/s MAS Services Ltd.**  
T-34, IInd Floor, Okhla Industrial Area  
Phase – IInd, New Delhi 110 020  
Tel (011) 26387281, 82, 83  
Fax (011) 26837286

### 37TH ANNUAL GENERAL MEETING

Date	: 28th October, 2009
Day	: Wednesday
Time	: 11.30 A.M.
Place	: Auditorium, Dayawati Modi Public School, Modinagar
Book Closure Dates	: 23rd September, 2009 to 29th September, 2009 (both days inclusive)

CONTENTS	PAGE NO.
Notice .....	2
Directors' Report.....	3
Auditors' Report.....	8
Balance Sheet .....	10
Profit & Loss Account .....	11
Schedules.....	12
Statement under Section 212 of the Companies Act, 1956.....	27
Superior Investment (India) Ltd. ....	28
Spin Investment (India) Ltd.....	32
Modi Tyres Company Private Ltd. ....	36
Consolidated Financial Statements .....	45

Due to prohibitive cost of paper and printing, copies of the Annual Report will not be distributed at the Annual General Meeting. Members/ Shareholders are requested to bring copies of their Annual Report to the meeting.

# NOTICE

**Notice** is hereby given that the 37<sup>th</sup> Annual General Meeting of Modi Rubber Limited shall be held on Wednesday, October 28, 2009 at 11.30 AM at Auditorium, Dayawati Modi Public School, Modinagar to transact the following business:

## ORDINARY BUSINESS

1. To consider, receive and adopt the Audited Balance Sheet as at 31.03.2009, the Profit & Loss Account as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Arvind Nath Seth who retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. M/s PDM & Co. Chartered Accountants, New Delhi, the existing Auditors of the Company are eligible for re-appointment.

## SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:-

**"RESOLVED THAT** pursuant to the provisions of section 260 of the companies Act, 1956, Shri K S Bains, who was appointed as additional director by Board of Directors of the Company and in respect of whom Company has received notice under Section 257 of the Act, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By order of the Board  
for **Modi Rubber Limited**

Place: New Delhi  
Date: September 07, 2009

**S K BAJPAI**  
**Head – Legal & Com. Secy.**

## Notes:

1. Explanatory Statement in respect of Item No. 4 of Notice, as required under Section 173 of the Companies Act, 1956, is annexed herewith.
2. The Register of Members and Share Transfer Books of the Company relevant thereto shall remain closed from 23.09.2009 to 29.09.2009 (both days inclusive).
3. A member, entitled to attend and vote at the Meeting, is entitled to appoint one or more proxies to attend and vote instead of himself/ her self and the proxy(ies) need not be the Member(s) of the Company. The proxy form(s) duly completed and signed should reach the Company's Registered Office at Modinagar at least 48 hours before the time fixed for the meeting.
4. Members desirous of obtaining any information concerning the Accounts of the Company are requested to send their request at the Head Office of the Company at least seven days before the date of the Meeting, so that the information required may be made available at the Meeting.

## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No. 4

Shri K S Bains, IAS (Retd.) was appointed as the Additional Directors of the Company by Board in its meeting held on 26.08.2009 to hold the office upto the conclusion of ensuing Annual General Meeting. Company has received notice from a member of the Company under Section 257 of the Companies Act proposing his candidature for appointment as Directors who are liable to retire by rotation. Hence, resolution as mentioned Item Nos. 4 of the Notice is proposed. Your Board recommends passing of the said resolution.

None of the Directors of the Company except Mr K S Bains may be interested or concerned in passing of the proposed resolution No. 4. Information required under Clause 49 of the Listing Agreement in respect of Director proposed to be appointed by Resolution Nos. 4 is given below:-

Particulars	Shri K S Bains
Age(in years)	74
Qualifications	I.A.S.(Retd), PG Diploma in Macro Economic Development, (U.K) B. Tech, (IIT Kharagpur), B.A.(Maths)
Expertise in specific functional areas	Industry, Finance & Management
Date of appointment on the Board of the Company	26.08.2009
Names of other Companies in which Directorships held	Nil
Names of other Companies in which Committee Membership / Chairman-ships held	Nil
No. of Shares held	Nil

## INSPECTION OF DOCUMENTS

All material documents referred to in the Notice will be kept open for inspection by the members, at the Registered Office of the Company, from 11AM to 1 PM on all working days from 23.10.2009 upto the date of AGM.

By order of the Board  
for **Modi Rubber Limited**

Place: New Delhi  
Date: September 08, 2009

**S K BAJPAI**  
**Head – Legal & Com. Secy.**



# DIRECTORS' REPORT

Your Directors present the 37<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2009.

## REHABILITATION SCHEME SANCTIONED BY HON'BLE BIFR & PLANT OPEARTIONS

Board for Industrial & Financial Reconstruction (BIFR) sanctioned a rehabilitation scheme (SS08) for the revival of your company on April 21, 2008. Pursuant to SS08, Modipuram and Partapur Plants (Plants) were vested in M/s Modi Tyres Company Pvt. Ltd. (MTCPL) a wholly owned subsidiary of MRL from March 31, 2008. SS08 is substantially under implementation.

Your Board of directors is pleased to report that after extensive repair and refurbishment exercise under the supervision of foreign experts coupled with the arrangement of working capital requirement in place with Yes Bank for MTCPL operations, Plants have commenced commercial production in June 2009. Management has made extensive use of Information technology and installed SAP in production for uniformity of products, effective control and to keep organization lean and thin for better margins. These measures have substantially brought down cost.

MTCPL signed agreements for technology and brand name on the products manufactured at Modipuram Plant, with Continental, Germany. Tyres will be marketed and sold under the brand name "Continental" in India. Though the Plants are fully equipped and geared up to produce at capacity but Management decided keeping in view present economic environment to ramp up its production in line with sale requirement so as to keep low inventory holding up.

Marketing efforts are on for strengthen its distribution net work through CFA and Dealers across the country so that products are available to customers. During the current year, MTCPL is geared to get substantial orders for exports too.

In terms of SS 08, Modi Tyres Factory (MTF)-Modinagar Plant which will continue to be owned and operated by MRL is with the possession of Official Liquidator appointed by the Hon'ble Allahabad High Court. Land and Factory shed of MTF is on lease perpetual in nature from Modi Export Processors Ltd. which has been liquidated by the Order of Hon'ble Allahabad High Court. Your company has made applications before the Hon'ble Allahabad High Court for desaleing and taking back possession from OL in compliance with BIFR direction. After possession, MRL shall undertake repair work to make MTF functional at the earliest. In view of the above, operations at MTF plant, however, continue to remain suspended.

All Secured Creditors have been settled. Barring a few unsecured creditors to whom company had offered to settle their dues as per BIFR SS08, all other unsecured creditors have accepted settlement as per BIFR SS08. The Company has also paid dues as determined in SS 08 to a vast majority of workmen who settled with company, excepting few, who are being persuaded to fall in line with BIFR Order.

## FINANCIAL RESULTS

During the year under review, the Company received an income of Rs.4387.21 lacs, mainly due to sale of assets, interest & dividend, written back of liabilities, sale of old stock of tyres etc. After taking into account write back of liabilities etc. as aforesaid as per BIFR Order, the accumulated losses of the Company have reduced to Rs.2763.87 lacs as compared to Rs.5801.05 lacs in the previous year. Your Directors hope that barring unforeseen circumstances, these losses would also be wiped off by the end of current financial year.

## BOARD OF DIRECTORS

Shri SS Kohli, Shri SB Kunwar, Nominees of FIs and Shri Pawan Chopra, nominee of BIFR have resigned and ceased to be directors of your company. Mr K S Bains has been inducted on the Board of your company as additional director. Nominees of BIFR and Chairman & Managing Director are non retiring directors in terms of the Articles of Association and the terms of their appointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors of your Company declare as under

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures; as referred in Sub Section (3 C) of Section 211 of the Companies Act, 1956.
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that year;
- (iii) that the Company has taken all possible care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities. The same has been certified by the auditors in their annexure to audit report stating therein that no serious discrepancies between the book records and physical quantity have been noticed.
- (iv) as the efforts are underway for rehabilitation/restructuring of the Company the annual accounts have been prepared on a going concern basis.

## AUDITORS

M/s. PDM & Co., Chartered Accountants, New Delhi, shall retire as Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Auditors' observations in their Report have been elaborately dealt with in the Auditors' Report / Notes on Accounts in Schedule 5. The same are self explanatory and do not need any more information/explanation.

Cost Accounting Record Rules and Cost Audit Report Rules are not applicable due to closure of the plants.

## SUBSIDIARY COMPANIES

Statement under Section 212 of the Companies Act, 1956 together with Annual Reports of Company's three Wholly Owned Subsidiaries, namely Spin Investment (India) Limited, Superior Investment (India) Limited and Modi Tyres Company Private Limited, are attached.

## STATUTORY DISCLOSURES

During the year under review, there was no employee for the purpose of Section 217(2A) of the Act. Since there was no production, there is no information required to be given for energy conservation, technology absorption, fuel consumption etc. u/s 217 (1) (e) of the Act. Information about foreign exchange earnings and outgo is nil during the year under review.

## CORPORATE GOVERNANCE

As per applicable provisions of Clause 49 of the listing agreement with Stock Exchanges, a Management Discussion & Analysis Report, and a Report on Corporate Governance together with Auditors' Certificate form part of the Annual Report.

## CONSOLIDATED FINANCIAL STATEMENTS

Requisite Consolidated Financial Statements of the Company and its Subsidiaries are enclosed and form part of this Report.

## ACKNOWLEDGEMENT

Your Directors express their appreciation for assistance and co-operation from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review. Your Directors also appreciate services of executives, staff and workers of the Company. Your Directors are specially obliged to the Hon'ble BIFR for sanctioning the Rehabilitation Scheme and putting the Company on the path of recovery.

For and on behalf of the Board

Place: New Delhi  
Date: August 26, 2009

(Vinay Kumar Modi)  
Chairman & Managing Director

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is to enhance the long term economic value of the Company, its stakeholders and the society at large by adopting appropriate corporate practices in fair and transparent manner by aligning interest of the Company with that of its shareholders and other stakeholders. Your Company

endeavors to follow procedures and practices in conformity with the Code of Corporate Governance outlined in the Listing Agreement.

### 1. CODE OF CONDUCT

The Board Members and Senior Managerial Personnel affirm compliance with the Code of Conduct as applicable to them for the year under review.

## 2. BOARD OF DIRECTORS

The Present compositions of the Board of Directors of Company is as follows:-

Name of Directors	Status i.e. Promoters, Executive, Non Executive, Independent, Nominee of Financial Institutions	Number of Board Meetings of the Company		Number of Membership in other Boards or other Committees as a Member or Chairperson		Whether attended the last AGM
		Held during the year	Attended during the year	Board	Committee	
Shri Surinder Singh Kohli*	Nominee of Fls	07	07	05	NA	Yes
Shri Vinay Kumar Modi @	Promoter / Executive	07	07	03	03	Yes
Shri Sushil Chand Tripathi	Nominee of BIFR	07	04	07	NA	No
Shri Pawan Chopra**	Nominee of BIFR	07	06	02	NA	No
Shri Shyam Bahadur Kunwar ***	Nominee of Fls	07	05	01	NA	No
Shri Alok Modi @	Promoter / Non Executive	07	04	03	NA	Yes
Shri Arvind Nath Seth @	Promoter / Non Executive	07	01	04	02	Yes
Shri Sanjiwan Sahni	Independent / Non Executive	07	03	00	00	Yes
Shri K S Bains +	Independent / Non Executive	07	N.A			No

\* Resigned w.e.f. 17.06.2009, \*\* Resigned w.e.f. 17.07.2009, \*\*\* Resigned w.e.f. 24.11.2008, + Appointed w.e.f. 26.08.2009 @ Shri Vinay Kumar Modi is father of Shri Alok Modi and brother in law of Shri Arvind Nath Seth.

During the year, there was no pecuniary relationship or business transaction by the Company with any Non Executive Director other than sitting fee for attending the Board / Committee meetings as well as the traveling / conveyance expenses incurred for attending Company's business / meetings.

During the year, seven meetings of the Board of Directors were held on 21.04.2008, 07.05.2008, 14.06.2008, 19.07.2008, 29.08.2008, 25.10.2008 and 31.01.2009

### Share holding of Non Executive Directors

Name	*Shri S S Kohli	Shri SC Tripathi	*Shri Pawan Chopra	*Shri S B Kunwar	Shri Alok Modi	Shri A N Seth	Shri S Sahni	Shri KS Bains
No. of Share held	Nil	Nil	Nil	Nil	928	Nil	Nil	Nil

\* Ceased to be a director

## 3. AUDIT COMMITTEE

The constituted Audit Committee has the terms and roles as specified in Clause 49 of the Listing Agreement / Section 292A of the Companies Act, 1956. Audit Committee consists of the following members Shri SS Kohli as Chairman (upto 17.06.2009), Shri VK Modi as member, Shri SB Kunwar, (upto 24.11.2008), Shri Sanjiwan Sahni was appointed as member, Shri K S Bains as Chairman W.e.f. 26.08.2009.

The Members of the Committee have requisite financial and related management expertise. Company Secretary acts as Secretary of the Committee.

During the year 2008-09, five meetings of the Committee were held on 21.04.2008, 19.07.2008, 29.08.2008, 25.10.2008 and 31.01.2009.

The same were attended by the Members:-

Name of the Members	No. of meeting attended
Shri S S Kohli, Chairman*(cease w.e.f. 17.06.2009)	5
Shri Vinay Kumar Modi	5
Shri S B Kunwar*(cease w.e.f. 24.11.2008)	3
Shri Sanjiwan Sahni+(Appointed w.e.f. 19.07.2008)	3

## 4. REMUNERATION

There has been no occasion for consideration of payment of remuneration to any Director during the year. As and when necessary, Board will constitute a Remuneration Committee. There is no stock option scheme of the Company for any Director (whole time / non whole time). No remuneration is paid to Managing / whole time



director, except the sitting fee paid to independent non executive directors for attending Board / Committee meetings during the year.

#### 5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has a Share Transfer Committee (STC) which looks after Shareholders / Investors' complaints & grievances, and holds its meetings as and when necessary. The Committee consists Managing Director as Chairman and two directors as members. Company Secretary acts as secretary of the Committee and also compliance officer of the Company. The Board has delegated the authority for registration of shares upto 250 to Company Secretary and from 251 to 500 to Managing Director. Above 500 is approved by the STC. During the year under review, 123 complaints were received by the Company / Registrar and Share Transfer Agents from shareholders. All these complaints have been redressed. There were no share transfer applications pending for registration as on 31<sup>st</sup> March, 2009.

#### 6. DIRECTORS

Shri S S Kohli, Shri Pawan Chopra, Shri S B Kunwar, resigned from the Board of Directors w.e.f. 17.06.2009, 17.07.2009 and 24.11.2008, respectively. Shri K S Bains was appointed as Additional Director of the Company w.e.f 26.08.2009. Profile of appointed director is given in Notice convening 37<sup>th</sup> Annual General Meeting of the Company.

#### 7. GENERAL BODY MEETINGS

Location and time where the last three Annual General Meetings held are as under:-

Year	Venue	Date	Time
36 <sup>th</sup> AGM	Dayawati Modi Public School, Modinagar	30.09.2008	10.00 A.M
35 <sup>th</sup> AGM	Dayawati Modi Public School, Modinagar	03.11.2007	11.30 A.M
34 <sup>th</sup> AGM	Dayawati Modi Public School, Modinagar	29.12.2006	11.30 A.M

#### POSTAL BALLOT

Company had passed a Special resolution through Postal Ballot mortgaging immovable property as collaterals to Bank which has sanctioned working capital limits of Rs. 105 crores to its 100 % subsidiary MTCPL. Shri Namo Narain Aggarwal, Practising Company Secretary as Scrutinizer conducted Postal Ballot process.

Details of the voting patterns are as under:

1. No. of valid postal ballot forms received	18616236
2. Votes in favour of resolution	18614022
3. Votes against the resolution	2214
4. Resolution passed by % of valid votes received	99.98%

#### 8. DISCLOSURES

- Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, directors or management, their subsidiaries or relatives etc that may have potential conflict with the interests of the company at large.

Related Parties Disclosures in accordance with Accounting Standard (AS – 18) of The Institute of Chartered Accountants of India.

I Subsidiaries:	% Holdings
a) Modistone Limited (in liquidation)	55.32
Official Liquidator has taken possession of the Company w.e.f. 25.07.2002- the date of	

appointment of Official Liquidator by Bombay High Court.

b) Superior Investment (India) Limited	100.00
c) Spin Investment (India) Limited	100.00
d) Modi Tyres Company Pvt Ltd	100.00

#### Associates :

i) Man Diesel India Limited (Formerly known as Man B&W Diesel India Limited)	20.00
ii) Gujarat Guardian Limited (GGL)	21.24
The following transactions were carried out with related parties in the Ordinary course of business during the year:	

#### Subsidiaries (Rs. Lacs)

a) Expenses incurred by MRL on behalf of Spin Investment (India) Ltd.	
b) Transfer of Assets /Liabilities (Net)	4354.79
c) Payable at the year end	6107.21
d) Expenses incurred by MRL on behalf of Modi Tyres Co Pvt. Ltd	5523.53
e) Transfer of Assets /Liabilities (Net)	3573.71
f) Receivable at the year end	794.37
g) Expenses incurred by MRL on behalf of Superior Investment (India) Limited	0.72
h) Payable at the year ended 31.03.2009	247.13

#### Associates :

i) Expenses incurred by MRL on behalf of GGL	9.71
j) Receivables at the year ended 31.03.2009	1.62

#### i) Key Management Personnel :

Mr. Vinay Kumar Modi, Chairman & Managing Director Nil

- Details of non-compliance by the company, penalties, strictures imposed on the Company by stock exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

There have been certain non-compliances in the past when the Company was passing through difficult phase of its sickness etc. and the same were notified in the Reports on Corporate Governance of earlier years. BIFR, vide its order dated 21<sup>st</sup> April, 2008 sanctioning the Rehabilitation Scheme for the Company, has directed the National and Bombay Stock Exchanges to condone / consider to condone all past non-compliances or contraventions of the Listing Agreements upto March 31, 2008 ( Cut off date) and re-instate the trading in shares of the company. Thereafter, Company has been regular in making compliances and has submitted applications with Bombay and National Stock Exchanges for revocation of suspension and resumption in trading of company's shares which are pending with them for decision.

#### 9. MEANS OF COMMUNICATION

Quarterly / Annual Financial Results of the Company are normally published in The Pioneer (national daily) and Vir Arjun (regional language) newspapers. The requisite information as required under the Listing Agreement is sent to the Stock Exchanges through fax / speed post / e-mail / courier etc. Company is yet to have its own web-site.

No representation was made to the Analysts. A Management Discussion and Analysis Report which forms part of the Annual Report is given by separate annexure and is attached to the Directors' Report.

## 10. GENERAL INFORMATION

Date, time and venue of the Annual General Meeting	: Wednesday, October 28, 2009 at 11.30 A.M. Auditorium, Dayawati Modi Public School, Modinagar-201 204
Book Closure	: 23.09.2009 – 29.09.2009 (both days inclusive)
Financial Calendar	: April 01, 2008 to March 31, 2009
Dividend payment date	: Nil
Listing on Stock Exchanges	: The Bombay Stock Exchange Ltd. (BSE) National Stock Exchange of India Ltd. (NSE)
Stock code	: MODIRUBBER (NSE) MODIRUBB (BSE) / 500890
Listing fees	: Duly paid for 2009 -10
Stock Market Data	: No data. (Trading remains suspended since Nov. 2002 & necessary applications for revocation submitted and pending with exchanges for decision).
Registrar and Transfer Agents	: Mas Services Ltd. T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020 Ph:- 26387281/82/83, Fax:- 26387384 email:- info@masserv.com website : www.masserv.com

### Share Transfer System

M/s. Mas Services Ltd. are the Share Transfer Agents of the Company for handling both physical and demat share registry work. Shares received for transfer completed in all aspects in physical form are registered and dispatched normally within three weeks. Demat confirmations are normally sent within two weeks and thirty days in case of bulk request.

### Distribution of Shareholding

The following is the distribution pattern of shareholding of equity shares of the Company as on 31.03.2009:-

No. of shares	No. of Share-holders	% of Share-holders	No. of Shares held	% of share-holding
1 – 5000	13764	95.17	1388734	5.55
5001 – 10000	483	3.34	345070	1.38
10001 – 20000	142	0.98	195693	0.78
20001 – 30000	28	0.19	69605	0.28
30001 – 40000	6	0.04	20445	0.08
40001 – 50000	6	0.04	27695	0.11
50001 – 100000	15	0.11	95799	0.38
100001 & above	19	0.13	22897491	91.44
<b>TOTAL</b>	<b>14463</b>	<b>100.00</b>	<b>25040532</b>	<b>100.00</b>

## Shareholding pattern as on 31.03.2009

Category	No. of Shares held	% of Shareholding
Promoters	21564410	86.12
Banks, Insurance Companies	3379	0.01
Mutual Funds	700	0.00
Foreign Investing Institutions	228481	0.91
Bodies Corporate	574448	2.29
NRI/OCBs	121671	0.49
Indian Public	2547443	10.17
<b>Total</b>	<b>25040532</b>	<b>100.00</b>

### Dematerialization of Shares and Liquidity

Over 7.50% of the shares have been dematerialised upto 31.03.2009.

### Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity.

The Company has not issued any GDRs / ADRs / Warrants/ or any convertible instruments.

Plant Location	: Modi Tyre Factory, Modinagar, Dist. Ghaziabad. (U.P)
o) Address for Correspondence for transfer/dematerialization of shares, and any other query	: Mas Services Ltd., T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020 Ph:- 26387281/82/83 Fax:- 26387384 email:- info@masserv.com website : www.masserv.com
Any query on Annual Report	: Secretarial Department, Modi Rubber Ltd., 4-7C, DDA Shopping Centre, New Friends Colony, New Delhi – 110 025 Phone 011 – 26848416, 26848417 - Fax No. 011 - 26837530

### Non Mandatory requirements

Company has not adopted the non-mandatory requirements as mentioned in Annexure – I-D of clause 49 of the Listing Agreement.

### CEO / CFO CERTIFICATION

In terms of the requirement of Clause 49, Certificates from CEO / CFO has been obtained.

**For and on behalf of the Board**

Place : New Delhi  
Date : August 26, 2009

**Vinay Kumar Modi**  
**Chairman & Managing Director**



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Tyre Industry, beside the Economic Growth of the country, is driven by Growth in Transportation, Automobiles and Road Development. Despite of the global Slowdown, Indian economy is estimated to register a growth rate over 6%. Due to economic slowdown in industry in particular tyre industry had affected severally in last 2 quarters of 2008-09. It is expected that demand of truck and bus tyres will improve in 2009-10.

Apollo, MRF, JK, Ceat and Birla are the main players in the Truck, Bus tyre market. Bridgestone has gained considerably in the Passenger Radial market. The radialisation in Car Tyre is 97% while in the Truck/Bus tyre market it is around 6-8% at present. Chinese Bias and radial tyres are also coming to Indian market.

MRL plans to outsource the stocking and distribution which will not only bring economy as it will be variable cost rather than fixed, but shall also improve delivery service to the market. Since the Tyre Production shall be under a subsidiary, it will be a clean company without carrying any Liability and will boost the prospects of Financing and Global partnering. Already the Company held negotiations with Continental, Germany and finalized the Technology Agreement and Brand use Agreement.

The strength of MRL has been its range of Truck / Bus tyres. This is also the profitable segment of the Tyre Market. The weakness shall be low volumes compared to most other companies and absence of Radial tyres. However, the opportunity is in terms of reducing cost and start best business practices from the beginning which will make the company competitive. The threat is from the large global players entering Indian market and the cheap Chinese imports.

The outlook is bright as the demand is growing in India and there is enough market overseas. The company has installed the SAP to improve business efficiency and competitiveness. It will enable desired internal controls while improving the speed of information for fast decision making at all levels. Already, the system has been designed through Accenture, a leading global Company, and the implementation will be carried in the next 2-3 months. Best of the talent is being recruited to build human resources team to ensure that the company is run on professional lines. Company has entered into agreement with majority of workmen individually. The agreement has defined the one time compensation against all past Liability till the date of fresh employment linked to the capacity utilization, Gratuity as per act and also production norms. The agreement will pave the way for good Industrial relations and productivity.

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## AUDITORS' CERTIFICATE

### AS PER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of  
Modi Rubber Ltd.

We have examined the compliance of conditions of corporate governance by Modi Rubber Ltd. for the accounting year ended 31.03.2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to 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 an expression of opinion on the financial statements of the Company.

In our opinion and to the best of information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending other than those which are under litigation, disputes or court orders, for a period exceeding one month against the Company as per the records maintained by the Company.

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

for PDM & Co.  
(formerly Prabhat Jain & Co.)

Sd/-  
(Prabhat Jain)  
Partner  
Chartered Accountants

Place: New Delhi  
Date: 26.08.2009



# AUDITORS' REPORT

## Report of the Auditors to the Shareholders

1. We have audited the attached Balance Sheet of Modi Rubber Limited as at 31<sup>st</sup> March 2009, the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. 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 any material misstatement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that :-
  - i) 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;
  - ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
  - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the requirements of the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; and;
  - v) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the Director is disqualified from being appointed as director of the company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, we further report that subject to:-
  - i) Note No. 4(d) regarding non-provision of Deferred Tax Asset/Liability;
  - ii) Note No. 7 regarding non availability of information of unpaid balances to Micro, Small and Medium Enterprises;
  - iii) Note No. 8 regarding non confirmation/ reconciliation of various balances of Suppliers, Customers, Advances etc; and;
  - iv) Note No. 12 regarding non ascertainment of value of intangible assets and value of impairment loss on Assets as per AS 26 & 28 respectively;

the total impact of which, is presently not ascertainable,

the said accounts read 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 the Company's affairs as at 31<sup>st</sup> March 2009;
- ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and;
- iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

for P D M & Co.  
CHARTERED ACCOUNTANTS

Date : 26.8.2009

Place : New Delhi

CA. PRABHAT JAIN

Partner

M.No. 86756

## ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in the main Auditors Report of even date :

- i) a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets have not been physically verified by the management during the year. In view of non verification, it is not possible for us to comment, if there is any serious discrepancy.
- c) In our opinion and according to the information and explanation given to us the Company has not disposed off a substantial part of its fixed assets during the year.
- ii) a) The inventories have been physically verified by the management at the year end.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.
- iii) a) The Company has granted an interest free unsecured loan to a company listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount of loan granted during the year and the balance outstanding as at March 31, 2009 is Rs. 7,92.70 lacs.
- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loan given are not prima facie prejudicial to the interest of the company.
- c) Such loan outstanding at the year end is at call and has not been recalled during the year.
- d) The Company has taken interest free unsecured loans from two companies listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount of loans taken during the year and the balance outstanding as at March 31, 2009 is Rs. 63,54.34 lacs.



- e) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of loans taken are not prima facie prejudicial to the interest of the company.
- f) Such loans outstanding at the year end are at call and have not been recalled during the year.
- iv) In our opinion and according to the information and explanations provided to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. We have not observed any continuing failure to correct major weaknesses in the aforesaid internal controls system during the course of audit.
- v) a) As per information and explanations provided to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
- b) As per information and explanations provided to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any public deposits. Therefore provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the directions issued by Reserve Bank of India are not applicable and therefore not commented upon.
- vii) No system of Internal Audit was operational during the year due to suspension of operations.
- viii) No Cost Records were maintained due to the suspension of manufacturing operations.
- ix) (a) The company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Service Tax, Custom Duty, Excise Duty and any other statutory dues with the appropriate authorities except an amount of Rs. 1009.06 lacs (including interest) due to Sales Tax Authorities, as at the last day of the financial year concerned for a period of more than six months from the date they become payable.
- (b) According to information and explanations given to us, the dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute and the forum where the dispute is pending are as under :-

S. No.	Name of the Statute	Nature of Dues	Amount Rs.Lacs	Forum Where Dispute is Pending	Period to Which It Relates to
1.	Central Excise Act, 1944	Excise Duty	1631.92	High Court, Customs, Excise, Service Tax Tribunal (CESTAT)	1992 to 2002
2.	UP Trade Tax Act/CST	Sales Tax	1107.25	High Court Tribunal D.C. (A) Jt. Commissioner	1974-1990 2001-2002 1998-1999 1999-2002
3.	Assam GST Act	-do-	65.44	Various Authorities	2000-2002
4.	W.B. ST Act	-do-	237.03	Dy. Commissioner	1975-2001

			Tribunal Addl. Commissioner	1975-2001
5.	M.P. Comm. Tax Act	-do-	53.02	1988-1989 1981-2000
6.	Maharashtra ST Act	-do-	823.41	D.C. (A) 1975-2001
7.	Delhi ST Act	-do-	315.21	D.C. (A) 1977-1983 A.C. (A) 1984-1993 Addl. Comm. (A) 1993-2002
8.	Rajasthan ST Act	-do-	99.42	Tribunal 1997-1998 D.C. (A) 1999-2002
9.	Kerala GST Act	-do-	660.90	D.C. (A) 1982-2001
10.	Karnataka ST Act	-do-	14.44	Jt. Commissioner (A) 1997-2001
11.	Punjab GST Act	-do-	15.71	High Court 1992-1993 Jt. Commissioner 1996-2000
12.	Bihar Finance Act	-do-	375.63	ACA 1999-2002 D.C. (A) 1991-1998
13.	Haryana CST Act	-do-	48.47	Jt. Commissioner 1999-2001
14.	A.P. GST Act	-do-	95.58	Commissioner 1999-2001
15.	Orissa ST Act	-do-	4.71	D.C. (A) 1999-2002
16.	Uttaranchal TT Act	-do-	13.50	Jt. Commissioner 2000-2001
17.	Gujarat S. Tax Act	-do-	1.51	1996-1997 2000-2001 2001-2002
18.	Jharkhand ST Act	-do-	92.27	D.C. (A) 1999-2000
19.	Chandigarh ST Act	-do-	0.89	Tribunal 1976-1979
20.	Chattisgarh ST Act	do-	68.93	Commissioner 2001-2002

- x) The accumulated losses at the end of the financial year are less than 50% of the net worth of the Company. The Company has not incurred any Cash Loss during the year and immediately preceding financial year.
- xi) In our opinion and according to informations and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or debenture holders.
- xii) As informed to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not carrying on the business of Chit Fund, Nidhi or Mutual Benefits Fund / Societies.
- xiv) The Company is not dealing or trading in Shares, Securities and other Investments.
- xv) The Company has not given any guarantee for loans taken by others from Banks and Financial Institutions.
- xvi) The Company has not obtained any fresh term loan during the financial year.
- xvii) The Company has not raised any funds during the year, thus the question of use of short term funds for long term investments does not arise.
- xviii) The company has neither issued any fresh share capital nor made any preferential allotment during the year.
- xix) The Company has not issued any debenture during the year.
- xx) The Company has not raised any money by way of Public Issue during the year.
- xxi) As informed by the company, no case of any fraud on or by the Company has been noticed or reported during the year.

for P D M & Co.  
CHARTERED ACCOUNTANTS

Date : 26.08.2009  
Place : New Delhi

CA. PRABHAT JAIN  
Partner  
M.No. 86756

# BALANCE SHEET

## AS AT 31ST MARCH, 2009

DESCRIPTION	SCHEDULE	As at 31.03.2009 Rs. lacs	As at 31.03.2008 Rs. lacs
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital	1	2504.05	2504.05
b. Share Application Money - Pending Allotment		700.00	0.00
c. Reserves & Surplus	2	5801.58	5830.58
		<b>9005.63</b>	<b>8334.63</b>
<b>2. Loan Funds</b>			
a. Secured Loans	3	675.00	4518.43
b. Unsecured Loans	4	6583.71	2301.84
		<b>7258.71</b>	<b>6820.27</b>
<b>TOTAL</b>		<b>16264.34</b>	<b>15154.90</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a. Gross Block	5	9522.73	9644.14
b. Less: Depreciation		7614.48	7493.62
c. Net Block		<b>1908.25</b>	<b>2150.52</b>
<b>2. Investments</b>	6	<b>9869.47</b>	<b>9674.84</b>
<b>3. Current Assets, Loans &amp; Advances</b>			
a. Inventories	7	1760.21	1074.02
b. Sundry Debtors		0.00	64.85
c. Cash & Bank Balances		989.70	1133.26
d. Loans & Advances		3418.63	2240.36
		<b>6168.54</b>	<b>4512.49</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
a. Liabilities	8	4517.18	6963.30
b. Provisions		31.20	20.70
		<b>4548.38</b>	<b>6984.00</b>
<b>Net Current Assets/(Liabilities)</b>		1620.16	(2471.51)
<b>4. Profit &amp; Loss Account</b>		2866.46	5801.05
<b>TOTAL</b>		<b>16264.34</b>	<b>15154.90</b>
<b>Accounting Policies, Contingent Liabilities and Notes</b>	13		

As per our Report Attached For PDM & Co. Chartered Accountants CA. Prabhat Jain Partner M.No. 86756	Kamal Gupta Head – Finance & Accounts  S.K. Bajpai Head – Legal & Company Secretary	Alok Modi S.C. Tripathi K.S. Bains Directors	V.K. Modi Chairman & Managing Director
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New Delhi  
26th August, 2009



# **P**ROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

DESCRIPTION	SCHEDULE	Year ended 31.03.2009 Rs.lacs	Year ended 31.03.2008 Rs.lacs
<b>INCOME</b>			
Sales & Other Income	9	4284.62	18651.60
		<u>4284.62</u>	<u>18651.60</u>
<b>EXPENDITURE</b>			
Materials Cost	10	136.35	0.00
Expenses	11	617.88	2526.62
Financing Charges	12	402.47	518.75
Depreciation		211.83	533.48
		<u>1368.53</u>	<u>3578.85</u>
Profit before Tax		2916.09	15072.75
<b>PROVISION FOR TAXATION</b>			
Wealth Tax		4.00	3.20
Fringe Benefit Tax		6.50	9.00
Net Profit after Tax		2905.59	15060.55
Transfer from Debenture Redemption Reserve		29.00	0.00
Balance (Loss) brought forward from previous year		(5801.05)	(20861.60)
Balance being (Loss) carried to Balance Sheet		<u>(2866.46)</u>	<u>(5801.05)</u>
Basic and Diluted Earning Per Share (in Rupees)		11.60	60.14
Accounting Policies,Contingent Liabilities and Notes	13		

As per our Report Attached  
 For PDM & Co.  
 Chartered Accountants  
 CA. Prabhat Jain  
 New Delhi  
 26th August, 2009

Kamal Gupta  
 Head – Finance & Accounts  
 S.K. Bajpai  
 Head – Legal &  
 Company Secretary

Alok Modi  
 S.C. Tripathi  
 K.S. Bains  
 Directors

V.K. Modi  
 Chairman &  
 Managing Director

## SHARE CAPITAL SCHEDULE-1

DESCRIPTION	As at 31.03.2009	As at 31.03.2008
	Rs. lacs	Rs. lacs
<b>Authorised</b>		
50000000 Equity Shares of Rs.10 each	5000.00	5000.00
200000 11% Cumulative Redeemable Preference Shares of Rs.100 each	200.00	200.00
	<b>5200.00</b>	<b>5200.00</b>
<b>Issued,Subscribed and Paid-up</b>		
25040532 Equity Shares of Rs.10 Each Paid up in Cash	2504.05	2504.05
<b>TOTAL</b>	<b>2504.05</b>	<b>2504.05</b>

## RESERVES & SURPLUS SCHEDULE-2

DESCRIPTION	As at 31.03.2009	As at 31.03.2008
	Rs. lacs	Rs. lacs
<b>Capital Reserve :</b> (On Forfeiture/re-issue of Debentures)	19.26	19.26
<b>Share Premium Account</b> As per last account	5782.32	5782.32
<b>Debenture Redemption Reserve</b> As per last account	29.00	29.00
Less:Transferred to Profit & Loss A/C	(29.00) 00.00	0.00
<b>TOTAL</b>	<b>5801.58</b>	<b>5830.58</b>

## SECURED LOANS SCHEDULE-3

DESCRIPTION	As at 31.03.2009	As at 31.03.2008
	Rs. lacs	Rs. lacs
<b>Non Convertible Debentures</b>		
18% Debentures of Rs.100 each	0.00	29.00
Interest accrued & due	0.00	14.09
<b>Loans and Advances from Banks</b>	675.00	3990.28
Interest accrued & due	0.00	485.06
<b>TOTAL</b>	<b>675.00</b>	<b>4518.43</b>

Note: Loan & Advances from banks are secured by way of hypothecation of inventories and book debts, second charge on all fixed assets, both present and future and personal guarantees of the then Managing Directors of the Company.



## UNSECURED LOANS SCHEDULE-4

DESCRIPTION	As at 31.03.2009	As at 31.03.2008
	Rs. lacs	Rs. lacs
Dealers' Security Deposits	79.37	113.20
Inter Corporate Deposits*	150.00	188.37
Subsidiary Companies**	6354.34	2000.27
<b>TOTAL</b>	<b>6583.71</b>	<b>2301.84</b>

\* Payable @ 30% of Rs. 500 lacs to M/s Morgan Securities & Credit Pvt. Ltd. as per BIFR sanctioned scheme.

\*\* Interest free

## FIXED ASSETS SCHEDULE - 5

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 01.04.2008	Additions during the year	Adjustments/ Deductions during the year	Total Cost as at 31.03.2009	Upto 31.03.2008	For the year	Adjustment/ Deduction	Upto 31.03.2009	As At 31.03.2009	As At 31.03.2008
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
Land	326.13	0.70	0.50	326.33	0.00	0.00	0.00	0.00	326.33	326.13
Buildings	3466.56	0.18	124.28	3342.46	2434.95	55.61	88.04	2402.52	939.94	1031.61
Plant & Machinery	3591.45	0.00	0.00	3591.45	2917.91	137.30	0.00	3055.21	536.24	673.54
Furniture, Office Equipments & Electrical Installations etc.	2030.75	5.62	0.96	2035.41	1920.73	16.55	0.78	1936.50	98.91	110.02
Patent & Trade Marks	0.08	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.08	0.08
Vehicles	229.17	0.00	2.17	227.00	220.03	2.36	2.14	220.25	6.75	9.14
<b>This year</b>	<b>9644.14</b>	<b>6.50</b>	<b>127.91</b>	<b>9522.73</b>	<b>7493.62</b>	<b>211.82</b>	<b>90.96</b>	<b>7614.48</b>	<b>1908.25</b>	<b>2150.52</b>
<b>Previous year</b>	<b>26723.55</b>	<b>0.00</b>	<b>17079.41</b>	<b>9644.14</b>	<b>21639.64</b>	<b>533.48</b>	<b>14679.50</b>	<b>7493.62</b>	<b>2150.52</b>	<b>5083.91</b>

### NOTES:

- Land includes :-  
- Leasehold 127.53
- Building includes :-  
- On leasehold basis 702.05  
- Alongwith cost of land on which depreciation charged on total cost 24.00  
- For which conveyance deed is yet to be executed 98.73  
- Alongwith other assets at Bombay, possession of which (except one floor) is with the company as per court decision, transfer of title of property is pending decision of court 165.00

## INVESTMENTS SCHEDULE - 6

DESCRIPTION	As at	
	31.03.2009	31.03.2008
	Rs. lacs	Rs. lacs
<b>LONG TERM INVESTMENTS</b>		
(In Equity Shares of Companies- Fully paid up)		
<b>No.of Shares/Bonds</b>		
<b>Quoted</b>		
<b>A. Trade Investments</b>		
1,14,75,000 Modistone Limited * of Rs. 10 each	2137.50	2137.50
Less : Provision for diminution in value of shares	(2137.50)	0.00
		-2137.50
<b>B. Other Investments</b>		
19,79,998 Lords Chloro Alkali Limited of Rs. 10 each	198.00	198.00
Less : Provision for diminution in value of shares	(178.20)	19.80
		-178.20
12,50,000 Spark Plug Ltd. of Rs. 10 each	125.00	125.00
Less : Provision for diminution in value of shares	(125.00)	0.00
		-125.00
7,08,563 Bihar Sponge Iron Ltd. of Rs. 10 each ( Previous Year 44,00,000 Shares)	70.86	440.00
- Spice Mobiles Ltd. of Rs. 3/- each (Previous year 43,40,000 Shares)	0.00	434.00
- 6.75% Tax Free Bonds of Rs. 100 each of Unit Trust of India (Previous Year 39,730 Bonds)	0.00	39.73
<b>SUB TOTAL</b>	<b>90.66</b>	<b>933.53</b>
<b>Unquoted</b>		
32,00,000 Man Diesel India Ltd.of Rs. 10 each	320.00	320.00
3,33,50,000 Gujarat Guardian Ltd. of Rs. 10 each	3335.00	3335.00
31,37,000 Xerox India Ltd.of Rs. 10 each	459.30	459.30
29,915 Superior Investment (India) Ltd. ** of Rs. 100 each	29.92	29.92
29,915 Spin Investment (India) Ltd. ** of Rs. 100 each	29.92	29.92
5,60,46,680 Modi Tyre Company (P) Ltd. ** of Rs.10 each (Previous year 4,56,71,744 Shares)	5604.67	4567.17
<b>SUB TOTAL</b>	<b>9778.81</b>	<b>8741.31</b>
<b>TOTAL OF INVESTMENTS</b>	<b>9869.47</b>	<b>9674.84</b>
Aggregate market value of quoted Investments	38.19	1977.02

\* Subsidiary Company

\*\* Wholly owned Subsidiary Company



## CURRENT ASSETS, LOANS & ADVANCES SCHEDULE - 7

DESCRIPTION		As at 31.03.2009	As at 31.03.2008
	Rs. lacs	Rs. lacs	Rs. lacs
<b>CURRENT ASSETS</b>			
<b>a. Inventories (as taken, valued and certified by the management) (including in transit)</b>			
Stores, Spare Parts and loose tools		215.17	215.17
Raw Materials		2271.53	2286.63
Finished Goods		291.68	785.55
Goods-in-process		303.80	318.29
Scrap & Wastage		7.91	44.94
		3090.09	3650.58
Less: Provision for diminution in value of Inventory		1329.88	2576.56
<b>TOTAL</b>		<b>1760.21</b>	<b>1074.02</b>
<b>b. Sundry Debtors</b>			
Debts outstanding for a period exceeding six months			
Unsecured, Considered Good	0.00		64.85
Unsecured, Considered Doubtful	604.25		604.25
	604.25		
Less: Provision for doubtful debts	(604.25)	0.00	(604.25)
<b>TOTAL</b>		<b>0.00</b>	<b>64.85</b>
<b>c. Cash and Bank Balances</b>			
Cash balance on hand		54.78	18.72
<b>Balances with Scheduled Banks</b>			
In Current Accounts		524.12	115.48
In Fixed Deposit/Margin Money Accounts		409.85	998.11
In Savings Account (Employees' Security)		0.95	0.95
<b>TOTAL</b>		<b>989.70</b>	<b>1133.26</b>



## SCHEDULE - 7 (CONTD.)

DESCRIPTION	As at	
	31.03.2009	31.03.2008
	Rs. lacs	Rs. lacs
<b>e. Loans &amp; advances</b>		
(unsecured, considered good unless otherwise specified)		
<b>Loans</b>		
Lords Chloro Alkali Limited	140.17	142.17
Less : Provision for doubtful Loan	(127.96)	(127.96)
Modi Spg. & Wvg. Mills Limited ( Note 3a )	460.31	460.31
<b>Advances recoverable in cash or in kind or for value to be received and / or adjusted</b>		
Staff	111.20	111.64
Others. ( Note 3b )	1558.61	594.80
Sales Tax paid under protest/recoverable	146.11	146.11
Deposit with Government Deptt & Others	91.07	90.95
Balances with Customs,Excise,Port Trust etc.	1081.15	947.39
	2988.14	
Less:Provision for doubtful advances	(163.92)	(163.92)
Income-tax paid	98.48	23.55
Wealth-tax paid	4.94	1.76
Fringe Benefit tax paid	18.47	13.56
<b>TOTAL</b>	<b>3418.63</b>	<b>2240.36</b>

## CURRENT LIABILITIES & PROVISIONS SCHEDULE - 8

DESCRIPTION	As at	
	31.03.2009	31.03.2008
	Rs. lacs	Rs. lacs
<b>a. Current Liabilities</b>		
Acceptances	0.00	1867.03
Sundry Creditors ( Note 5 )	2319.21	3079.67
Provision for unascertainable future Liabilities	318.17	587.80
Advance against sale of Property	454.76	0.00
Other Liabilities	1425.04	1428.80
<b>TOTAL</b>	<b>4517.18</b>	<b>6963.30</b>
<b>b. Provisions</b>		
Wealth tax	9.70	5.70
Fringe Benefit tax	21.50	15.00
<b>TOTAL</b>	<b>31.20</b>	<b>20.70</b>



## SALES AND OTHER INCOME SCHEDULE - 9

DESCRIPTION		Year ended 31.03.2009	Year ended 31.03.2008
	Rs. lacs	Rs. lacs	Rs. lacs
Sales less returns (Gross)		192.48	0.00
Less: Excise duty		20.03	0.00
	<b>"A"</b>	<b>172.45</b>	<b>0.00</b>
Other Income			
Interest received on:			
Deposits, Loans and Advances (Gross)		124.95	180.15
(Tax deducted at source Rs.9.76 Lacs)			
Investments		0.65	3.31
Dividend received		11.01	3354.00
Excess Liabilities/Provisions/Sundry Balances/			
Written back/off (Net)		866.20	14727.10
Profit on sale of Investments		745.74	0.00
Profit on sale of Fixed Assets		2230.96	0.00
Miscellaneous sales/income :			
Excise Duty Refund		102.30	289.16
Rent and other Income		30.36	97.88
(Tax deducted at source Rs.1.83 Lacs)			
	<b>"B"</b>	<b>4112.17</b>	<b>18651.60</b>
	<b>TOTAL (A+B)</b>	<b>4284.62</b>	<b>18651.60</b>

# **MATERIALS COST SCHEDULE - 10**

DESCRIPTION		Year ended 31.03.2009	Year ended 31.03.2008
	Rs.lacs	Rs.lacs	Rs.lacs
Raw Materials Consumed			
Opening Stock	2286.63		2286.63
Add:Purchases	0.00		0.00
	2286.63		2286.63
Less: Stock trfd/sold	15.10		0.00
Closing Stock	2271.53		2286.63
		0.00	0.00
Increase /Decrease in Stocks			
Opening Stock:			
Finished Goods	785.55		785.55
Goods-in-process	318.29		318.29
Scrap & Wastage	44.94		44.94
	1148.78		1148.78
Less:Closing Stock			
Finished Goods	291.68		785.55
Goods-in-process	303.80		318.29
Scrap & Wastage	7.91		44.94
	603.39		1148.78
Decrease in Stock	545.39		0.00
Less:Provision for diminution in value of Stock Written Back	409.04	136.35	0.00
<b>TOTAL</b>		<b>136.35</b>	<b>0.00</b>



## EXPENSES SCHEDULE- 11

DESCRIPTION		Year ended 31.03.2009	Year ended 31.03.2008
	Rs.lacs	Rs.lacs	Rs.lacs
Rent		12.47	149.50
Repairs & Maintenance:			
Plant & Machinery	1.58		0.00
Buildings	21.81		11.64
Others	9.75	33.14	9.63
Salaries, Wages, etc.		70.67	94.58
Contribution to Family Pension and Provident Fund		3.92	5.03
Rates & Taxes		13.23	27.02
Insurance Charges		3.60	0.00
Auditors' Remuneration:			
Audit Fee	1.65		1.50
For Certificates etc.	2.34		1.15
For Other matters	1.40		0.00
For Expenses	0.50	5.89	0.50
Travelling & Conveyance		80.71	37.00
Electricity Consumed		25.12	14.23
Legal & Professional Charges		271.21	444.33
Repairs & Maintenance to Vehicles		2.66	3.78
Telephone & Postage Expenses		11.98	13.34
Loss on Fixed Assets sold/discarded		0.00	1600.28
Provision for Doubtful Loans & Advances		0.00	54.94
Directors' Sitting Fee		2.75	1.60
Miscellaneous Expenses		80.53	56.57
<b>TOTAL</b>		<b>617.88</b>	<b>2526.62</b>

## FINANCING CHARGES SCHEDULE- 12

DESCRIPTION		Year ended 31.03.2009	Year ended 31.03.2008
	Rs.lacs	Rs.lacs	Rs.lacs
Interest on:			
Debentures & Other Fixed Loans	3.04		4.75
Others	398.99	402.03	513.43
Bank Charges etc.		0.44	0.57
<b>TOTAL</b>		<b>402.47</b>	<b>518.75</b>

## ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES

### SCHEDULE -13

#### A. ACCOUNTING POLICIES

1. Method of Accounting  
Company generally maintains its accounts on accrual basis, except in case of certain items of Income/ Expenditure where recovery/payment is uncertain. Accordingly, estimated benefits against exports remaining to be utilised / liability for duty free raw materials excess utilised as at the end of the year has been accounted for in arriving at the consumption of raw materials.
2. Inventory Valuation
  - (a) Stores, Spares Parts and Loose Tools  
At weighted average cost.
  - (b) Raw Materials  
At weighted average cost
  - (c) Finished Goods  
Lower of Cost or net realisable value.
  - (d) Goods-in-process  
Lower of Cost or net realisable value.
  - (e) Scrap and Wastage  
At estimated selling price.

In respect of Finished goods and Goods in process, the cost is determined by considering material, related labour & overheads and duty thereon.
3. Depreciation  
Plant and Machinery on straight-line method and other Fixed Assets on reducing balance method at the rates specified in Schedule XIV of the Companies Act, 1956. Plant and Machinery are depreciated to the extent of 95% of its gross value considering the shelf life of 18 years.
4. Sales  
Sales comprise sale of goods, net of trade discount and include excise duty but exclude goods despatched pending for retirement where the titles of the goods remain with the company till retirement of documents.
5. Fixed Assets  
All Fixed Assets are stated at cost less depreciation. Interest on borrowed funds attributable to acquisition of Fixed Assets and revenue expenses incurred prior to installation are capitalised as part of assets cost. Own manufactured assets are capitalised at cost including estimated overheads.
6. Research & Development  
Revenue expenditure on research and development is charged as expense in the year in which it is incurred. Capital expenditure on research and development is shown as an addition to fixed assets.
7. Investments  
Investments are stated at Cost. In respect of investment of a long-term nature (including in subsidiaries), provision is made for any diminution in the value wherever it is permanent in nature.
8. Foreign Exchange Transactions  
Foreign currency transactions are accounted at exchange rates prevailing on the date of transaction. Current Assets and Liabilities denominated in foreign currency as at the Balance Sheet date are reconverted at rates prevailing at the year-end and the resultant net gains or losses are adjusted in the Account.
9. Retirement Benefits  
Retirement benefits are dealt with in the following manner:
  - a) Contributions to Provident Fund are accounted on accrual basis with corresponding contribution to recognised funds for staff on actual duty.
  - b) Provision for Gratuity liability is made on the basis of actuarial valuation, with corresponding contribution to recognised fund. (No contribution from 1.10.2000).

#### B. CONTINGENT LIABILITIES

	As at 31.03.2009 Rs. Lacs.	As at 31.03.2008 Rs. Lacs.
1. Guarantees (Unconfirmed)	813.61	9.43
2. Sales Tax Matters	3205.26	4682.78
3. Excise / Customs Matters	1631.92	1602.97

#### C. NOTES

1. BIFR vide its Order dated 21.04.2008 has sanctioned a Rehabilitation Scheme SS08 for revival of the Company, with cut off date as on March 31, 2008, under provisions of SICA. The Company is in the process of implementation of SS08.
2. Land & Building at Modi Tyre Factory, Modinagar is on perpetual lease taken from Modi Export Processors Ltd. (MEPL). Pursuant to Allahabad High Court Order possession of the Factory is with the Official Liquidator. Company has taken appropriate legal action for getting possession of factory premises back from Official Liquidator to give effect to BIFR Order for implementation.
3. LOANS AND ADVANCES
  - a) Amount to Modi Spinning & Weaving Mills Company Ltd. (MSWL) (Rs. 460.31 lacs Net) includes Rs. 349.61 lacs appropriated by Punjab National Bank in the year 1992-93 towards the outstanding loan and interest payable by MSWL. The company has filed a suit against MSWL in respect of such claims, which is pending, before the Delhi High Court.



## SCHEDULE – 13 (Contd.)

(b) Advances to others include :-

Rs. 358.91 lacs paid on behalf of Modi Fibres Limited (MFL) including direct payment of Rs.296.45 lacs to MIDC for purchase of land. MFL is yet to issue the shares for above said investment. The Company has filed a petition U/s 397 & 398 of the Companies Act, 1956 before Company Law Board. The Hon'ble Company Law Board has passed an interim order directing MFL not to alienate / transfer the fixed assets till the disposal of company application before Company Law Board.

4. (a) No provision for taxation for the year ended 31<sup>st</sup> March 2009 is required to be made since there is no taxable income due to unab-sorbed depreciation and brought forward losses.
- (b) Provision for Fringe Benefit Tax is computed in accordance with the provision of the Income Tax Act, 1961.
- (c) Provision for Wealth Tax is computed in accordance with the provision of the Wealth Tax Act, 1957.
- (d) In terms of Accounting Standard (AS-22) on accounting for Taxation of Income issued by the Institute of Chartered Accountants of India, the Company has not recognised the Deferred Tax Assets/Liability due to uncertainty of future profitability.
5. (a) Sundry creditors include Rs. 136.62 lacs (20% of Rs. 683.10 lacs as per settlement terms defined in BIFR SS08) towards lease rent payable to M/s Modi Exports Processors Ltd.(MEPL) for the period January, 2002 to September, 2007. Further no liability towards lease rent has been provided after September, 2007 since the premises are sealed by the Official Liquidator of MEPL.
- (b) Sundry creditors also include Rs. 82.04 lacs payable to M/s. Madura Coats Limited, Rs. 186.42 lacs to M/s. Continental Carbons Limited and Rs. 23.91 lacs to M/s Oriental Carbon and Chemicals Limited totaling to Rs. 292.37 lacs (being 30% of Rs. 974.58 lacs) as per settlement term stated in BIFR SS-08.
6. Expenses and claims relating to previous year adjusted in respective accounts not separately shown are Rs. 1.36 lacs [previous year Rs.195.20 lacs].
7. The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Devel-opment Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this, Act, has not been given.
8. The balances of the suppliers, customers & advances etc. are subject to confirmation / reconciliation.

9. Earning per Share :	2008-09	2007-08
Profit after Tax (Rs. Lacs)	2905.59	15060.55
Basic number of equity shares	25040532	25040532
Basic earning per share (Rs.)	11.60	60.14

10. The Company's operations comprise only one segment i.e. Automobile Tyres, Tubes & Flaps and therefore there is no other business/ geo-graphical segments to be reported as required under Accounting Standard (AS-17) of the The Institute of Chartered Accountants of India.
11. Related Parties Disclosures in accordance with Accounting Standard (AS – 18) of The Institute of Chartered Accountants of India.

A) Subsidiaries:	% Holdings
i) Modistone Limited (in liquidation) Official Liquidator has taken possession of the Company w.e.f. 25.07.2002- the date of appointment of Official Liquidator by Bombay High Court.	55.32
ii) Superior Investment (India) Limited	100.00
iii) Spin Investment (India) Limited	100.00
iv) Modi Tyres Company Pvt Ltd	100.00
Associates :	
i) Man Diesel India Limited (Formerly known as Man B&W Diesel India Limited)	20.00
ii) Gujarat Guardian Limited (GGL)	21.24

- B) Key Management Personnel : .
- Mr. Vinay Kumar Modi- Managing Director
- (No remuneration to Key Management Personnel during the year)

The following transactions were carried out with related parties in the ordinary course of business during the year:

A) Subsidiaries	Rs. Lacs
i) Transfer of Assets /Liabilities (Net)	4354.79
ii) Payable at the year end	6107.21
B) i) Expenses incurred by MRL on behalf of Modi Tyres Co Pvt. Ltd	5522.86
ii) Transfer of Assets /Liabilities (Net)	4612.21
iii) Receivable at the year end	792.70
C) i) Expenses incurred by MRL on behalf of Superior Investment (India) Limited	0.72
ii) Payable at the year end	247.13
D) Associates:	
i) Expenses incurred by MRL on behalf of GGL	9.71
ii) Receivable at the year end	1.62

12. Due to closure of manufacturing operations, the value of intangible assets and value of impairment loss on assets as per Accounting Standard 26 and 28 respectively, issued by the Institute of Chartered Accountants of India, has not been ascertained.

## SCHEDULE – 13 (Contd.)

13. The company adopted Accounting Standard 15 (Revised) issued by The Institute of Chartered Accountants of India.

Contribution for Employees Benefit :

### Defined Contribution Plans

- a. Provident Fund
- b. State Defined Contribution Plans
- Employees Pension Scheme 1995

### Provident Fund :

The Employees of the company receive defined contribution for Provident Fund benefit. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the company make monthly contributions at specified percentage of the employee's salary to the Provident Fund Trust and / or the concerned Provident Fund Authorities. The company has no liability to Fund the shortfall in the interest over the statutory rate declared by the Government.

The Company has recognized the following amounts in the Profit and Loss for the year.

	2008-09
	Rs. in lacs
(a) Contribution to Provident Fund	2.68
(b) Contribution to Employee Pension Scheme 1995	1.24

### Defined benefit plans

#### Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme of Gratuity Fund Trust, administered and managed by the Independent Board of Trustees. The sections of the Company first makes the payment to vested employees at retirement, death, incapacitation or termination of employment of an amount based on the respective employee's salary and the tenure of employment and then gets the reimbursement from it. Vesting occurs upon completion of five years of service. Liabilities with regards to the Gratuity Plan are determined by actuarial valuation.

**Defined Benefit  
Obligation (Gratuity)  
31 March, 2009  
Rs. lacs**

<b>A.</b>	<b>The amounts (in Rs.) recognised in the balance sheet are as follows:</b>	
	Present value of funded obligations	23.34
	Fair value of plan assets	23.34
	Present value of unfunded obligations	(1.63)
	Unrecognised past service cost	Nil
	Net liability	(1.63)
	Amounts in the balance sheet:	
	Liabilities	21.72
	Assets	23.34
	Net liability (Asset)	(1.63)
<b>B.</b>	<b>The amounts (in Rs.) recognised in the statement of profit and loss are as follows:</b>	
	Current service cost	0.85
	Interest on obligation	1.66
	Expected return on plan assets	(2.01)
	Net actuarial losses (gains) recognised in year ended	2.03
	Past service cost	Nil
	Losses (gains) on curtailments and settlement	Nil
	Total, included in employee benefit expense	2.53
<b>C.</b>	<b>Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>	
	Opening Defined Benefit Obligation 1-4-2008*	22.88
	Service cost for the year	0.85
	Interest cost for the year 2287673*.0725	1.66
	Actuarial losses (gains)	0.23
	Losses (gains) on curtailments	



## SCHEDULE – 13 (Contd.)

	Liabilities extinguished on settlements	Nil
	Liabilities assumed in an amalgamation in the nature of purchase	Nil
	Exchange differences on foreign plans	Nil
	Benefits paid	(3.89)
	Closing defined benefit obligation 31-03-2009	21.72
<b>D.</b>	<b>Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:</b>	
	Opening fair value of plan assets as on 01-04-2008	27.03
	Expected return on mean fund	2.01
	Actuarial gains and (losses)	(1.80)
	Assets distributed on settlements	Nil
	Contributions by employer	Nil
	Assets acquired in an amalgamation in the nature of purchase	Nil
	Exchange differences on foreign plans	Nil
	Benefits paid	(3.89)
	Closing balance of fair value of plan assets as on 31-03-2009	23.34
<b>E.</b>	<b>The major categories of plan assets as a percentage of total plan assets are as follows:</b>	
	Government of India Securities	6.9%
	Deposits with Banks	93.1%
	High quality corporate bonds	Nil
	Equity shares of listed companies	Nil
	Property	Nil
	Policy of insurance	Nil
<b>F.</b>	<b>Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):</b>	
	Discount rate as on 31-3-2009	7.25%
	Expected return on plan assets at 31-3-2009	8.00%
	Proportion of employees opting for early retirement	-
	Annual increase in Salary costs	5.25%
<b>G.</b>	<b>Gratuity Benefit</b>	
	Amount for the current and previous four periods are as follows:	
	Defined benefit pension plans	
	Defined Benefit Obligation as at 31-03-2009	21.72
	Plan assets	23.34
	Surplus / (deficit)	1.63
	Experience adjustments on plan liabilities	0.23
	Experience adjustments on plan assets	1.80

In view of excess contribution made in earlier years no provision has been made during the year.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.



## SCHEDULE – 13 (Contd.)

14. Additional information pursuant to the provisions of Schedule VI of the Companies Act, 1956 (as amended):  
Expenditure / Earnings in Foreign Currency / Exchange is Rs. Nil (Last year Rs. Nil).

### FINISHED GOODS

Class of Goods		Installed* Capacity Per Year	Opening	Production#	Sales/Trf. Quantity** Amount (Rs.)	Closing
		(in lacs)	(in lacs)		(in lacs)	(in lacs)
<b>MANUFACTURED GOODS</b>						
Automobile Tyres						
	Nos.	12.16	0.24	-	0.03	0.21
	Rs.	-	535.69	-	128.22	230.07
	Nos.	(12.16)	(0.24)	-	-	(0.24)
	Rs.	-	(535.69)	-	-	(535.69)
Automobile Tubes	Nos.	24.20	0.94	-	0.07	0.87
	Rs.	-	191.17	-	29.56	61.61
	Nos.	(24.20)	(0.94)	-	-	(0.94)
	Rs.	-	(191.17)	-	-	(191.17)
Automobile Flaps	Nos.	0.00	0.08	-	0.08	0.00
	Rs.	-	11.13	-	2.78	0.00
	Nos.	(0.00)	(0.08)	-	-	(0.08)
	Rs.	-	(11.13)	-	-	(11.13)
		*** Purchases				
<b>TRADING GOODS</b>						
Automobile Tyres	Nos.	-	0.04	-	0.04	0.00
	Rs.	-	44.71	-	11.18	0.00
	Nos.	-	(0.04)	-	-	(0.04)
	Rs.	-	(44.71)	-	-	(44.71)
Automobile Tubes	Nos.	-	0.005	-	0.005	0.00
	Rs.	-	2.19	-	0.55	0.00
	Nos.	-	(0.005)	-	-	(0.005)
	Rs.	-	(2.19)	-	-	(2.19)
Automobile Flaps	Nos.	-	0.01	-	0.01	0.00
	Rs.	-	0.66	-	0.17	0.00
	Nos.	-	(0.01)	-	-	(0.01)
	Rs.	-	(0.66)	-	-	(0.66)

Notes : i) Licenced capacity not applicable – since delicensed.

ii) Figures in brackets are in respect of previous year.

\* As certified by the management.

\*\* Balancing figure/stock adjustment.

\*\*\* Net of purchase return.

# Including conversion from outside.

### CONSUMPTION OF RAW MATERIALS

S. No.	ITEM	YEAR ENDED 31.03.2009				YEAR ENDED 31.03.2008			
		Imported		Indigenous		Imported		Indigenous	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)	Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
	<b>Raw Materials</b>	(kgs)	(in lacs)	(kgs)	(in lacs)	(kgs)	(in lacs)	(kgs)	(in lacs)
1	Natural Rubber	13169	4.38	-	-	-	-	-	-
2	Synthetic Rubber	369	0.15	1760	1.26	-	-	-	-
3	Carbon Black	4696	1.42	-	-	-	-	-	-
4	Nylon fabric	475	0.92	-	-	-	-	-	-
5	Rubber Chemicals	5170	2.86	-	-	-	-	-	-
6	Misc. & Others	2604	1.63	-	-	-	-	-	-
7	Stores		2.48	-	-	-	-	-	-
	<b>TOTAL</b>		<b>13.84</b>		<b>1.26</b>				



## SCHEDULE – 13 (Contd.)

### 15. Information pursuant to Notification GSR-386 (E) dated 15<sup>th</sup> May 1995.

I. Registration Details	
Registration No.: 3392	
State Code : 20	
Balance Sheet Date	31.03.2009
	Rs. in lacs
II. Capital raised during the year	
Public Issue	NIL
Bonus Issue	NIL
Right Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds	
Total Liabilities	16264.34
Total Assets	16264.34
Sources of Funds	
Paid up Capital	2504.05
Share Application Money	700.00
Reserves & Surplus	5801.58
Secured Loans	675.00
Unsecured Loans	6583.71
Applications of Funds	
Net Fixed Assets	1908.25
Investments	9869.47
Net Current Assets	1620.16
Accumulated Losses	2866.46
Performance of Company	
Turnover/Other Income	4284.62
Total Expenditure	1368.53
Profit/(Loss) Before Tax	2916.09
Profit/(Loss) After Tax	2905.59
Earning per Share (Rupees)	11.60
Dividend Rate %	NIL
Generic Names of Principal Products/Services of Company	
(As per monetary terms)	
Item Code.No. (ITC Code)	Product Description
40112000	Automobile Tyres
40131002	Automobile Tubes
40129004	Automobile Flaps

16. Previous year figures have been regrouped/rearranged wherever necessary.

17. Schedules 1 to 13 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

	As per our Report Attached For PDM & Co. Chartered Accountants	Kamal Gupta Head – Finance & Accounts	Alok Modi S.C. Tripathi K.S. Bains Directors	V.K. Modi Chairman & Managing Director
New Delhi 26th August, 2009	CA. Prabhat Jain Partner M.No. 86756	S.K. Bajpai Head – Legal & Company Secretary		

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Rs. Lacs	2008-2009 Rs. Lacs	Rs. Lacs	Rs. Lacs	2007-2008 Rs. Lacs	Rs. Lacs
<b>A. Cash Flow from operating activities</b>						
Net Profit before tax and extraordinary items		2,916.09			15,072.75	
Add: Adjustments for:						
Depreciation	211.83			533.48		
Interest Paid	402.08			518.18		
Interest Received	(125.60)			(183.46)		
Miscellaneous income	-			(289.16)		
Net( Profit)/Loss on Fixed Assets sold/discarded	(2,230.96)			1,600.64		
Net( Profit)/Loss on Investments	(745.74)			-		
Provision made for doubtful debts and advances	-			54.94		
Balances /Provisions not required Written back/off (Net)	(1,275.23)			(14,727.10)		
Dividend/Income received from units	(11.01)	(3,774.63)		(3,354.00)	(15,846.48)	
Operating profit before working capital changes		(858.54)			(773.73)	
Adjustments for:						
(Increase)/Decrease in Trade and other receivables	576.44			(636.66)		
Increase/(Decrease) in Trade payable	(2,446.12)			639.86		
		(1,869.68)			3.20	
Cash generated from operations before tax		(2,728.22)			(770.53)	
Add: Taxes (paid)/refund		(8.09)			89.82	
<b>Net cash generated from operating activities</b>			(2,736.31)			-680.71
<b>B. Cash flow from investing activities:</b>						
Interest received		32.65			175.55	
Dividend received		11.01			3,354.00	
Additions to Fixed assets		(6.50)			-	
Proceeds from sale of Fixed assets		2,267.90			-	
Proceeds from sale of Investments		551.13			-	
Investments made during the year		(1,037.50)			(2,457.18)	
<b>Net cash generated from investing activities</b>			1,818.69			1,072.37
<b>C. Cash Flow from financing activities:</b>						
Increase/(Decrease) in Borrowings		476.09			-	
Share Application Money received		700.00			-	
Interest paid		(402.03)			(28.37)	
<b>Net cash used in financing activities</b>			774.06			-28.37
<b>Net increase/(decrease) in cash and cash equivalent(A+B+C)</b>			(143.56)			363.29
<b>Cash and cash equivalents as at the begining of the year</b>			1,132.31			769.02
<b>Cash and cash equivalents as at the end of the year</b>			988.75			1132.31
NOTES: 1. Cash and Cash equivalents includes.						
Cash , Cheques in hand and remittance in transit.			54.78			18.72
Balance with Banks.			933.97			1113.59
<b>TOTAL</b>			<b>988.75</b>			<b>1132.31</b>
2. Previous year figures have been regrouped/rearranged wherever necessary so as to make them comparable with those of the current year.						

As per our Report Attached  
For PDM & Co.  
Chartered Accountants

Kamal Gupta  
Head – Finance & Accounts

Alok Modi  
S.C. Tripathi  
K.S. Bains  
Directors

V.K. Modi  
Chairman &  
Managing Director

New Delhi  
26th August, 2009  
CA. Prabhat Jain  
Partner  
M.No. 86756

S.K. Bajpai  
Head – Legal &  
Company Secretary



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

1. Names of the subsidiary companies	Modi Tyres Company Private Limited	Superior Investment (India) Ltd.	Spin Investment (India) Ltd.	Modistone Ltd.*
2. Number of shares held in the Subsidiary Companies Shares of Rs. 10/- each	5,60,46,680 Equity Shares of Rs. 10/- each fully paid	29,915 Equity Shares of Rs. 100/- each fully paid	29,915 Equity Shares of Rs. 100/- each fully paid	1,14,75,000 Equity of Rs. 10/- each fully paid
3. Percentage of holding in the Subsidiary Companies	100%	100%	100%	55.32%
4. Financial year ended	31.03.2009	31.03.2009	31.03.2009	-
5. Profits/(Losses) of the subsidiary Companies for their financial year so far as they concern the members of Modi Rubber Limited which have not been dealt within the accounts of Modi Rubber Limited for the year ended 31.03.2009	Rs./ Lacs	Rs./ Lacs	Rs./ Lacs	Rs./ Lacs*
For the year	(1147.63)	(0.65)	4312.21	--
For the Previous year	--	(0.17)	81.89	--
6. The net aggregate of Profit/(Losses) of the Subsidiary Companies which have been dealt within the accounts of Modi Rubber Limited for the year ended 31.03.2009				
For the year		N . A .	N . A .	N . A .
For the Previous year		N . A .	N . A .	N . A .

\* As per order of Mumbai High Court the company has been wound up and in liquidation proceedings an Official Liquidator has been appointed on 25.07.2002. Therefore, the Annual Accounts of Modistone Limited after the accounting year ended 30.09.2001 are not available.

Kamal Gupta  
Head – Finance & Accounts

Alok Modi  
S.C. Tripathi  
K.S. Bains  
Directors

V.K. Modi  
Chairman &  
Managing Director

S.K. Bajpai  
Head – Legal &  
Company Secretary

New Delhi  
26th August, 2009

# DIRECTORS' REPORT

Your Directors have pleasure in presenting the 25th Directors' Report together with the Audited Statement of Accounts of the Company for the Accounting Year ended 31st March, 2009

## WORKING RESULTS

During the year under review, Company incurred loss of Rs 0.65 lac (Previous year loss of Rs.0.17 lac)

## DIRECTORS

Shri Vijay Kumar Gupta retires by rotation and, being eligible, offers himself for re-appointment.

## FIXED DEPOSITS

The Company has not accepted any Fixed Deposit from public during the period under review.

## STATUTORY DISCLOSURES

There have been no employees covered under section 217 (2A) of the Companies Act, 1956, read with the Rules made thereunder during the relevant period.

There is no information with respect to conversion of energy, technology absorption, foreign exchange etc., pursuant to section 217 (1) (e) of the Companies Act, 1956.

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that :

- in preparation of the annual accounts the applicable accounting standards has been following alongwith proper explanation relating to material departures
- the Directors has selected such accounting policies and applied them consistently except that no provision has been made for permanent diminution in the value of current investment being excess of cost over market value. Subject to the above, the Directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors had prepared the annual accounts on a going concern basis.
- That the above statements have been made to the best of knowledge and belief of the directors.

## AUDITORS

M/s. Nahta Jain & Associates, Chartered Accountants, shall hold office as statutory auditor's upto the ensuing Annual General Meeting and are eligible for reappointment.

Auditors' observations, if any, in their Report do not need any further comment.

## COMPLIANCE CERTIFICATE

Compliance Certificate to Section 383A of the Companies Act, 1956 is attached as Annexure A.

## ACKNOWLEDGEMENT

Your Directors place on record their appreciation to the Banks and other stakeholders for their support.

For and on behalf of the Board

(Vijay Gupta)  
Director

Place : New Delhi  
Dated: 20.08.2009

# AUDITORS' REPORT

The Share Holders

Superior Investments (India) Ltd.

We have audited the attached Balance Sheet of Superior Investments (India) Ltd. as at 31st March 2009 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion proper books of accounts as required by the law have been kept by the company so far as it appears from our examination of the books;
- The balance sheet and Profit & Loss Account dealt with by this report are in agreement with such books of accounts;
- In our opinion, the balance sheet and profit & Loss account dealt with by this report comply with the accounting standards, referred to in sec. 211 (3C) of the companies act 1956;
- On the basis of representations received from the Directors of the company, we report that, no director is disqualified as on 31-3-2009 from being appointed as a director of the company under the clause (g) of sub section (1) of section 274 of the companies act 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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.
  - In the case of balance sheet, of the state of affairs of the Company as at 31st March 2009; and
  - In the case of Profit & Loss Account, of the Loss for the year ended on that date

As per our Report of Even Date  
For and on Behalf of  
For Nahta Jain & Associates  
Chartered Accountants  
(GAURAV NAHTA)  
Partner

Place: New Delhi

Date : 20/08/2009

Annexure to Auditor's Report (Referred to in our report of even Date)

- a. The Company does not have any fixed assets therefore this clause is not applicable.
- a. The Company does not have any inventory, therefore this clause is not applicable.
- a. The Company has not taken any loan, Secured or Unsecured, from any firm, companies or other parties covered u/s 301 of the Companies Act, 1956, hence sub clause (a) to (d) is not applicable.
- b. The Company had granted unsecured loans in the nature of Advances to its Holding Company which is covered u/s 301 of the Companies Act, 1956 of which loan of Rs. 247.13 Lacs were outstanding at the year end. The maximum amount of loan granted to the said company during the year was Rs. 247.13 Lacs.
- c. According to the information and explanation given to us, interest has not been charged and terms and conditions have not been settled, the loan has been given to the holding company therefore we are unable to comment whether the terms are, prima facie, not prejudicial to the interest of the company.
- d. The loan outstanding at the year end are at call. The Company to whom the loan has been granted has been registered in the Board for Industrial and Financial Reconstruction (BIFR) on 17.03.2004 and is facing cash crunch, therefore we are not able to comment on the recoverability of the same.
- e. The company has not purchased any inventory or fixed assets and has not sold any goods during the year. Hence we cannot comment upon the internal control procedure adopted by the company.
- f. During the year, neither the company has reported nor we have come across any transaction that needs to be entered in the register maintained u/s 301 of the Act. Hence clause (e) is not applicable.
- g. The company has not accepted any deposit from the public during the year.
- h. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- i. The maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 are not required for the company.
- j. a) According to the information and explanation given to us the company has been regular in depositing undisputed statutory dues including provident fund, income tax etc. According to the information and explanations given to us, no undisputed amounts payable in respect of above mentioned dues were in arrears, as at 31st March 2009 for a period of more than six months from the date they became payable.  
b) According to the information and explanations given to us, there are no statutory dues that have not been deposited on account of dispute.
- k. The company does not has any accumulated losses but has incurred a cash loss of Rs 0.65/-Lacs during the financial year covered by our audit.
- l. in our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks. As there are no debentures, the question of repayment does not arise.
- m. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- n. In our opinion, the company is not a chit fund or a mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- o. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments, however the company has made the long term investment in shares of group company 5 others.
- p. We are informed that the Company has not any given guarantees for loans taken by others from banks or financial institutions. Therefore, clause 4(xv) of the companies (Auditor's Report) order, 2003 is not applicable to the company.
- q. The company has not obtained any term loan during the year and therefore, clause 4(xvi) of the companies (Auditor's Report) order, 2003 is not applicable to the company.
- r. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment. No long-term funds have been used to finance short-term assets except permanent working capital. The company has not raise any funds on short-term basis or long-term basis during the year and therefore clause 4(xvii) of the companies (Auditor's Report) order, 2003 is not applicable to the company.
- s. The company has not issued any debentures during the year and therefore clause 4(xix) of the companies (Auditor's Report) order, 2003 is not applicable.
- t. The company has not raised money by public issue during the year and therefore clause 4(xix) of the companies (Auditor's Report) order, 2003 is not applicable.
- u. According to the information and explanations give to us, no fraud on or by the company has been noticed or reported during the course of our audit.

As per our Report of Even Date  
For and on Behalf of  
For Nahta Jain & Associates  
Chartered Accountants  
(GAURAV NAHTA)  
Partner

Place: New Delhi

Date : 20/08/2009

# **B**ALANCE SHEET

## AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 (Rs. Lacs)	As at 31.03.2008 (Rs. Lacs)
<b>I SOURCE OF FUNDS</b>			
<b>Shareholders's Funds</b>			
Share Capital	1	29.92	29.92
Reserves & Surplus	2	262.82	263.47
<b>Total</b>		<b>292.74</b>	<b>293.39</b>
<b>II APPLICATION OF FUNDS</b>			
Investments	3	26.05	26.05
Current Assets, Loans and Advances	4		
Cash and Bank Balances		0.51	0.45
Sundry Debtors		0.24	0.24
Loans and Advances		266.13	266.84
		266.88	267.53
Less : Current Liabilities & Provisions	5		
Current Liabilities		0.19	0.19
Provisions		-	-
		0.19	0.19
Net Current Assets		266.69	267.34
<b>Total</b>		<b>292.74</b>	<b>293.39</b>
Accounting policies and notes to Accounts	6		

# **P**ROFIT & LOSS ACCOUNT

## FOR THE YEAR ENDED 31ST MARCH, 2009

	For the Year Ended 31.03.2009 (Rs. Lacs)	For the Year Ended 31.03.2008 (Rs. Lacs)
<b>INCOME</b>		
Dividend Received	0.22	0.19
<b>Total</b>	<b>0.22</b>	<b>0.19</b>
<b>EXPENDITURE</b>		
Audit Fee	0.11	0.11
Director's Sitting Fee & Expenses	0.27	0.11
Filing fee	0.21	0.05
Legal & Professional charges	0.26	0.08
Bank charges	0.01	0.01
Charges General	0.01	0.00
<b>Total</b>	<b>0.87</b>	<b>0.36</b>
Profit/(Loss) before Taxation	(0.65)	(0.17)
Provision for Taxation	0.00	0.00
Profit/(Loss) after Taxation	(0.65)	(0.17)
Surplus brought forward from previous year	(0.03)	0.14
Balance Carried to Balance Sheet	(0.68)	(0.03)
Accounting policies and notes to Accounts	6	

As per our report attached

**for NAHTA JAIN & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

CA GAURAV NAHTA  
Partner  
M. No. 116735

VIJAY GUPTA  
Director

M.P. TYAGI  
Director

SANJIVAN SAHNI  
Chairman

New Delhi  
Date : 20.08.2009

## SCHEDULES ATTACHED TO AND FORMING PART OF ACCOUNTS

	As At 31.03.2009 (Rs. Lacs)	As At 31.03.2008 (Rs. Lacs)
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
80000 Equity shares of Rs. 100/- each	80.00	80.00
20000 11% Redeemable Preference Shares of Rs. 10/- each	20.00	20.00
	<u>100.00</u>	<u>100.00</u>

<b>Issued, Subscribed and Paid up</b>		
29915 Equity Shares of Rs. 100/- each Fully Paid up	29.92	29.92
(Entire Equity Shares are held by holding company)		
<b>TOTAL</b>	<u>29.92</u>	<u>29.92</u>

<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
General Reserves	263.50	263.50
Profit & Loss Account	(0.68)	(0.03)
<b>TOTAL</b>	<u>262.82</u>	<u>263.47</u>

## SCHEDULE 3 - INVESTMENTS

### LONG TERM INVESTMENTS

#### In Shares of Companies

#### QUOTED

880 Equity Shares of Housing Development Finance Corpn. Ltd. of (880) Rs. 10/- each fully paid up	0.06	0.06
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#### UNQUOTED

96000 Equity Shares of Modi Carpets Ltd. (96000) of Rs. 10/- each fully paid up.	6.19	6.19
95000 Equity Shares of Xerox Modicorp Ltd. (95000) of Rs. 10/- each fully paid up.	9.50	9.50
9000 Equity Shares of Licensintorg Co. (I) Pvt. Ltd. of Rs. 100/- each (9000) fully paid up.	9.00	9.00
11550 Equity Shares of Kesha Processors Ltd. (Formerly known as Chic (11550) Creation (I) Ltd.) of Rs. 10/- each fully paid up.	1.05	1.05

### CURRENT INVESTMENTS

#### In Units of mutual funds

#### QUOTED

2500 Units of Prudential ICICI Technology (2500) Fund of Rs. 10/- each fully paid up.	0.25	0.25
<b>TOTAL</b>	<u>26.05</u>	<u>26.05</u>

Aggregate Book Value of quoted investments	0.31	0.31
Aggregate Market Value of quoted investments	12.42	20.98
Aggregate Book Value of unquoted investments	25.74	25.74

Note : Figures in brackets are in respect of previous year.

## SCHEDULE 4 - CURRENT ASSETS, LOANS AND ADVANCES

### CURRENT ASSETS

#### Cash & Bank Balances

Balance with Scheduled Bank in Current Account	0.51	0.45
<b>TOTAL</b>	<u>0.51</u>	<u>0.45</u>

### SUNDRY DEBTORS

#### (Considered Good)

Outstanding for less than six months	0.24	0.24
<b>TOTAL</b>	<u>0.24</u>	<u>0.24</u>

### Loans and Advances

Modi Rubber Limited	247.13	247.84
Other advances	19.00	19.00
<b>TOTAL</b>	<u>266.13</u>	<u>266.84</u>

## SCHEDULE 5 - CURRENT LIABILITIES AND PROVISIONS

### Current Liabilities

Expenses Payable	0.19	0.19
<b>TOTAL</b>	<u>0.19</u>	<u>0.19</u>

### Provisions

Provision for Taxation	-	-
<b>TOTAL</b>	<u>-</u>	<u>-</u>

## SCHEDULE - 6

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

### A. Significant Accounting Policies :

#### 1. Basis of accounting

The financial statements are prepared under the historical cost convention on the concept of a going concern, in accordance with the applicable Accounting Standard issued by The Institute of Chartered Accountants of India and relevant presentation requirement of the Companies Act, 1956 (as amended), except as stated other wise.

#### 2. Investments

- Long term Investments are stated at cost. No provision is made for diminution in the value of investments unless it is of permanent nature.
- Current Investment are valued at cost.

#### 3. Revenue recognition

Income and expenditure are recognized on accrual basis.

#### 4. Taxes on Income

Taxes on income are accounted for in accordance with AS-22 issued by Institute of Chartered Accountants of India on "Accounting for taxes on Income". The Deferred Tax Assets are recognized only to the extent that there is reasonable certainty of future profits against which such deferred tax assets could be realized.

## B. Notes to Accounts

1. The Company jointly with Spin Investment (India) Limited stood as guarantor to State Bank of Hyderabad (SBH) for credit facilities sanctioned to MBM Limited (in liquidation). Due to non payment of dues, SBH brought DRT order dated 25.9.1999 for the recovery of Rs. 106.39 lacs with pendent elite and future interest @ 19.38% p.a. As against the said order, the Company made one time full and final settlement of its share with SBH and paid Rs. 50.28 lacs. which was appearing as advance in the books. Looking at present state of affairs of MBM Limited (in liquidation) its recovery appears doubtful, hence the said advance has been written off to the extend of 75% and balance 25% is appearing in the books of account.
2. The Company has not recognized any deferred tax assets/liabilities in the books of account due to uncertainty of future profitability.
3. Application for registration u/s 45 1 a of the RBI Act, 1934 (2 of 1934) was made on 08.08.1997 and communication from RBI is still awaited.
4. The Company is a Deemed Limited Company u/s 43A of the Companies Act, 1956. However, section 43a is not applicable after the commencement of companies (amendment) Act, 2000 i.e. 13.12.2000. Consequently, the company has to inform to Registrar of companies that it has become Private Limited Company. Necessary action is being taken to comply with above requirement.

## Additional Information as required under Schedule VI to the companies Act, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details

Registration No. 12512 State Code 55

Balance Sheet Date 31 03 09

### II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

### III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
29274	29274
Sources of Funds	Reserves and Surplus
Paid up Capital	26282
2992	Unsecured Loans
Secured Loans	NIL
NIL	Investments
Application of Funds	2605
Net Fixed Assets	Misc. Expenditure
NIL	NIL
Net Current Assets	
26669	
Accumulated Losses	
NIL	

### IV Performance of Company (Amount in Rs. Thousands)

Turnover/Income	Total Expenditure
22	87
+/- Profit/Loss before Tax	+/- Profit/Loss After Tax
-65	-65
Earning per Share in Rs. 100 each in Rs.	Dividend Rate %
NIL	NIL

### V Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Not applicable since it is an investment company

As per our report attached

for NAHTA JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS

CA GAURAV NAHTA  
Partner  
M. No. 116735

New Delhi  
Date : 20.08.2009

VIJAY GUPTA  
Director

M.P. TYAGI  
Director

SANJIWAN SAHNI  
Chairman



# DIRECTORS' REPORT

Your Directors have pleasure in presenting the 26th Directors' Report together with the Audited Statement of Accounts of the Company for the Accounting Year ended 31st March, 2009

## FINANCIAL RESULTS

During the year under review, Company earned profit of Rs. 3800.28 lac (Previous year Rs. 81.96 lac) after provisions for taxation. During the current year, Company sold its investment in shares in Godfrey Phillips Ltd. In terms of the directions of the AAIFR. Company has advanced Rs43.55 crores to MRL for utilization in its revival and rehabilitation. Your Directors, however, do not recommend any dividend.

## DIRECTORS

Shri Kamal Gupta retires by rotation and, being eligible, offers himself for re-appointment. Company has received a notice under Section 257 of the Companies Act, 1956 for appointment of Shri Madangopal Mal Singhvi who was appointed as Additional Director w.e.f 20.08.2009, as Director of the Company. The above proposal has been included in the notice of Annual General Meeting for your approval.

## FIXED DEPOSITS

The Company has not accepted any Fixed Deposit from public during the period under review.

## STATUTORY DISCLOSURES

There have been no employees covered under section 217 (2A) of the Companies Act, 1956, read with the Rules made thereunder during the relevant period.

There is no information with respect to conversion of energy, technology absorption, foreign exchange etc., pursuant to section 217 (1) (e) of the Companies Act, 1956.

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that :

- in preparation of the annual accounts the applicable accounting standards has been following alongwith proper explanation relating to material departures
- the Directors has selected such accounting policies and applied them consistently except that no provision has been made for permanent diminution in the value of current investment being excess of cost over market value. Subject to the above, the Directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors had prepared the annual accounts on a going concern basis.
- That the above statements have been made to the best of knowledge and belief of the directors.

## AUDITORS

M/s. Nahta Jain & Associates, Chartered Accountants, New Delhi is appointed as statutory auditors in place of M/s S N Nanda & Company, Chartered Accountants, who shall retire at the ensuing Annual General Meeting. M/s. Nahta Jain & Associates, Chartered Accountants, hold the office of auditor's from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at the Remuneration plus out of pocket expenses as may be decided by the Board of Directors.

Auditors' observations, if any, in their Report do not need any further comment.

## COMPLIANCE CERTIFICATE

Compliance Certificate to Section 383A of the Companies Act, 1956 is attached as Annexure A.

## ACKNOWLEDGEMENT

Your Directors place on record their appreciation to the Banks and other stakeholders for their support.

For and on behalf of the Board,  
SPIN INVESTMENT (INDIA) LTD,

Director Director

Place : New Delhi  
Date : August 20, 2009

# AUDITORS' REPORT

The Members,  
Spin Investment India Limited

We have audited the attached Balance Sheet of Spin Investment India Limited as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- We report that:
  - 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;
  - 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 those books;
  - The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
  - In our opinion the Balance sheet & Profit Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - In our opinion and to the best of our information and explanations given to us, none of the directors are disqualified as on 31st March, 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies and other notes thereon give the information required by the companies Act, 1956, in manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
    - In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
    - In so far as it relates to the Profit Loss Account, the Profit of the Company for the year ended on that date.

For S.N. Nanda & Co.  
Chartered Accountants  
S. N. Nanda  
M.No. 5909 Partner

Date: 20th August, 2009  
Place: New Delhi

## ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph (2) of our report of even date on the accounts of Spin Investment India limited for the year ended March 31, 2009.

- The Company is generally maintaining proper records showing full particulars, including quantitative details and situation of, As at the year End Company has no Fixed Assets
- In our opinion, the fixed assets disposed off during the year were not substantial and do not effect the going concern assumption.
- (a) The Company has no Inventory.
- (a) The Company had granted unsecured loans to one company covered in the register maintained under Section 301 of the Companies Act, 1956, of which loans of Rs. 610721383.46 were outstanding at the year end. The maximum amount of loan granted to the said company during the year was Rs 610721383.46.
- (b) According to the information and explanations given to us, interest has not been charged and the terms and conditions have not been settled, the loan has been given to the holding company therefore we are unable to comment whether the terms are, prima facie, not prejudicial to the interest of the company.
- (c) The loans outstanding at the year end are at call. The company to whom the loan has been granted has been registered in the Board for Industrial and Financial Reconstruction (BIFR) on 17.03.2004 and is facing cash crunch; therefore we are not able to comment on the recoverability of the same.
- (d) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and service, in our opinion and according to the information & explanations to us, there is no continuing failure to correct major weakness in the internal control system.
- Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under the section.
- The Company has not accepted any deposits from the public
- The Company does not have internal audit system.
- (a) According to the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection of Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us and the records examined by us, there are no dues of Income Taxes, Wealth Tax, Service Tax, Customs Duty, Excise or cess which have not been deposited on account of dispute.
- The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial years.
- According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders as at the balance sheet date.
- The Company has not granted any loans on the basis of security by way of pledge of shares and other securities.
- In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments. However, it holds investment in shares of other bodies corporate. As explained to us, the application for registration under section 45 - 1 of the RBI Act 1934 (2 of 1934) was made. The communication is not received from RBI.
- As explained to us, the company has not given any guarantee for loans taken by others, from banks or financial institutions.
- According to the information and explanations given to us and the records examined by us, the company has not raised any term loan.
- On the basis on an overall examination of the balance sheet and cash flows of the Company and the information and explanations given to us, we report that the Company has not utilised the funds raised on short-term basis for long-term investment.
- The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- The Company did not issue any debentures during the year. The Company has not raised any money through a public issue during the year.
- Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.N. Nanda & Co.  
Chartered Accountants

S. N. Nanda  
Partner  
M.No. 5909

Date: 20th August, 2009  
Place: New Delhi

# BALANCE SHEET

## AS AT 31ST MARCH, 2009

As at 31.03.2008 Rs.	LIABILITIES	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.	ASSETS	As at 31.03.2009 Rs.
	<b>SHARE CAPITAL AUTHORISED</b>		1989206.27	<b>INVESTMENTS</b> (As per Annexure-1)	1000.00
8000000.00	80,000 Equity Shares of Rs.100/- each	8000000.00		<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	
2000000.00	20,000 11% Redeemable Preference Shares of Rs.100/- each	2000000.00		<b>A) CURRENT ASSETS</b>	
10000000.00		10000000.00	2500000.00	Bank Balance with Scheduled Banks in :	
			24834.00	Fixed Deposits	600000.00
			440937.53	Cash in hand	24834.00
				Current Account	251298.75
	<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>			<b>B) LOANS &amp; ADVANCES</b> (Unsecured Considered good)	
2991500.00	29,915 Equity Shares of Rs.100/- each fully Paid Up (Entire Equity Capital is held by Holding Company)	2991500.00		- Modi Rubber Ltd.	610721383.46
			175242383.46	- Advance Income Tax/TDS	7384903.85
			7271068.85	- Security Deposit	3000.00
			3000.00	- Interest Accrued But Not Due	4379.00
			25405.00	Amount Recoverable	6218.00
			0.00		
	<b>RESERVES &amp; SURPLUS</b>				
63965910.00	General Reserve	63965910.00			
114100571.11	Profit & Loss A/c.	494129136.79	558095046.79		
	<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
16854.00	Sundry Creditors		282840.27		
6365000.00	Provision For Taxation		57505000.00		
57000.00	Provision For - FBT		69000.00		
0.00	Other Liabilities		53630.00		
<b>187496835.11</b>	<b>TOTAL</b>	<b>618997017.06</b>	<b>187496835.11</b>	<b>TOTAL</b>	<b>618997017.06</b>

Accounting Policies and Notes to Accounts (As per Annexure-II)

As per our Report attached  
for S.N. NANDA & COMPANY  
Chartered Accountants

CA S.N. NANDA  
PARTNER (M. NO. 5909)

Place : New Delhi  
Date : 20.08.2009

R.K. AGARWAL  
Director

KAMAL GUPTA  
Director

# **P** **ROFIT & LOSS ACCOUNT** **FOR THE YEAR ENDED 31ST MARCH, 2009**

Previous Year Rs.	EXPENDITURE	Amount Rs.	Previous Year Rs.	INCOME	Amount Rs.
410005.00	Salary	389341.00	7250000.00	Dividend	0.00
289200.00	Car expenses	289200.00			
39225.97	Telephone expenses	29615.38	2836478.09	Interest (TDS Rs. 14980.00 (Previous Year Rs. 591828.00))	88057.00
	Auditors' remuneration :				
16854.00	Audit Fee	16545.00	0.00	Profit on Sale of Investments	433898449.28
0.00	For Expenses	0.00			
60000.00	Directors' sitting fee	25000.00	47664.07	Interest Recd. On Income Tax	0.00
6000.00	Directors' Expenses	2500.00			
49065.20	General Expenses	221039.72	14593.00	Miscellaneous Income	0.00
4475.74	Bank Charges	3687.50			
1084995.00	Legal/Professional Expenses	1778493.00			
0.00	Interest Paid on FBT	9935.00			
<b>8188914.25</b>	<b>Balance (Profit) carried down</b>	<b>431221149.68</b>			
<b>10148735.16</b>	<b>TOTAL</b>	<b>433986506.28</b>	<b>10148735.16</b>	<b>TOTAL</b>	<b>433986506.28</b>
31000.00	Provision for - FBT	52584.00	<b>8188914.25</b>	<b>Balance (Profit) Brought down</b>	<b>431221149.68</b>
100000.00	Provision for taxation (Net)	51140000.00	<b>105904505.86</b>	<b>Balance (Profit) Brought forward from previous year</b>	<b>114100571.11</b>
			138151.00	<b>Excess Provision Written Back</b>	0.00
<b>114100571.11</b>	<b>Balance (Profit) Carried to Balance Sheet</b>	<b>494129136.79</b>			
<b>114231571.11</b>	<b>TOTAL</b>	<b>545321720.79</b>	<b>114231571.11</b>	<b>TOTAL</b>	<b>545321720.79</b>

Accounting Policies and Notes to Accounts ( As per Annexure - II)

As per our Report attached  
for S.N. NANDA & COMPANY  
Chartered Accountants

CA S.N. NANDA  
PARTNER (M. NO. 5909)

Place : New Delhi  
Date : 20.08.2009

R.K. AGARWAL  
Director

KAMAL GUPTA  
Director

**INVESTMENTS  
ANNEXURE-I**

DESCRIPTION	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
<b>Long Term Investments</b>		
In Shares of Companies		
<b>Quoted</b>		
0 Equity Shares of Godfrey Phillips India (290000) Limited of Rs. 10/- each fully paid up	0.00	1988206.27
<b>Unquoted</b>		
10 Equity Shares of Indo Euro Industries Ltd. of Rs. 10/- each fully paid up	1000.00	1000.00
<b>TOTAL</b>	<b>1000.00</b>	<b>1989206.27</b>

Note : Figures in brackets are in respect of previous year.

Aggregate book value of quoted investments	0.00	1988206.27
Aggregate market value of quoted investments	0.00	376391000.00
Aggregate book value of unquoted investments	1000.00	1000.00

**ANNEXURE - II  
Accounting Policies and Notes to Accounts**

**Accounting Policies:**

**1 Basis of accounting:**

The financial statements are prepared under the historical cost convention, in accordance with the applicable Accounting Standard issued by the Institute of Chartered Accountants of India and relevant requirements of the Companies Act, 1956 (as amended), except as stated otherwise.

**2 Investments**

Long-term investments are stated at cost.

**3 Revenue recognition**

Income and expenditure are recognised on accrual basis.

**Notes to accounts:**

- On completion of assessment for assessment years 2003-04 and 2006-07 the assessing officer raised demand of Rs. 3,54,224/- and Rs. 2,23,306/-, respectively. The company has paid entire amount of demand for assessment year 2003-04 and Rs. 2,10,000/- for assessment year 2006-07. These payments have been made under protest and company had filed appeals before the commissioner of Income - tax (Appeals) which are pending for disposal. As advised, no provision for tax has been made in the books of accounts at this stage. The provision if any, will be made on disposal of appeal by the Appellate Authority / Court.
- Previous year figures have been regrouped/ rearranged wherever necessary so as to make them comparable with those of the Current year.

As per our Report attached  
for S.N. NANDA & COMPANY  
Chartered Accountants

CA S.N. NANDA  
PARTNER (M. NO. 5909)

Place : New Delhi  
Date : 20.08.2009

R.K. AGARWAL  
Director

KAMAL GUPTA  
Director

**Additional Information as required under Schedule VI to the  
Companies Act, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL  
BUSINESS PROFILE**

**I Registration Details**

Registration No. 13733 State Code 55

Balance Sheet Date 31 03 2009

**II Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

**III Position of Mobilisation and Deployment of Funds  
(Amount in Rs. Thousands)**

Total Liabilities	Total Assets
618997	618997

**Sources of Funds**

Paid up Capital	Reserves and Surplus
2992	558095
Secured Loans	Unsecured Loans
NIL	NIL

**Application of Funds**

Net Fixed Assets	Investments
NIL	1
Net Current Assets	Misc. Expenditure
561084	NIL
Accumulated Losses	
NIL	

**IV Performance of Company (Amount in Rs. Thousands)**

Turnover	Total Expenditure
433987	2766
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax
431221	380028
Earning per Share in Rs.	Dividend Rate %
12703	-

**V Generic Names of Three Principal Products/Services of Company  
(As per monetary terms)**

Not applicable since it is an Investment Company

## DIRECTORS' REPORT

The Members,  
Modi Tyres Company Private Limited, NEW DELHI

Your Directors have pleasure in presenting the 3rd Directors' Report together with the Audited Statement of Accounts of the Company for the Accounting Year ended on 31st March, 2009

### WORKING RESULTS AND FUTURE OUTLOOK

Your Directors is pleased to inform that repairs & refurbishment of Plant & Machinery have been completed which were carried out under the direct supervision of foreign experts. Two lots of trial production of 500 tyres each produced in the plant were sent to Continental test centre at Malaysia & South Africa for mileage and durability test check. Your Board is happy to report that result of the trial production of test tyres were very good and met all the parameters of test.

Company also received approval from PAB, Ministry of Commerce, Government of India vide its letter dated November 20, 2008 in respect of collaboration with Continental Germany for Technology and Brand name of 'Continental' to manufacture and market tyres in India. Yes Bank in principle had sanctioned the Working Capital facility for the company in March 2009 on and the final disbursement was done by bank in the month of May 2009 after completing all the disbursement legal formalities.

Your Board is happy to report that Commercial Production has started at Modipuram & Partapur Plants in June 2009. It is expected that at the end of current year, Company will achieve, barring unforeseen circumstances, production upto 80-90% capacity.

For wider penetration and reach for products in Indian Market, Company has strengthened its Sale & Distribution network. Till month Company has appointed 90 CFAs & 700 Dealers and it is expected at the close of the current financial year Company is proposed to achieve 120 CFAs and 1400 Dealers' network across the country for sale of products. All CFAs are connected with SAP.

During the current year, company has received orders for export from neighbouring countries and company is expected to export over 15% of its 2009 -10 production. Company has also approached OEM's for approval of its products and it is expected that Company will start supplying tyres too them in 2010.

Directors look for a bright future of your Company.

### FINANCIAL RESULTS

During the year under review Company has reported a loss of 11.65 crores (Previous year Profit / loss Nil) and accumulated capital work in progress of Rs. 54.36 crores which required to be capitalized in terms of Accounting Standards (AS) requirements on commencement of commercial production in the current year. Capital work in progress mainly consists of Assets transferred & funds provided for repair & refurbishment: Rs. 10,37,49,360/- is lying in the share application account, pending allotment of shares, incurred by MRL for repair & refurbishment.

### DIRECTORS

Being subsidiary of Public Company, Shri V K Modi shall retire at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. Company has received a notice under Section 257 of the Companies Act, 1956 for appointment of Shri Chandan Bhat-tacharya and Shri P R Khanna who were appointed as Additional Directors w.e.f 20.08.2009, as Director of the Company. The above proposal has been included in the notice of Annual General Meeting for your approval.

### FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits from the public under Section 58A of the Companies Act, 1956, and the Rules made thereunder.

### STATUTORY DISCLOSURES

There have been no employees covered under section 217 (2A) of the Companies Act, 1956, read with the Rules made thereunder during the relevant period.

### INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

Information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure - I forming part of this report.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217 (2AA) of the Companies Act, 1956, your directors have to state as follows:-

- That, in preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation for material departure, if applicable.
- That the directors have selected such accounting policies and applied them and made estimates and judgments that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year.
- That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, except to the extent mentioned in the enclosed financial statements.
- That the directors have prepared the annual accounts on a going concern basis.
- That the above statements have been made to the best of knowledge and belief of the directors.

### AUDITORS

M/s B S R & Co., Chartered Accountants of Gurgaon, who shall be retiring at the forthcoming Annual General Meeting and, being eligible, have indicated their willingness to continue as Auditors of the Company. The observations made by the Auditors on the financial statements referred to in their reports are self-explanatory and do not need any comments.

### ACKNOWLEDGEMENTS

Your directors are obliged to the Board for Industrial and Financial Reconstruction and Management of the Holding Company, Government and Statutory Agencies and other stakeholders, CFAs and Dealers for their cooperation and valuable support.

On behalf of the Board of Directors,

(Vinay Kumar Modi)  
Chairman

Place : New Delhi  
Date : 08.09.2009

### Annexure - I

Particulars required under the companies (disclosure of particulars in the report of Board of Directors) Rules, 1988.

#### (i) Conservation of Energy & Technical Absorption

The plant operations were suspended during the period. Hence, no significant measures could be taken for Energy Conservation & Technology Absorption. However, the details of Power & fuel consumption for refurbishment of plant are as under:

PARTICULARS	FORM - A	2008-09
(A) Power & Fuel Consumption		
(1) Electricity		
(a) Purchased Units kwh,		2280012
Total amount (Rs.Lac)		121.13
Rate / Unit (Rs.)		5.31
(b) Own generation		
Units kwh		678295
Total amount (Rs.lac)		69.06
Units / liter of Diesel oil		2.95
Cost / unit (Rs.)		10.18
Total Electricity (a+b)		2958307
(2) Coal consumed		
Quantity (MT)		480
Amount (Rs.Lac)		14.40
Rate / MT (Rs.)		3000.00
(3) Furnace Oil		
Quantity (KL)		3.00
Amount (Rs.Lac)		0.84
Average Rate (Rs.)		28.00
(B) Consumption / unit of Production		
Production Wt. (MT)		NIL

#### (ii) Foreign exchange earnings and outgo

Information about foreign exchange earnings and outgo is nil during the year under review.

## AUDITORS' REPORT

To the Members of  
Modi Tyres Company Private Limited

We have audited the attached Balance Sheet of Modi Tyres Company Private Limited ('the Company'), as at 31 March 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended 31 March 2009 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatements. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order ('the Order'), 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- 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;
- in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
- on the basis of written representations received from the directors, as on

31 March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 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; and

- (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2009;
- (b) in the case of the Profit and Loss Account, of the loss for the year ended 31 March 2009; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended 31 March 2009.

**For B S R & Company**  
Chartered Accountants

**Vikram Advani**  
Partner

Membership No: 091765

Place: Gurgaon  
Date: 08.09.2009

**Annexure to the Auditors' report**  
(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with the same, the Company has, during the year, verified a portion of its fixed assets. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) According to information and explanation given to us, fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. According to the information and explanation provided to us, no material discrepancies were noted on such verification.
- (iii) According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets. The activities of the Company during the year did not involve sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(v) is not applicable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company neither had paid up capital and reserves exceeding Rs. 50 lakhs as at the commencement of the financial year concerned nor have an average annual turnover exceeding Rs. 5 crores for a period of three

consecutive financial years immediately preceding the financial year concerned. Accordingly, paragraph 4(vii) of the Order is not applicable.

- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured by the Company.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax and other material statutory dues have generally been regularly deposited during the year with the appropriate authorities *though there have been slight delays in a few cases. However, amounts deducted/accrued in the books of account in respect of fringe benefit tax have not been deposited during the year with the appropriate authorities.*

As explained to us, the Company did not have any dues on account of Employees' State Insurance, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and Investor Education and Protection Fund.

There were no dues on account of Cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

According to the information and explanations given to us, except for fringe benefit tax amounting to Rs. 1,185,334, no undisputed amounts payable in respect of Provident Fund, Income-tax and other material statutory dues were in arrears as at 31 March 2009 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax which have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company has been registered for less than five years. Accordingly paragraph 4(x) of the Order is not applicable.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions. The Company did not have any outstanding debentures and / or dues to its bankers during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) *According to the information and explanations given to us and on the basis of our overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has used funds raised on short term basis for long term investment amounting to Rs. 188,131,820.*
- (xviii) According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required under section 301 of the Companies Act, 1956. Accordingly, paragraph (xviii) of the Order is not applicable.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For B S R & Company**  
Chartered Accountants

**CA Vikram Advani**  
Partner  
M. No: 091765

Place: Gurgaon  
Date: 08.09.2009.

# **BALANCE SHEET**

## **AS AT 31ST MARCH, 2009**

	Schedule reference	As at 31 March 2009 Rs.	As at 31 March 2008 Rs.
<b>Sources of funds</b>			
<b>Shareholders' funds</b>			
Share capital	1	560,466,800	100,000
Share application money pending allotment		-	456,617,440
<b>Loan funds</b>			
Secured loans	2	14,768,716	-
<b>Total</b>		<b>575,235,516</b>	<b>456,717,440</b>
<b>Application of funds</b>			
<b>Fixed assets</b>			
Gross block	4	100,016,374	49,286,168
Less : Accumulated depreciation		6,558,719	-
Net block		93,457,654	49,286,168
Capital work in progress (CWIP)		543,597,860	430,412,353
[Refer to note III(2) of schedule 10]			
		637,055,513	479,698,521
<b>Current assets, loans and advances</b>	3		
Inventories		85,064,097	66,826,739
Cash and bank balances		2,896,035	175,166
Loans and advances		2,004,089	11,795,358
		<b>89,964,221</b>	<b>78,797,263</b>
<b>Less : Current liabilities and provisions</b>	5		
<b>Current liabilities</b>		<b>194,550,080</b>	<b>33,820,877</b>
<b>Provisions</b>		<b>73,700,150</b>	<b>67,993,708</b>
		<b>268,250,230</b>	<b>101,814,585</b>
<b>Net current assets</b>		<b>(178,286,009)</b>	<b>(23,017,322)</b>
<b>Profit and loss account</b>		<b>116,466,011</b>	<b>-</b>
<b>Miscellaneous expenditure to the extend not written off</b>		<b>-</b>	<b>36,241</b>
<b>Total</b>		<b>575,235,516</b>	<b>456,717,440</b>

Significant accounting policies and notes to the accounts 10

The schedules referred to above and notes thereon form an integral part of this balance sheet

As per our Report Attached

**For B S R & Company**  
Chartered Accountants

**CA Vikram Advani**  
Partner  
M. No: 091765

Place : Gurgaon  
Date : 08.09.2009

Sunil Sharma  
Head-Finance & Accounts

Alok Modi  
Director

V.K. Modi  
Chairman

# **P**ROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule reference	As at 31 March 2009 Rs.	As at 31 March 2008 Rs.
<b>Expenditure</b>			
Depreciation	4	6,558,719	-
Personnel expenses (includes prior period expense Rs. 2,812,292. Refer to note III (12) of schedule 10)	6	68,715,525	-
Stores and spares consumed	7	1,429,788	-
Administrative expenses	8	33,298,442	-
Finance charges	9	4,760,966	-
		<b>114,763,440</b>	-
<b>Loss before tax</b>		114,763,440	-
<b>Taxation</b>			
Fringe Benefit Tax			
- Current year		592,241	-
- Prior period		1,110,330	-
		<b>116,466,011</b>	-
<b>Loss carried forward to Balance Sheet</b>			
Basic and diluted earnings per share [Refer to note III (8) of schedule 10]		0.28	

Significant accounting policies and notes to the accounts 10

The schedules referred to above and notes thereon form an integral part of this balance sheet

As per our Report Attached

**For B S R & Company**  
Chartered Accountants

**CA Vikram Advani**  
Partner  
M. No: 091765

Sunil Sharma  
Head-Finance & Accounts

Alok Modi  
Director

V.K. Modi  
Chairman

Place : Gurgaon  
Date : 08.09.2009



# Modi Tyres Company Pvt. Ltd.

Schedules forming part of the accounts

	As at 31 March 2009 Rs.	As at 31 March 2008 Rs.		As at 31 March 2009 Rs.	As at 31 March 2008 Rs.
<b>Schedule 1</b>			<b>Schedule 2</b>		
<b>Share capital</b>			<b>Secured loans</b>		
<b>Authorised</b>			Other loans and advances		
60,000,000 equity shares of Rs. 10 each	600,000,000	100,000	Finance lease obligation *	14,768,716	-
(previous year 10,000 equity shares of Rs. 10 each)			(Secured by way of hypothecation of assets in favour of the lender)		
			* Refer to note III(13) of schedule 10	14,768,716	-
<b>Issued, subscribed and paid-up</b>			<b>Schedule 3</b>		
56,046,680 equity shares of			<b>Current assets, loans and advances</b>		
Rs. 10 each fully paid up	560,466,800	100,000	Inventories:		
(previous year 10,000 equity shares of Rs. 10 each fully paid up)			Stores and spares	85,064,097	66,826,739
[of the above, 56,046,679 equity shares of Rs. 10 each fully paid up are held by Modi Rubber Limited, the holding and the ultimate holding company)				85,064,097	66,826,739
Of the above, 45,661,744 (previous year nil) equity shares of Rs. 10 each have been allotted as fully paid up, without payments being received in cash.			Cash and bank balances		
(refer to note III(1) of schedule 10).			Cash in hand	278	-
	560,466,800	100,000	Balances with scheduled banks		
			- on current accounts	2,895,757	175,166
				2,896,035	175,166
			Loans and advances		
			(Unsecured and considered good; unless otherwise stated)		
			Advances recoverable in cash or in kind or for value to be received	1,441,517	11,666,380
			Security deposits	128,978	128,978
			VAT receivable	433,594	-
				2,004,089	11,795,358
<b>Schedule 4</b>					
<b>Fixed Assets</b>					(Amount in rupees)

	Balance as at 1 April 2008 #	Gross block Additions	Deletion	Balance as at 31 March 2009	Depreciation As at 1 April 2008	For the Year 31 March 2009	Balance as at 31 March 2009	Net block As at 31 March 2008	As at 31 March 2009
Intangible Assets									
Software License	-	31,815,111	-	31,815,111	-	1,994,942	1,994,942	29,820,169	-
Assets									
Freehold land	8,426,168	-	-	8,426,168	-	-	-	8,426,168	8,426,168
Building	34,308,000	-	-	34,308,000	-	1,372,320	1,372,320	32,935,680	34,308,000
Furniture and fixtures	3,224,000	3,498,614	-	6,722,614	-	674,796	674,796	6,047,818	3,224,000
Office equipment	-	5,545,137	-	5,545,137	-	737,868	737,868	4,807,269	-
Computers *	-	13,199,344	-	13,199,344	-	1,778,793	1,778,793	11,420,551	-
Vehicles	3,328,000	-	3,328,000	-	-	-	-	-	3,328,000
GRAND TOTAL	49,286,168	54,058,206	3,328,000	100,016,374	-	6,558,719	6,558,719	93,457,655	49,286,168
Previous year	-	49,286,168	-	49,286,168	-	-	-	49,286,168	-

\* includes assets having gross value Rs. 11,128,000 (previous year Rs. nil) and net book value of Rs. 9,908,615 (previous year nil) taken on finance lease. [Refer to note III(13) of schedule 10]

# Refer to note III(1) of schedule 10

	As at 31 March 2009 Rs.	As at 31 March 2008 Rs.		Year ended 31 March 2009 Rs.	Year ended 31 March 2008 Rs.
<b>Schedule 5</b>			<b>Schedule 6</b>		
<b>Current liabilities and provisions</b>			<b>Personnel expenses</b>		
<b>Current liabilities</b>			Salaries, wages and bonus	60,134,263	-
Sundry creditors #	193,011,880	33,820,877	Contribution to provident fund and other funds	2,089,665	-
Interest accrued but not due	311,473	-	Gratuity (Refer to note III(11) of schedule 10)	4,003,871	-
Other liabilities	1,226,727	-	Staff welfare	2,487,726	-
	194,550,080	33,820,877		68,715,525	-
<b>Provisions</b>			<b>Schedule 7</b>		
Provision for gratuity	71,997,579	67,993,708	<b>Stores and spares consumed #</b>		
Refer to note III(1) and III (11) of schedule 10.			- Opening stock	66,826,739	-
Provision for fringe benefit tax			- add: purchases	19,667,146	-
(net of advance tax of Rs. nil)	1,702,571	-	- less: closing stock	85,064,097	-
	73,700,150	67,993,708		1,429,788	-

# Includes royalty payable Rs. 33,753,461 (previous year Rs. 33,753,461). Refer to note III(1) of schedule 10. Also refer to note III(3) of schedule 10.

# Refer to note III (4) of schedule 10.

	As at 31 March 2009 Rs.	As at 31 March 2008 Rs.
<b>Schedule 8</b>		
<b>Administrative expenses</b>		
Power and fuel	357,904	-
Repairs and maintenance:		
- building	3,580,878	-
- others	138,806	-
Travelling and conveyance	5,064,963	-
Rates and taxes	4,070,657	-
Audit Fees [Refer to note III(6) of schedule 10]	515,000	-
Advertisement	353,552	-
Communication	874,166	-
Legal and professional	8,935,383	-
Electricity charges	347,857	-
Printing and stationary	539,880	-
Books and periodicals	31,601	-
Horticulture	58,544	-
Fixed asset written off	3,328,000	-
Security charges	2,756,251	-
Miscellaneous	2,345,000	-
	<u>33,298,442</u>	<u>-</u>

#### Schedule 9

#### Finance Charges

Interest expense	4,760,966	-
	<u>4,760,966</u>	<u>-</u>

#### Schedule forming part of the accounts

#### Schedule 10

#### I. Background

Modi Tyres Company Private Limited ("the Company") was incorporated on 16 September 2006. The holding and the ultimate holding company of the Company is Modi Rubber Limited. The Company is engaged in the business of manufacturing all types of tyres for heavy vehicles.

#### II. Significant Accounting Policies

##### Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and comply with the accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, and the provisions of the Companies Act, 1956, to the extent applicable, as adopted consistently by the Company.

##### Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amounts of expenses incurred during the reporting period. Examples of such estimates include future obligations under employee retirement benefit plans and estimated useful life of fixed assets. Differences between actual results and estimates are recognised in the year in which the actual results are known or materialised. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

##### Fixed Assets and Capital Work-in-Progress

##### Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment reserve (if any). The cost of fixed assets includes inward freight, duties, taxes and incidental expenses related to acquisition and installation incurred upto the date of commissioning of the assets. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalised.

##### Intangible fixed assets

Intangible assets represent software. The cost of such assets includes purchase price, license fee, import duties and other taxes and any directly attributable expenditure to bring the assets to their working condition for intended use.

#### Capital Work –In- Progress

Cost of assets not ready for use before the balance sheet date and any advances paid towards acquisition of fixed assets are disclosed as capital work-in-progress. Capital work-in-progress is disclosed at cost less impairment reserve (if any).

#### Expenditure during construction period

Expenditure incurred during the period prior to the date when the assets were ready for use, which can be related directly to specific assets or are directly attributable to the construction activities, are capitalised as cost of specific assets. Expenditures which are indirectly related or incidental to construction have been capitalised and are allocated to the fixed assets on a reasonable basis. All other expenditures, which can neither be related directly to the assets nor attributable to construction activities, are charged to the Profit and Loss Account, when incurred.

#### Depreciation

Depreciation is provided on a pro-rata basis under the Straight Line Method at rates based upon management estimates of useful lives of the assets. Such rates are higher than those stated in Schedule XIV of the Companies Act, 1956 and are stated below:

Category of assets	Rates (%)
Building	4.00
Computers and related equipments	33.33
Office equipments	16.67
Furniture and fixtures	10.00
Software	20.00

Assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase.

#### Impairment

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

#### Inventories

Inventories comprise stores and spares, which are valued at cost or net realisable value, whichever is lower. Costs include all expenses incurred in bringing the inventories to their present location and condition. Cost is assigned to stores and spares on a weighted average basis.

#### Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. Gains/ losses arising on account of realisation/ settlement of foreign exchange transactions and on translation of foreign currency assets and liabilities are recognised in the profit and loss account.

#### Provisions and Contingencies

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which is reliably estimable, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

#### Earnings Per Share

Basic earnings per share is calculated by dividing the net profit/ (loss) attributable to equity shareholders for the year by the weighted average

# Modi Tyres Company Pvt. Ltd.

number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equivalent shares outstanding during the year end, except where the results would be anti dilutive.

## Employee Benefits

### (a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, bonus, etc, are recognised in the profit and loss account in the period in which the employee renders the related service.

### (b) Long term employee benefits

(i) **Defined contribution plans:** The employees' provident fund scheme is a defined contribution plan. The Company's contribution paid/payable under this scheme is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.

(ii) **Defined benefit plans:** The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of current and past service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Profit and Loss Account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

## Taxes (Current, FBT and deferred)

Income tax expense comprises current tax (that is amount of tax for the year determined in accordance with the income-tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liability and/or deferred tax asset are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Consequent to introduction of Fringe Benefits Tax ("FBT") effective 1 April 2005, in accordance with the guidance note on accounting for Fringe benefits tax issued by the Institute of Chartered Accountants of India, the Company has made the provision for FBT in accordance with the provisions of the Income Tax Act, 1961.

## Finance Lease

Assets acquired under finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased asset are capitalised either at the fair value or the present value of the minimum lease payment at the inception of the lease term, whichever is lower. The principal component in the lease rentals is adjusted against the lease liability and interest component is charged to profit and loss account. Lease assets are depreciated over the useful life as estimated by the management.

## Cash and cash equivalents

Cash comprises cash in hand and at bank. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## III. Notes to and forming part of the accounts

1. Modi Rubber Limited (MRL), the holding and ultimate holding company of the Company had in the earlier years filed a reference to the Board of Industrial and Financial Reconstruction ("BIFR") and was declared a sick industrial

concern under section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985, by BIFR vide order dated 17 May 2006. As part of a rehabilitation scheme approved by BIFR, MRL transferred net assets of Rs.152,752,000 to the company and the company issued 15,275,200 fully paid up equity shares of Rs. 10/- each to MRL. The Company further acquired capital work in progress of Rs 303,865,440 from MRL on 31st March, 2008 and in lieu of such acquisition issued another 30,386,544 fully paid up equity shares of Rs. 10/- each to MRL as purchase consideration. As at 31 March 2008 this amount was shown as share application money pending allotment. A break-up of the assets transferred to the Company is as follows:

Particulars	Rs.
<b>Fixed Assets</b>	
- Freehold land	8,426,168
- Building	34,308,000
- Furniture and fixtures	3,224,000
- Vehicles	3,328,000
- Plant and Machinery*	30,641,000
	79,927,168
Capital Work in Progress	85,594,329
Inventory	88,977,672
Royalty payable	(33,753,461)
Provision for gratuity	(67,993,708)
<b>Total net assets (as per BIFR) order</b>	<b>152,752,000</b>
Other Capital work in progress	303,865,440
	<b>456,617,440</b>

\*As at 31 March 2009, this balance has been included in Capital work in progress

2. Details of capital work-in-progress (including capital advances)

Particulars	As at 31 March 2009 Rs.	As at 31 March 2008 Rs.
Capital work-in-progress includes expenses in relation to:		
- Building	23,980,351	21,451,911
- Plant and Machinery	334,328,117	308,795,510
- Software	21,522,262	1,316,322
- Office equipments	3,335,418	3,335,418
- Testing charges	52,984,890	-
- Overheads	112,098,562	95,513,193
Less: Capitalized during the year	(4,651,740)	-
Grand total	543,597,860	430,412,354

3. Based on the information available with the management there are no dues outstanding to micro, small and medium enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

## 4. Stores and spares consumed

	For the year ended 31 March 2009		For the year ended 31 March 2008	
	Value Rs.	% to total consumption	Value Rs.	% to total consumption
Indigenous	1,429,788	100	-	-

## 5. Expenditure in foreign currency

Particulars	For the year ended 31 March 2009 Rs.	For the year ended 31 March 2008 Rs.
Capital goods	1,087,567	-
Technical fees	-	5,750,295
Others	125,968	31,397

## 6. Audit Fees (excluding service tax).

Particulars	For the year ended 31 March 2009 Rs.	For the year ended 31 March 2008 Rs.
As auditors		
- statutory audit	500,000	36,000
- outlays	15,000	-

7. The Company estimates the deferred tax credit /charge using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The components of the deferred tax asset/ (liability) at the effective rate as of 31 March 2009 and 31 March 2008 are as follows

Particulars	As at 31 March 2009 (Rs.)	As at 31 March 2008 (Rs.)
<b>Deferred tax liability</b>		
Depreciation	3,054,249	-
Asset acquired under finance lease	4,344,067	-
Total	7,398,315	-
<b>Deferred tax asset</b>		
Provision for gratuity	1,360,916	-
Unabsorbed losses	43,678,124	-
Total	45,039,040	-
Deferred tax asset recognized to the extent of deferred tax liability	7,398,315	-
Net deferred tax asset/(liability)	-	-

As at 31 March 2009, the Company has significant unabsorbed losses. In view of absence of reasonable / virtual certainty of availability of sufficient future taxable income, deferred tax asset has been recognised only to the extent of deferred tax liability.

**8. Earnings per share.**

The computation of basic/diluted earnings per share is set out below:

	For the year ended 31 March 2009	For the year ended 31 March 2008
Loss after tax attributable to equity shareholders (Rs.)	116,466,011	-
Weighted average number of equity shares outstanding during the year for calculation of earnings per share	422,748,004	-
Nominal value per share (Rs.)	10	-
Basic/diluted earning per share (Rs.)	0.28	-

**9. Segment Reporting disclosure**

The Company will be engaged in manufacturing tyres for heavy vehicles at plants located within the country. Commercial production is yet to commence. India therefore represents one geographical segment and the Company's operations represent one business segment in the context of Accounting Standard 17 on "Segment Reporting", notified by the Companies (Accounting Standards) Rules, 2006.

**10. Related Party disclosure**

- a) Related Party and nature of related party relationship with whom transactions have taken place during the year.

**Description of relationship**

Ultimate Holding Company  
Modi Rubber Limited  
Holding Company  
Modi Rubber Limited

**b) Others**

Key Managerial Persons  
Vinay Kumar Modi (Chairman)  
Alok Modi (Director)

**c) Particulars of related party transactions**

(Amount in Rupees)

Nature of transactions	31 March 2009	31 March 2008
<b>Issue of share capital</b>		
Ultimate holding Company / Holding Company		
- Modi Rubber Limited	560,366,800	-
<b>Particulars of balances</b>		
<b>Accounts Payable</b>		
Ultimate holding Company / Holding Company		
- Modi Rubber Limited	79,236,757	-

<b>Share application money pending allotment</b>		
Ultimate holding Company / Holding Company		
- Modi Rubber Limited	-	456,617,440
<b>Transfer of net assets pursuant to the BIFR order (Refer to note III (1) of schedule 10)</b>		
Ultimate holding Company / Holding Company		
- Modi Rubber Limited	-	456,617,440

Also refer to note III (1) of schedule 10 in relation to the previous year. The above related parties are also parties with whom transactions exceed 10% of the class of the transaction.

**11. Disclosure pursuant to Accounting Standard 15 on "Employee Benefits":**

Defined contribution plans

The Company's employee provident fund scheme is defined contribution plan. A sum of Rs. 2,089,665 has been recognised as an expense in relation to the scheme and shown under Personnel Expenses in the Profit and Loss account.

**Defined Benefit Plans**

**Gratuity**

Gratuity is payable to all eligible employees of the Company on superannuation, death or permanent disablement, in terms of the provision of the Payment of Gratuity Act.

The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognised in the Balance Sheet and Profit and Loss Account:

Particulars	For the year ended 31 March 2009 (Rs.)	For the year ended 31 March 2008 (Rs.)
<b>Fair Value of plan assets *</b>	-	83,657,000
<b>Defined benefit obligation</b>	71,997,579	70,806,000
<b>Net Asset / (liability)</b>	(71,997,579)	12,851,000
<b>Changes in the present value of defined benefit obligation</b>		
Present value of benefit obligation at the beginning of year	70,805,768	69,152,000
Current service cost	755,742	2,926,000
Interest cost	5,133,418	5,705,000
Actuarial loss/(gain)	2,033,161	(2,738,000)
Benefits paid	(6,730,510)	(4,280,000)
<b>Present value of benefit obligation at the end of the year</b>	71,997,579	70,806,000
<b>Changes in the fair value of plan assets *</b>		
Fair Value of Plan Assets at the beginning of the year	-	85,666,000
Expected return on plan assets	-	7,131,000
Contributions	-	690,000
Benefits paid	-	(4,240,000)
Actuarial gain/(loss)	-	(5,591,000)
Fair Value of Plan Assets at the end of the year	-	83,657,000
<b>The major categories of plan assets as a percentage of total plan assets</b>		
Policy of insurance.	NA.	100%

The Company had in the previous year considered fair value of plan assets amounting to Rs. 83,657,000 in giving the disclosure for its gratuity liability in accordance with provisions of Accounting Standard 15 on Employee

# Modi Tyres Company Pvt. Ltd.

Benefits. These plan assets however did not belong to the Company. While this amount was not considered for evaluating the Company's gratuity liability as at 31 March 2008, it was inadvertently included in the disclosure above. This has been corrected in the current year and accordingly disclosure relevant to the current year does not include any fair value of plan assets.

## Actuarial assumptions

### a) Economic Assumptions:

- I. Discount rate: Discount rate of 7.25% (previous year 8.25%) has been used for the purpose of actuarial valuation of the liability.
- II. Salary Increment rate: Salary incremental level of 5.25% (previous year 5.25%) per annum has been used.
- III. Expected return on plan assets used is nil (previous year 8.5%) per annum.

### b) Demographic assumptions:

- I. Mortality: The latest complied table LIC a (1994- 96) is used for the purpose of the valuation.
- II. Retirement Age: 58 years (staff) /60 years (workers)
- III. Withdrawal: 5% at younger ages and reducing to 1% at older age according to graduated scale.  
The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.  
The salary escalation rate is estimated taking into account inflation, seniority, promotion and other relevant factors.

12. The Company's defined benefit obligation as determined by the actuary for the year ended 31 March 2008 and disclosed in note 11 above, was Rs. 70,806,000. The Company however continued to carry a year end provision of Rs. 67,993,708 in its book of accounts. The difference of Rs. 2,812,292 has been recorded as a prior period expense in the current year.

### 13. Finance Lease

The Company has during the year taken certain assets on finance lease. The total minimum lease payment liability as at the Balance sheet date in relation to such assets is Rs. 16,637,556. The maturity profile of the finance obligation is as follows:

Amount in Rs.

	Minimum lease payments	Interest included in minimum lease payments	Present value
	As at 31 March 2009	For the year ended 31 March 2009	As at 31 March 2009
Payable within one year	11,091,704	1,245,894	9,845,811
Payable between one to five years	5,545,852	622,947	4,922,905
Later than 5 years	-	-	-
Total	16,637,556	1,868,840	14,768,716

14. Previous year figures have been audited by another firm of Chartered Accountants.
15. The previous year figures have been regrouped/ reclassified to correspond with the current year groupings/classifications wherever necessary.

As per our Report Attached

For BSR & Company  
Chartered Accountants

CA Vikram Advani  
Partner  
M. No: 091765

Snil Sharma  
Head-Finance &  
Accounts

Alok Modi  
Director

V.K. Modi  
Chairman

Place : Gurgaon  
Date : 08.9.2009

## Schedules to the Balance sheet and Profit and Loss account Balance Sheet Abstract and Company's General Business Profile

### a) Registration Details

Registration No. : U25203DL2008PTC153993 55  
Balance Sheet Date 31 Mar 09  
Date Month Year

### b) Capital raised during the year (Amount in Rs. Thousands)

Public issue	Right issue
Nil	Nil
Bonus issue	Private placement
Nil	560,367

### c) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total assets
575,236	575,236

#### Sources of Funds :

Paid-up Capital	Reserves and surplus
560,467	Nil
Secured Loans	Unsecured loans
14,769	Nil
Current liabilities and provisions	
268,250	

#### Application of Funds :

Net Fixed Assets including CWIP	Investments
637,056	Nil.
Current assets	Misc. Expenditure
89,964	Nil
Deferred Tax Assets (Net)	Accumulated Losses
Nil	116,466

### d) Performance of Company (amount in Rs. Thousands)

Turnover including service and other income	Total expenditure
-	114,763
Profit before tax	Profit after tax
114,763	116,466
Earnings per share (in Rs.)	Dividend rate %
0.28	Nil

### e) Generic names of three products/ services of company (as per monetary terms)

Items code No. (ITC code)	Product description
40112000	Automobile Tyres
40131002	Automobile Tubes
40129004	Automobile Flops

For and on behalf of the Board of  
Modi Tyres Company Private Limited

Alok Modi  
Director

V.K.Modi  
Chairman

Place: New Delhi  
Date : 08.09.2009



# **AUDITORS' REPORT**

## **ON THE CONSOLIDATED FINANCIAL STATEMENTS**

TO THE BOARD OF DIRECTORS OF MODI RUBBER LIMITED

1. We have examined the attached consolidated Balance Sheet of Modi Rubber Limited and its subsidiaries as at 31st March, 2009, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These Financial statements are the responsibility of the Modi Rubber Limited's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs.12235.06 lacs as at 31st March 2009 and total revenues of Rs. 4340.08 lacs and cash flows amounting to Rs.6.37 lacs for the year ended on that date. These financial statements have been audited by respective auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21), Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

3. We further report that: -

- i) Note No. 4(d) regarding non-provision of Deferred Tax Asset/ Liability;
- ii) Note No. 7(b) regarding non availability of information of unpaid balances to Micro, Small and Medium Enterprises;
- iii) Note No. 8 regarding non confirmation/ reconciliation of various balances of Suppliers, Customers, Advances etc; and;
- iv) Note No. 12 regarding non ascertainment of value of intangible assets and value of impairment loss on Assets as per AS 26 & 28 respectively;

subject to the foregoing, based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the group, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of Modi Rubber Limited and its subsidiaries as at 31st March, 2009;
- b) in the case of Consolidated Profit And Loss Account, of the profit for the year ended on that date; and
- c) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

for P D M & Co.  
CHARTERED ACCOUNTANTS  
CA. PRABHAT JAIN

Date : 08.09.2009  
Place : New Delhi

Partner  
M.No. 86756

# BALANCE SHEET (CONSOLIDATED)

## AS AT 31ST MARCH, 2009

DESCRIPTION	Schedule	As at 31.03.2009 Rs. lacs	As at 31.03.2008 Rs. lacs
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital		2504.05	2504.05
b. Share Application Money - Pending Allotment		700.00	0.00
c. Reserves & Surplus	2	7614.23	6733.74
		<b>10818.28</b>	<b>9237.79</b>
<b>2. Loan Funds</b>			
a. Secured Loans	3	822.69	4518.43
b. Unsecured Loans	4	229.37	301.58
		<b>1052.06</b>	<b>4820.01</b>
<b>TOTAL</b>		<b>11870.34</b>	<b>14057.80</b>
<b>APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a. Gross Block	5	10522.90	10137.00
b. Less: Depreciation		7680.07	7493.62
c. Net Block		2842.83	2643.38
d. Capital Work-in-progress		5435.98	4304.13
		<b>8278.81</b>	<b>6947.51</b>
<b>2. Investments</b>	6	<b>4231.02</b>	<b>5093.77</b>
<b>3. Current Assets, Loans &amp; Advances</b>			
a. Inventories	7	2610.85	1742.29
b. Sundry Debtors		0.24	65.09
c. Cash & Bank Balances		1027.93	1165.12
d. Other current assets		0.00	0.00
e. Loans & Advances		2739.29	2450.31
		<b>6378.31</b>	<b>5422.81</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
a. Liabilities	8	5673.86	7301.87
b. Provisions		1343.94	764.86
		<b>7017.80</b>	<b>8066.73</b>
<b>Net Current Assets</b>		<b>-639.49</b>	<b>-2643.92</b>
<b>4. MISCELLANEOUS EXPENDITURE</b>			
(to the extent not written off or adjusted)		0.00	0.00
Preliminary Expenses		0.00	0.25
Pre operative Expenses		0.00	0.11
Profit & Loss Account Balance		0.00	4660.08
<b>TOTAL</b>		<b>11870.34</b>	<b>14057.80</b>
Accounting Policies , Contingent Liabilities and Notes	13		

New Delhi 08.09.2009	As per our Report Attached For P.D.M. & Co. Chartered Accountants CA. Prabhat Jain M. No. 86756 Partner	Kamal Gupta Head – Finance & Accounts S.K. Bajpai Head – Legal & Company Secretary	Alok Modi S.C. Tripathi K.S. Bains Directors	V.K. Modi Chairman & Managing Director
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# **P**ROFIT & LOSS ACCOUNT (CONSOLIDATED) **FOR THE YEAR ENDED 31ST MARCH, 2009**

DESCRIPTION		For the Year ended 31.03.2009 Rs.lacs	For the Year ended 31.03.2008 Rs.lacs
<b>INCOME</b>			
Sales & Other Income	9	8624.70	18754.66
		<b>8624.70</b>	<b>18754.66</b>
<b>EXPENDITURE</b>			
Materials Cost	10	136.35	0.00
Expenses	11	1680.67	2546.52
Financing Charges	12	450.23	518.81
Depreciation		277.42	533.48
		<b>2544.67</b>	<b>3598.81</b>
Profit/(Loss) before Tax		<b>6080.03</b>	<b>15155.85</b>
<b>PROVISION FOR TAXATION</b>			
Provision for Wealth Tax		4.00	3.51
Provision Taxation		511.40	1.00
Provision for Fringe Benefit Tax - Current Year		12.95	9.00
- Prior period		11.11	0.00
<b>Net Profit/(Loss) after Tax</b>		<b>5540.57</b>	<b>15142.34</b>
Transfer from Debenture Redemption Reserve		29.00	0.00
Balance Loss brought forward from previous year		-4660.08	-19802.42
Balance being Profit/(Loss) carried to Balance Sheet		<b>909.49</b>	<b>-4660.08</b>
Basic and Diluted Earning Per Share (In Rupees)		22.13	60.47
Accounting Policies , Contingent Liabilities and Notes	13		

New Delhi 08.09.2009	As per our Report Attached For P.D.M. & Co. Chartered Accountants CA. Prabhat Jain M. No. 86756 Partner	Kamal Gupta Head – Finance & Accounts  S.K. Bajpai Head – Legal & Company Secretary	Alok Modi S.C. Tripathi K.S. Bains Directors	V.K. Modi Chairman & Managing Director
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## SHARE CAPITAL SCHEDULE-1

DESCRIPTION	As at 31.03.2009	As at 31.03.2008
	Rs. lacs	Rs. lacs
<b>Authorised</b>		
50000000 Equity Shares of Rs.10 each	5000.00	5000.00
200000 11% Cumulative Redeemable Preference Shares of Rs.100 each	200.00	200.00
	<u>5200.00</u>	<u>5200.00</u>
<b>Issued, Subscribed and Paid-up</b>		
25040532 Equity Shares of Rs.10 Each Paid up in Cash	2504.05	2504.05
<b>TOTAL</b>	<u>2504.05</u>	<u>2504.05</u>

## RESERVES & SURPLUS SCHEDULE-2

DESCRIPTION	As at 31.03.2009	As at 31.03.2008
	Rs. lacs	Rs. lacs
<b>Capital Reserve :</b> (On Forfeiture/re-issue of Debentures)	19.26	19.26
<b>Share Premium Account</b> As per last account	5782.32	5782.32
<b>General Reserve</b> As per last account	903.16	903.16
<b>Profit &amp; Loss Account</b> As per Account	909.49	0.00
<b>Debenture Redemption Reserve</b> As per last account	29.00	29.00
Less: Transferred to Profit & Loss a/c	<u>-29.00</u>	<u>0.00</u>
<b>TOTAL</b>	<u>7614.23</u>	<u>6733.74</u>

## SECURED LOANS SCHEDULE-3

DESCRIPTION	As at 31.03.2009	As at 31.03.2008
	Rs. lacs	Rs. lacs
<b>Non Convertible Debentures</b>		
18% Debentures of Rs.100 each	0.00	29.00
Interest accrued & due	0.00	14.09
HP Lease Finance (India) Pvt.Ltd.	147.69	0.00
<b>Loan and Advances from Banks</b>	675.00	3990.28
Interest accrued & due	0.00	485.06
<b>TOTAL</b>	<u>822.69</u>	<u>4518.43</u>

Note: Loan & Advances from banks are secured by way of hypothecation of inventories and bookdebts, second charge on all fixed assets, both present and future and personal guarantees of the then Managing Directors of the Company.



## UNSECURED LOANS SCHEDULE-4

DESCRIPTION	As at 31.03.2009 Rs. lacs	As at 31.03.2008 Rs. lacs
<b>From Others</b>		
Dealers' Security Deposits	79.37	113.20
Inter Corporate Deposits *	150.00	188.37
Subsidiary Companies	0.00	0.01
<b>TOTAL</b>	<b>229.37</b>	<b>301.58</b>

\* Payable @ 30% of Rs. 500 lacs to M/s. Morgan Securities & Credits Pvt.Ltd. as per BIFR sanctioned scheme.

## FIXED ASSETS SCHEDULE - 5

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 01.04.2008 Rs. lacs	Additions during the year Rs. lacs	Adjustments/ Deduction Rs. lacs	Total Cost as at 31.03.2009 Rs. lacs	Upto 31.03.2008 Rs. lacs	For the year ended 31.03.2009 Rs. lacs	Adjustments/ Deduction Rs. lacs	Upto 31.03.2009 Rs. lacs	As at 31.03.2009 Rs. lacs	As at 31.03.2008 Rs. lacs
Intangible Assets										
Software License	0.00#	318.15	0.00	318.15	0.00	19.95	0.00	19.95	298.20	0.00
Tangible Assets										
Land	410.39	0.70	0.50	410.59	0.00	0.00	0.00	0.00	410.59	410.39
Buildings	3809.64	0.18	124.28	3685.54	2434.95	69.33	88.04	2416.24	1269.30	1374.69
Plant & Machinery	3591.45	0.00	0.00	3591.45	2917.91	137.30	0.00	3055.21	536.24	673.54
Furniture, Office Equipments & Electrical Installations etc. *	2062.99	228.06	0.96	2290.09	1920.73	48.47	0.78	1968.42	321.67	142.26
Patent & Trade Marks	0.08	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.08	0.08
Vehicles	262.45	0.00	35.45	227.00	220.03	2.36	2.14	220.25	6.75	42.42
<b>This year</b>	<b>10137.00</b>	<b>547.09</b>	<b>161.19</b>	<b>10522.90</b>	<b>7493.62</b>	<b>277.41</b>	<b>90.96</b>	<b>7680.07</b>	<b>2842.83</b>	<b>2643.38</b>
<b>Previous year</b>	<b>26723.55</b>	<b>492.86</b>	<b>17079.41</b>	<b>10137.00</b>	<b>21639.64</b>	<b>533.48</b>	<b>14679.50</b>	<b>7493.62</b>	<b>5435.98</b>	<b>3894.13</b>
Capital Work-in-Progress									<b>8278.81</b>	<b>6537.51</b>

### NOTES:

- Land includes :-  
- Leasehold  
127.53
- Building Includes :-  
- On leasehold basis  
702.05  
- Alongwith cost of land on which depreciation charged on total cost  
24.00  
- For which conveyance deed is yet to be executed  
98.73  
- Alongwith other assets at Bombay, possession of which (except one floor) is with the company as per court decision, transfer of title of property is pending decision of court  
165.00

\* Includes assets costing Rs. 111.28 lacs (previous year Nil) taken on finance lease [Refer to Note 14 of schedule 13]

## INVESTMENTS SCHEDULE-6

DESCRIPTION		As at 31.03.2009	As at 31.03.2008
<b>LONG TERM INVESTMENTS</b>			
In Equity Shares of Companies- Fully paid up			
No. of Shares/Bonds			
<b>A. Trade Investments</b>			
<b>Quoted</b>			
1,14,75,000	Modistone Limited* of Rs. 10 each	2137.50	2137.50
	Less: Provision for diminution in value of shares	-2137.50	-2137.50
		0.00	
<b>B. Other Investments</b>			
19,79,998	Lords Chloro Alkali Ltd. of Rs. 10 each	198.00	198.00
	Less: Provision for diminution in value of shares	-178.20	178.20
		19.80	
12,50,000	Spark Plug Ltd. of Rs. 10 each	125.00	125.00
	Less: Provision for diminution in value of shares	-125.00	-125.00
		0.00	
7,08,563	Bihar Sponge Iron Ltd. of Rs. 10 each (Previous Year 44,00,000 Shares)	70.86	440.00
2,90,000	Godfrey Philips India Ltd. Of Rs.10/- each	0.00	19.88
880	HDFC Ltd. of Rs.10/- each.	0.06	0.06
	- Spice Mobile Ltd.of Rs.3/-each (Previous year 43,40,000 Shares)	0.00	434.00
	- 6.75% Tax free Bonds of Rs.100/- each of Unit Trust of India (Previous Year 39,730 Bonds)	0.00	39.73
2,500	Units of Prudential ICICI Technology Fund.	0.25	0.25
	<b>Total A</b>	<b>90.97</b>	<b>953.72</b>
<b>Unquoted</b>			
32,00,000	Man B&W Diesel India Ltd. of Rs. 10 each (Formerly known as Modi Mirrlees Blackstone Ltd.)	320.00	320.00
3,33,50,000	Gujarat Guardian Ltd. of Rs. 10 each	3335.00	3335.00
32,32,000	Xerox India Limited of Rs.10/- each	468.80	468.80
96,000	Modi Carpets Ltd. of Rs.10/- each.	6.19	6.19
9,000	Equity Shares of Licensintorg Co. (I) Pvt.Ltd. of Rs.100/-each fully paid up.	9.00	9.00
11,000	Kesha Processors Ltd. of Rs.10/- each.	1.05	1.05
10	Inod Euro Industries Ltd. of Rs.10/-each.	0.01	0.01
	<b>Total B</b>	<b>4140.05</b>	<b>4140.05</b>
	<b>TOTAL INVESTMENTS (A + B)</b>	<b>4231.02</b>	<b>5093.77</b>
	Aggregate Market Value of Quoted Investments		

\* Subsidiary Company

\*\* Wholly Owned Subsidiary Company



## CURRENT ASSETS, LOANS & ADVANCES SCHEDULE-7

DESCRIPTION	As at		As at
	31.03.2009	31.03.2008	31.03.2008
	Rs. lacs	Rs. lacs	Rs. lacs
<b>A. CURRENT ASSETS</b>			
<b>a. Inventories (as taken, valued and certified by the management)</b>			
(including in transit)			
Stores, Spare Parts and loose tools		1065.81	883.44
Raw Materials		2271.53	2286.63
Finished Goods		291.68	785.55
Goods-in-process		303.80	318.29
Scrap & Wastage		7.91	44.94
		3940.73	4318.85
Less: Provision for diminution in value of Inventory		-1329.88	-2576.56
		<b>2610.85</b>	<b>1742.29</b>
<b>b. Sundry Debtors</b>			
(i) Debts outstanding for a period exceeding six months			
Unsecured, Considered Good	0.24	0.24	65.09
Unsecured, Considered Doubtful	604.25		604.25
	604.49		669.34
Less: Provision for doubtful debts	-604.25		-604.25
		<b>0.24</b>	<b>65.09</b>
<b>c. Cash and Bank Balances</b>			
Cash, Cheques etc. in hand		55.03	20.72
<b>Balance with Scheduled Banks</b>			
In Current Account		556.10	120.34
In Fixed Deposit/Margin Money Account		415.85	1023.11
In Savings Account (Employees Security)		0.95	0.95
		<b>1027.93</b>	<b>1165.12</b>

## SCHEDULE-7 (CONTD.)

DESCRIPTION	As at 31.03.2009	As at 31.03.2008
	Rs. lacs	Rs. lacs
<b>b. Loans &amp; advances</b>		
(unsecured, considered good unless otherwise specified)		
Loans :		
Lords Cholero Alkali Limited	140.17	142.17
Less : Provision for doubtful loans	-127.96	-127.96
Modi Spg. & Wvg. Mills Limited (Note 3a)	460.31	460.31]
<b>Advances recoverable in cash or in kind or for value to be received and / or adjusted</b>		
Staff	111.20	111.64
Amount due from Directors/Subscribers	0.00	116.66
Others (Note 3b)	799.71	613.80
Sales Tax paid under protest/recoverable	150.45	146.11
Deposit with Government Dept. & Others	92.39	92.27
Balances with Customs,Excise,Port Trust etc.	1081.15	947.39
Less : Provision for doubtful advances	(-) 163.92	-163.92
Interest accrued on Investment	0.05	0.26
Income-tax paid	172.33	96.26
Wealth-tax paid	4.94	1.76
Fringe Benefit Tax Paid	18.47	13.56
<b>TOTAL</b>	<b>2739.29</b>	<b>2450.31</b>

## CURRENT LIABILITIES & PROVISIONS SCHEDULE-8

DESCRIPTION	As at 31.03.2009	As at 31.03.2008
	Rs. lacs	Rs. lacs
<b>a. Current Liabilities</b>		
<b>Acceptances</b>	0.00	1867.03
Royalty Payable	337.53	337.53
Share Application Money	0.00	0.00
Sundry Creditors (Note 5)	3137.64	3080.35
Provision for unascertainable future liabilities	318.17	587.80
Advance against sale of Property	454.76	0.00
Other Liabilities	1425.76	1429.16
<b>TOTAL</b>	<b>5673.86</b>	<b>7301.87</b>
<b>b. Provisions</b>		
<b>Gratuity</b>	719.98	679.94
Taxation	575.05	63.65
Wealth tax	9.70	5.70
Proposed Dividend	0.00	0.00
Dividend Tax	0.00	0.00
Fringe Benefit Tax	39.21	15.57
<b>TOTAL</b>	<b>1343.94</b>	<b>764.86</b>



## SALES AND OTHER INCOME SCHEDULE - 9

DESCRIPTION	For the year ended 31.03.2009	For the year ended 31.03.2008
	Rs. lacs	Rs. lacs
Sales less returns	192.48	0.00
Less : Excise Duty	20.03	
<b>"A"</b>	<b>172.45</b>	<b>0.00</b>
Other Income		
Interest received on:		
Deposits, Loans and Advances (Gross)	125.83	208.99
Investments	0.65	3.31
Dividend received	11.23	3426.69
Excess Liabilities/Provisions/Sundry Balances/Written back (Net)	866.20	14728.48
Profit on sale of Investments	5084.72	0.00
Profit on sale of Fixed Assets	2230.96	0.00
Miscellaneous sales/income :		
Excise Refund	102.30	289.16
Rent & Other Income	30.36	98.03
<b>"B"</b>	<b>8452.25</b>	<b>18754.66</b>
<b>TOTAL (A+B)</b>	<b>8624.70</b>	<b>18754.66</b>

## MATERIALS COST SCHEDULE - 10

DESCRIPTION	For the year ended 31.03.2009	For the year ended 31.03.2008
	Rs.lacs	Rs.lacs
Raw Materials Consumed:		
Opening Stock	2286.63	2286.63
Add:Purchases (Net)	0.00	0.00
	2286.63	2286.63
Less : Stock transferred /sold	15.10	0.00
Closing Stock	2271.53	2286.63
	0.00	0.00
Increase/Decrease in Stocks		
Opening Stock:		
Finished Goods	785.55	785.55
Goods-in-process	318.29	318.29
Scrap & Wastage	44.94	44.94
	1148.78	1148.78
Less : Closing Stock		
Finished Goods	291.68	785.55
Goods-in-process	303.80	318.29
Scrap & wastage	7.91	44.94
	603.39	1148.78
Decrease in Stock	545.39	0.00
Less:Provision for diminution in stock written back	409.04	0.00
	136.35	0.00
<b>TOTAL</b>	<b>136.35</b>	<b>0.00</b>

## EXPENSES

### SCHEDULE- 11

DESCRIPTION	For the year ended 31.03.2009	For the year ended 31.03.2008
	Rs.lacs	Rs.lacs
Rent	12.47	149.50
Power & fuel	3.58	0.00
Stores and Spares consumed	14.30	0.00
Repairs & Maintenance:		
Plant & Machinery	1.58	
Buildings	57.62	11.64
Others	11.14	9.63
Salaries, Wages etc.	703.67	98.68
Contribution to Family Pension, Gratuity & Provident Fund	64.85	5.03
Rates & Taxes	53.94	27.02
Insurance charges	3.60	0.00
Auditors' Remuneration		
Audit Fee	6.93	1.78
For Certificates etc.	2.34	1.15
For Other matters	1.40	0.00
For Expenses	0.65	0.50
Travelling & Conveyance	131.36	39.89
Electricity Consumed	28.60	14.23
Legal & Professional Charges	378.60	455.26
Repair Maintenance to Vehicles	2.66	3.78
Telephone & Postage Expenses	12.28	13.73
Advertisement	3.53	0.00
Communication Expenses	8.74	0.00
Net Loss on Fixed Assets Sold/Discarded	33.28	1600.28
Provision for Doubtful debts & advances	0.00	54.94
Director's sitting fee	3.27	2.31
Director's Expenses	0.02	0.06
Miscellaneous Expenses	140.26	57.11
<b>TOTAL</b>	<b>1680.67</b>	<b>2546.52</b>

## FINANCING CHARGES

### SCHEDULE- 12

DESCRIPTION	For the year ended 31.03.2009	For the year ended 31.03.2008
	Rs.lacs	Rs.lacs
Interest on		
Debentures & Other Fixed Loans	3.04	4.75
Others	446.70	513.43
Bank Charges etc.	0.49	0.63
<b>TOTAL</b>	<b>450.23</b>	<b>518.81</b>



## CONSOLIDATED ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES

### SCHEDULE -13

#### A. BASIS OF PREPARATION

The Consolidated Financial Statements comprise the Financial Statements of Modi Rubber Limited (Parent Company) and its Subsidiaries namely Superior Investment (India) Limited, Spin Investment (India) Limited & Modi Tyres Company Private Limited incorporated in India in which Modi Rubber Limited holds 100% of their respective paid up Share Capital.

#### B. BASIS OF CONSOLIDATION

- i) The financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down in Accounting Standard (AS – 21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
  - ii) The consolidated financial statements have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions.
  - iii) As far as possible, the Consolidated Financial Statements have been prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are prepared to the extent possible, in the same manner as the parent company's separate financial statements.
2. The Consolidated Financial Statements comprise the financial statements of Modi Rubber Limited and its subsidiaries as on 31.03.2009 which are as under:

Name of the Subsidiary Company	Financial year of the Subsidiary Company	Extent of Holding Company's Interest	Country of Incorporation
i) Spin Investment (India) Ltd.	31st March 2009	100%	India
ii) Superior Investment (India) Ltd.	31st March 2009	100%	India
iii) Modi Tyres Company Pvt.Ltd.	31st March 2009	100%	India
iv) Consolidation of the Accounts of Modistone Limited in which the parent company holds 55.31% of paid up Capital has not been made, because Modistone Limited is under liquidation. The Official Liquidator has taken charge of the Company w.e.f. 25.7.2002 as per the order of Bombay High Court.			

#### C. ACCOUNTING POLICIES

1. Method of Accounting
 

Company generally maintains its accounts on accrual basis, except in case of certain items of Income/Expenditure where recovery/payment is uncertain. Accordingly, estimated benefits against exports remaining to be utilised / liability for duty free raw materials excess utilised as at the end of the year has been accounted for in arriving at the consumption of raw materials.
2. Inventory Valuation
  - (a) Stores, Spares Parts and Loose Tools
 

At weighted average cost.

In case of one of the subsidiary company, stores and spares are valued at lower of cost (weighted average) or net realisable value.

80% of the total value of stores and spares is determined based on lower of cost (weighted average) or net realisable value and balance 20% on weighted average method of inventory valuation.
  - (b) Raw Materials
 

At weighted average cost
  - (c) Finished Goods
 

Lower of Cost or net realisable value.
  - (d) Goods-in-process
 

Lower of Cost or net realisable value.
  - (e) Scrap and Wastage
 

At estimated selling price.

In respect of Finished goods and Goods in process, the cost is determined by considering material, related labour & overheads and duty thereon.
3. Depreciation
 

Plant and Machinery on straight-line method and other Fixed Assets on reducing balance method at the rates specified in Schedule XIV of the Companies Act, 1956. Plant and Machinery are depreciated to the extent of 95% of its gross value considering the shelf life of 18 years.

Depreciation in respect of the assets relating to one of the subsidiary company is provided on a pro rata basis under the Straight Line Method at rates based upon management estimates of useful lives of the assets. Such rates are higher than those stated in Schedule XIV of the Companies Act, 1956 and are stated below:



Category of assets	Rates (%)
Building	4.00
Computers and related equipments	33.33
Office equipments	16.67
Furniture and fixtures	10.00
Software	20.00

56% of the total assets are depreciated on reducing balance method basis and remaining 44% on straight-line method basis.

4. Sales

Sales comprise sale of goods, net of trade discount and include excise duty but exclude goods despatched pending for retirement where the titles of the goods remain with the company till retirement of documents.

5. Fixed Assets

All Fixed Assets are stated at cost less depreciation. Interest on borrowed funds attributable to acquisition of Fixed Assets and revenue expenses incurred prior to installation are capitalised as part of assets cost. Own manufactured assets are capitalised at cost including estimated overheads.

In one of the subsidiary company, following accounting policies are adopted :

- Intangible Fixed Assets: Intangible assets represent software. The cost of such assets includes purchase price, licensee fee, import duties and other taxes and any directly attributable expenditure to bring the assets to their working condition for intended use.
- Capital Work-in-Progress: Cost of assets not put to use before the balance sheet date and any advances paid towards acquisition of fixed assets are disclosed as capital work-in-progress. Capital work-in-progress is disclosed at cost less impairment reserve (if any).
- Impairment: The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.
- Expenditure during construction period: Expenditure incurred during the period prior to the date when the assets were ready for use, which can be related directly to specific assets or are directly attributable to the construction activities, are capitalised as cost of specific assets. Expenditures which are indirectly related or incidental to construction have been capitalised and are allocated to the fixed assets on a reasonable basis. All other expenditures, which can neither be related directly to the assets nor attributable to construction activities, are charged to the Profit and Loss Account, when incurred.

6. Research & Development

Revenue expenditure on research and development is charged as expense in the year in which it is incurred. Capital expenditure on research and development is shown as an addition to fixed assets.

7. Investments

Investments are stated at Cost. In respect of investment of a long-term nature (including in subsidiaries), provision is made for any diminution in the value wherever it is permanent in nature.

8. Foreign Exchange Transactions

Foreign currency transactions are accounted at exchange rates prevailing on the date of transaction. Current Assets and Liabilities denominated in foreign currency as at the Balance Sheet date are reconverted at rates prevailing at the year-end and the resultant net gains or losses are adjusted in the Account. Gains/ losses arising on account of realization/ settlement of foreign exchange transactions and on translation of foreign currency assets and liabilities are recognised in the profit and loss account.

9. Retirement Benefits

Retirement benefits are dealt with in the following manner:

- Contributions to Provident Fund are accounted on accrual basis with corresponding contribution to recognised funds for staff on actual duty.
- Provision for Gratuity liability is made on the basis of actuarial valuation, with corresponding contribution to recognised fund. (No contribution from 1.10.2000).



#### 10. Finance Lease

Assets acquired under finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased asset are capitalised either at the fair value or the present value of the minimum lease payment at the inception of the lease term, whichever is lower. The principal component in the lease rentals is adjusted against the lease liability and interest component is charged to profit and loss account. Lease assets are depreciated over the useful life as estimated by the management.

#### D. CONTINGENT LIABILITIES

	As at 31.03.2009 Rs. Lacs.	As at 31.03.2008 Rs. Lacs.
1. Guarantees (Unconfirmed)	813.61	9.43
2. Sales Tax Matters	3205.26	4682.78
3. Excise / Customs Matters	1631.92	1602.97

#### E. NOTES

- BIFR vide its Order dated 21.04.2008 has sanctioned a Rehabilitation Scheme SS08 for revival of the Company, with cut off date as on March 31, 2008, under provisions of SICA. The Company is in the process of implementation of SS08.
- Land & Building at Modi Tyre Factory, Modinagar is on perpetual lease taken from Modi Export Processors Ltd. (MEPL). Pursuant to Allahabad High Court Order possession of the Factory is with the Official Liquidator. Company has taken appropriate legal action for getting possession of factory premises back from Official Liquidator to give effect to BIFR Order for implementation.
- LOANS AND ADVANCES
  - Amount to Modi Spinning & Weaving Mills Company Ltd. (MSWL) (Rs. 460.31 lacs Net) includes Rs. 349.61 lacs appropriated by Punjab National Bank in the year 1992-93 towards the outstanding loan and interest payable by MSWL. The company has filed a suit against MSWL in respect of such claims, which is pending before the Delhi High Court.
  - Advances to others include :-  
Rs. 358.91 lacs paid on behalf of Modi Fibres Limited (MFL) including direct payment of Rs.296.45 lacs to MIDC for purchase of land. MFL is yet to issue the shares for above said investment. The Company has filed a petition U/s 397 & 398 of the Companies Act, 1956 before Company Law Board. The Hon'ble Company Law Board has passed an interim order directing MFL not to alienate / transfer the fixed assets till the disposal of company application before Company Law Board.
- Provision for Income Tax is computed in accordance with the provisions of the Income Tax Act, 1961.
  - Provision for Fringe Benefit Tax is computed in accordance with the provisions of the Income Tax Act, 1961.
  - Provision for Wealth Tax is computed in accordance with the provisions of the Wealth Tax Act, 1957
  - In terms of Accounting Standard (AS-22) on accounting for Taxation of Income issued by the Institute of Chartered Accountants of India, the Parent Company and one of the subsidiary have not recognised the Deferred Tax Assets/ Liability due to uncertainty of future profitability.
  - One of the subsidiary company is having significant unabsorbed losses. In view of absence of reasonable / virtual certainty of availability of sufficient future taxable income, deferred tax asset has been recognised only to the extent of deferred tax liability such subsidiary.
- Sundry creditors include Rs. 136.62 lacs (20% of Rs. 683.10 lacs as per settlement terms defined in BIFR SS08) towards lease rent payable to M/s Modi Exports Processors Ltd.(MEPL) for the period January, 2002 to September, 2007. Further no liability towards lease rent has been provided after September, 2007 since the premises are sealed by the Official Liquidator of MEPL.
  - Sundry creditors also include Rs. 82.04 lacs payable to M/s. Madura Coats Limited, Rs. 186.42 lacs to M/s. Continental Carbons Limited and Rs. 23.91 lacs to M/s Oriental Carbon and Chemicals Limited totaling to Rs. 292.37 lacs (being 30% of Rs. 974.58 lacs) as per settlement term stated in BIFR SS-08.
- Expenses and claims relating to previous year adjusted in respective accounts not separately shown are Rs. 29.48 lacs [previous year Rs.195.20 lacs].
- In case of one of the subsidiary company, based on the information available with the management, there are no dues outstanding to micro, small and medium enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.
  - The parent company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act, has not been given..
- The balances of the suppliers, customers & advances etc. are subject to confirmation / reconciliation.
- |                               |          |          |
|-------------------------------|----------|----------|
| Earning per Share :           | 2008-09  | 2007-08  |
| Profit after Tax (Rs. Lacs)   | 5540.57  | 15142.34 |
| Basic number of equity shares | 25040532 | 25040532 |
| Basic earning per share (Rs.) | 22.13    | 60.47    |
- The Company's operations comprise only one segment i.e. Automobile Tyres, Tubes & Flaps and therefore there is

no other business / geographical segments to be reported as required under Accounting Standard (AS-17) of the The Institute of Chartered Accountants of India.

11. Related Parties Disclosures in accordance with Accounting Standard (AS – 18) of The Institute of Chartered Accountants of India.

A) Subsidiaries:	% Holdings
i) Modistone Limited (in liquidation) Official Liquidator has taken possession of the Company w.e.f. 25.07.2002- the date of appointment of Official Liquidator by Bombay High Court.	55.32
ii) Superior Investment (India) Limited	100.00
iii) Spin Investment (India) Limited	100.00
iv) Modi Tyres Company Pvt Ltd	100.00
Associates :	
i) Man Diesel India Limited (Formerly known as Man B&W Diesel India Limited)	20.00
ii) Gujarat Guardian Limited (GGL)	21.24

B) Key Management Personnel :

Mr. Vinay Kumar Modi- Managing Director

Mr. Alok Modi -Director (No remuneration to Key Management Personnel during the year)

The following transactions were carried out with related parties in the Ordinary course of business during the year

A) Associates:	
i) Expenses incurred by MRL on behalf of GGL	9.71
ii) Receivable at the year end	1.62

12. Due to closure of manufacturing operations, the value of intangible assets and value of impairment loss on assets as per Accounting Standard 26 and 28 respectively, issued by the Institute of Chartered Accountants of India, has not been ascertained in the parent company.

13. The company adopted Accounting Standard 15 (Revised) issued by The Institute of Chartered Accountants of India.

**Defined contribution plans**

The Company's employee provident fund and employee pension scheme is defined contribution plan. A sum of Rs. 224.82 lacs has been recognised as an expense in relation to the schemes in the Profit and Loss account.

**Defined Benefit Plans**

**Gratuity**

Gratuity is payable to all eligible employees of the Company on superannuation, death or permanent disablement, in terms of the provision of the Payment of Gratuity Act.

The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognised in the Balance Sheet and Profit and Loss Account:

Particulars	For the year ended 31 March 2009 (Rs.)
Fair Value of plan assets *	8,67,43,342
Defined benefit obligation	7,41,69,506
Net Asset / (liability)	1,25,73,836
Changes in the present value of defined benefit obligation	
Present value of benefit obligation at the beginning of year	7,30,93,441
Current service cost	8,40,430
Interest cost	52,99,274
Actuarial loss/(gain)	20,56,364
Benefits paid	(71,20,003)
Present value of benefit obligation at the end of the year	7,41,69,506
Changes in the fair value of plan assets *	
Fair Value of Plan Assets at the beginning of the year	8,63,59,453
Expected return on plan assets	68,97,161
Contributions	99,612
Benefits paid	(3,89,493)
Actuarial gain/(loss)	(62,23,391)
Fair Value of Plan Assets at the end of the year	8,67,43,342
<b>The major categories of plan assets as a percentage of total plan assets</b>	
Policy of insurance.	N.A



## Actuarial assumptions

### a) Economic Assumptions:

- I. Discount rate: Discount rate of 7.25% (previous year 8.25%) has been used for the purpose of actuarial valuation of the liability.
- II. Salary Increment rate: Salary incremental level of 5.25% (previous year 5.25%) per annum has been used.
- III. Expected return on plan assets used is nil (previous year 8.5%) per annum.

### b) Demographic assumptions:

- I. Mortality: The latest complied table LIC a (1994- 96) is used for the purpose of the valuation.
  - II. Retirement Age: 58 years (staff)/60 years (workers)
  - III. Withdrawal: 5% at younger ages and reducing to 1% at older age according to graduated scale.
- The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.
- The salary escalation rate is estimated taking into account inflation, seniority, promotion and other relevant factors.

14. One of the subsidiary company has during the year taken certain assets on finance lease. The total minimum lease payment liability as at the Balance sheet date in relation to such assets is Rs. 16,637,556. The maturity profile of the finance obligation is as follows:

Amount in Rs.

Particulars	Minimum lease payments	Interest included in . minimum lease payments	Present value
	As at 31 March 2009	For the year ended 31 March 2009	As at 31 March 2009
Payable within one year	11,091,704	1,245,894	9,845,811
Payable between one to five years	5,545,852	622,947	4,922,905
Later than 5 years	-	-	-
Total	16,637,556	1,868,840	14,768,716

15. Superior Investment (India) Limited jointly with Spin Investment (India) Limited (subsidiary companies) stood as guarantor to State Bank of Hyderabad (SBH) for credit facilities sanctioned to MBM Limited (in liquidation). Due to non payment of dues, SBH brought DRT order dated 25.9.1999 for the recovery of Rs. 106.39 lacs with pendent elite and future interest @ 19.38% p.a. As against the said order, the Company made one time full and final settlement of its share with SBH and paid Rs. 50.28 lacs. which was appearing as advance in the books. Looking at present state of affairs of MBM Limited (in liquidation) its recovery appears doubtful, hence the said advance has been written off to the extend of 75% and balance 25% is appearing in the books of accounts.
16. Application for registration u/s 45 1 a of the RBI Act, 1934 (2 of 1934) was made by Superior Investment (India) Limited on 08.08.1997 and communication from RBI is still awaited.
17. Superior Investment (India) Limited, one of the subsidiary company is a Deemed Limited Company u/s 43A of the Companies Act. 1956. However, section 43A is not applicable after the commencement of Companies ( Amendment) Act, 2000 i.e. 13.12.2000. Consequently, the company has to inform to Registrar of companies that it has become Private Limited Company. Necessary, action is being taken to comply with above requirement.
18. In case of one of the subsidiary company namely Spin Investment (India) Limited, on completion of assessment for assessment years 2003-04 and 2006-07 the assessing officer raised demand of Rs. 3,54,224/- and Rs. 2,23,306/-, respectively. The company has paid entire amount of demand for assessment year 2003-04 and Rs. 2,10,000/- for assessment year 2006-07. These payments have been made under protest and company had filed appeals before the commissioner of Income - tax (Appeals) which are pending for disposal. As advised, no provision for tax has been made in the books of accounts at this stage. The provision if any , will be made on disposal of appeal by the Appellate Authority / Court.
19. Previous year figures have been regrouped/ rearranged wherever necessary.
20. Schedules 1 to 13 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

As per our Report Attached  
For P.D.M. & Co.  
Chartered Accountants  
CA. Prabhat Jain  
Partner  
M. No. 86756

Kamal Gupta  
Head – Finance & Accounts  
  
S.K. Bajpai  
Head – Legal &  
Company Secretary

Alok Modi  
S.C. Tripathi  
K.S. Bains  
Directors

V.K. Modi  
Chairman &  
Managing Director

New Delhi  
08.09.2009

# **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Rs. Lacs	2008-2009 Rs. Lacs	Rs. Lacs	Rs. Lacs	2007-2008 Rs. Lacs	Rs. Lacs
<b>A. Cash Flow from operating activities</b>						
Net Profit/(Loss) before tax and extraordinary items		6080.02			15154.47	
Add: Adjustments for:						
Depreciation	277.42			533.48		
Interest Paid	449.79			518.18		
Interest Received	-126.48			-212.30		
Miscellaneous income	0.00			-289.16		
Profit/(Loss) on sale of Investments	-5084.72			0.00		
Net( Profit)/Loss on Fixed Assets sold/discarded	-2197.68			1600.64		
Provision made for doubtful debts and advances	0.00			54.94		
Balances /Provisions not required Written back/off (Net)	-1275.23			-14727.10		
Dividend/Income received from units	-11.23	-7968.13		-3426.69	-15948.01	
Operating profit before working capital changes		-1888.11			-793.54	
Adjustments for:						
(Increase)/Decrease in Inventory	-182.37			0.00		
(Increase)/Decrease in Trade and other receivables	-3680.48			-1183.13		
(Increase)/Decrease in Provisions	40.04			0.00		
Decrease in miscellaneous expenditure to the extent not written off	0.36			-0.10		
Increase/(Decrease) in Trade payable	-838.75	-4661.20		640.21	-543.02	
Cash generated from operations before tax		-6549.31			-1336.56	
Add : Taxes (paid)/refund		-8.74			84.90	
<b>Net cash generated from operating activities</b>			-6558.05			-1251.66
<b>B. Cash flow from investing activities:</b>						
Interest received		33.53			207.66	
Dividend received		11.23			3426.69	
Addition to Fixed assets		-1678.94			0.00	
Proceeds from sale of Fixed Assets		2267.90			0.00	
Proceeds from sale of Investments		4909.99			0.00	
Increase in share Capital		0.00			0.00	
Investments made during the year		-1037.50			-2457.18	
<b>Net cash generated from investing activities</b>			4506.21			1177.17
<b>C. Cash Flow from financing activities:</b>						
Increase/(Decrease) in Borrowings		766.89			0.00	
Short Term loans taken from financial institutions repaid during the year		-143.11			0.00	
Share Application money received		700.00			0.00	
Increase in share Capital		1037.49			0.00	
Dividend Paid		0.00			-5.98	
Tax on Dividend Paid		0.00			-1.02	
Deposit received from customers		0.00			0.00	
Interest paid		-446.62			-28.37	
<b>Net cash used in financing activities</b>			1914.65			-35.37
<b>Net increase/(decrease) in cash and cash equivalent(A+B+C)</b>			-137.19			-109.86
<b>Cash and cash equivalents as at the beginning of the year</b>			1164.17			1274.03
<b>Cash and cash equivalents as at the end of the year</b>			1026.98			1164.17

NOTES: 1.	Cash and Cash equivalents includes.					
	Cash , Cheques in hand and remittance in transit.		54.78			20.47
	Balance with Banks.		972.20			1143.70
			1026.98			1164.17

2. Previous year figures have been regrouped/rearranged wherever necessary so as to make them comparable with those of the current year.

	As per our Report Attached For P.D.M. & Co. Chartered Accountants CA. Prabhat Jain	Kamal Gupta Head – Finance & Accounts  S.K. Bajpai Head – Legal & Company Secretary	Alok Modi S.C. Tripathi K.S. Bains Directors	V.K. Modi Chairman & Managing Director
New Delhi 08.09.2009	M. No. 86756 Partner			

# MODI RUBBER LIMITED

Regd. Office : Modinagar - 201204  
Distt. Ghaziabad (U.P.)

## PROXY FORM

Folio No .....

Client ID No.....

No. of Shares .....  
(To be filled in by the member)

I/We ..... of ..... in the district of ..... being a  
Member/ Members of MODI RUBBER LIMITED hereby appoint .....  
of ..... in the district of .....  
or failing him ..... of .....  
in the district of ..... as my/our Proxy to attend and vote for me/us on my/ our behalf  
at the 37th Annual General Meeting (AGM) of the Company convened on Wednesday, 28th October, 2009 at 11.30  
A.M. at Auditorium, Dayawati Modi Public School, Modinagar-201204 (U.P.) and at any adjournment thereof

Signed at this ..... day of ..... 2009

Signature .....

Affix  
Revenue  
Stamp

N.B.: The Proxy form should be deposited at the Registered Office of the Company not later than 48 hours before the  
commencement of the Meeting

TEAR HERE

# MODI RUBBER LIMITED

Regd. Office : Modinagar - 201204  
Distt. Ghaziabad (U.P.)

## 37TH ANNUAL GENERAL MEETING

### ATTENDANCE SLIP

Folio No .....

Client ID No.....

No. of Shares .....  
(To be filled in by the member)

I hereby record my presence at the 37TH ANNUAL GENERAL MEETING (AGM) of the Company being held at  
11.30 A.M. at Auditorium, Dayawati Modi Public School, Modinagar-201204 (U.P.) on Wednesday, 28th October,  
2009.

.....  
Member's Signature

#### Notes :

1. A Member/Proxy attending the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Member intending to appoint a Proxy, should complete the Proxy Form above and deposit it at the Company's  
Registered Office not later than 48 hours before the commencement of the Meeting.

.....  
Proxy's Signature

**BOOK-POST**

*If undelivered please return to :*

**MODI RUBBER LIMITED**

4/7C DDA Shopping Centre

New Friends Colony

New Delhi-110025