

# THE COMPANY

## BOARD OF DIRECTORS

---

**Vinay Kumar Modi**  
Chairman

**Alok Modi**  
Managing Director

**Arvind Nath Seth**  
Director

**K S Bains**  
Director

**Sanjiwan Sahni**  
Director

**Neeraj Sharma**  
Director

**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)

**BANKER**  
Yes Bank Ltd

**STATUTORY AUDITORS**  
**Messrs P.D.M. & Co.,**  
Chartered Accountants  
B-61, Flatted Factory Complex  
Jhandewalan,  
New Delhi 110 055.

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

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**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 39<sup>th</sup> Annual General Meeting of Modi Rubber Limited shall be held on Friday, March 30, 2012 at 11.30 AM at Auditorium, Dayawati Modi Public School, Modinagar to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Balance Sheet as at September 30, 2011 and Profit & Loss Account for the period ended on that dated together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. KS Bains who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Arvind Nath Seth, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s PDM & Co., Chartered Accountants, New Delhi, the retiring Auditors of the Company as Auditors, who shall hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration of Rs 5 Lacs plus pocket expenses if any..

## SPECIAL BUSINESS

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

“**RESOLVED THAT** subject to the approval of the shareholders and other applicable approvals as may be required, Board be and hereby appoints Mr. Alok Kumar Modi as Managing Director of the Company, with immediate effect for a period of 5 years”.

“**RESOLVED FURTHER THAT** Board be and hereby decides and approves, as voluntarily offered by Mr. Modi, that no remuneration be paid to Mr. Alok Kumar Modi till December 31, 2013 but Mr. Alok Kumar Modi will be entitled for reimbursement of all business expenses whether incurred in India or abroad in connection with Company’s business against submission of bills.”

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

Place : New Delhi (S K Bajpai)  
Date : January 21, 2012 **Head-Legal & Company Secretary**

### Notes:

1. Explanatory Statement in respect of Item No. 5 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 shall remain closed from 21.03.2012 to 30.03.2012 (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 4/7C DDA Shopping Centre New Friends Colony, New Delhi-110 025 Head Office of the Company atleast 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

Shri Vinay Kumar Modi upon acquiring NRI Status relinquished the position of Managing Director of the company but he will continue to provide guidance & his services in the affairs of the company as chairman of the Company. In his place Board at its meeting held on 31.10.2011 appointed Shri Alok Kumar Modi as the Managing Director of the Company for a period of five years. Mr. Alok Modi voluntarily opted not to draw any remuneration till rehabilitation process is underway upto December 2013. Board accepted his gesture and decided that company would reimburse expenses incurred by Managing Director on company’s business against submission of bills till Managing Director’s terms of remuneration is reviewed by the Board of Directors.

Hence, the resolution as mentioned at item no 5 of the accompanying notice is proposed. Your Board recommends passing of the said resolution.

The notice and explanatory statement may be treated as an abstract of the terms of appointment of Shri Alok Kumar Modi, as Managing director of the Company under section 302 of the Companies Act, 1956.

None of the directors of the Company except Shri Vinay Kumar Modi and Shri Alok Kumar Modi may be interested or concerned in passing of the proposed resolution No 5.

Information required under clause 49 of the Listing Agreement in respect of Director proposed to be appointed by resolution No. 5 is given below:

Particulars	Shri Alok Modi
Age (in years)	45
Qualification	B.E (Industrial & Production)
Expertise in specific functional areas	Management
Date of appointment on the Board of the Company	14.06.2008
Names of other Companies in which Directorships held	1. Continental India Limited. 2. Gujarat Guardian Limited. 3. MAN Diesel & Turbo India Limited. 4. Uniglobe & Travel (South Asia) Pvt. Limited.
Names of other Companies in which Committee Membership/ Chairmanships held	Nil
No. of shares held	928

## 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 21.03.2012 to 30.03.2012 upto the date of the AGM.

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

Place: New Delhi (S.K Bajpai)  
Date: January 21, 2012 **Head – Legal & Company Secretary**



# DIRECTORS' REPORT

Your Directors present the 39<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the period ended 30<sup>th</sup> September, 2011.

## IMPLEMENTATION STATUS OF BIFR SCHEME

Your Board of Directors are pleased to report that your company has settled dues of almost all the creditors and has substantially implemented the revival scheme. Pursuant to direction of Learned BIFR vide its order dated 23.02.2010, the remaining and un-implemented portion of the revival scheme is under implementation. However, industrial rehabilitation for Modinagar Tyre Factory (MTF) Plant could not be achieved as yet. MTF Plant was set up on land & shed taken on perpetual lease from Modi Export Processors Ltd. (MEPL). MEPL has been liquidated by the Order of Hon'ble Allahabad High Court and Official Liquidator (OL) has put his seal on MTF Plant. Legal recourse for re possession of plant is being actively followed.

The Company has also paid dues as determined in SS08 to a majority of the workmen who have settled with the Company. Others are being persuaded to fall in line with the BIFR order. Some of the unsecured creditors have now been raising issues and not accepting dues as per scheme. Your Company has decided to approach BIFR for appropriate clarification regarding settlement of such unsecured creditors.

The volatility in raw material cost in particular rubber prices had put severe strain on the economic viability of MTCL which reported losses of Rs.176.03 crores as at 31.03.2011. In view of these losses your Board of Directors decided to divest the entire holding of shares held in MTCL to Continental Group, Germany to more effectively utilize its remaining assets and to protect the jobs of the worker/employees.

Your Board decided to run its Modipuram Guest House commercially in terms of clause 15 of Memorandum & Articles of Association.

ROC vide its letter dated 08/09/2011 & 14/12/2011 respectively has accorded its approvals for extension of financial period to close on September 30<sup>th</sup>, 2011 and also to convene AGM by March 31, 2012.

## FINANCIAL RESULTS

During the period under review, your company has recorded a net profit 4919.55 lacs as compared to 345.67 lacs in previous year on a total income of Rs 9647.07 lacs as compared to 3603.43 lacs in the previous year mainly from sale of shares in MTCL and some surplus real estate, interest & dividend.

## BOARD OF DIRECTORS

Mr. Vinay Kumar Modi relinquished the position of Managing Director w.e.f 31.10.2011 and in his place in terms of provisions of section 269 read with article 109 of the Company Mr. Alok Kumar Modi was appointed as the Managing Director of the Company for a period of five years. However, Mr Vinay Kumar Modi will continue to provide his services & act as Chairman of your Company. Mr. K S Bains and Mr. Arvind Nath Seth directors are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment. The Chairman & Managing Director are non retiring directors in terms of the Articles of Association.

## 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;
- (ii) that the directors had 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 period;

- (iii) that the directors had taken proper and sufficient 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 fraud 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) that the directors had prepared the annual accounts on a going concern basis..

## AUDITORS

M/s.PDM & Co. Chartered Accountants, New Delhi, shall be 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. 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 suspension/closure of the plant.

## SUBSIDIARY COMPANIES

Statement under section 212 of the Companies Act, 1956 together with Annual reports of the Company's two wholly owned Subsidiaries, namely Spin Investment(India) Limited and Superior Investment (India) Limited are attached.

## STATUTORY DISCLOSURES

During the period 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 of Corporate Governance together with Auditors' Certificate form part of the Annual Report.

## CONSOLIDATED FINANCIAL STATEMENTS

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

## ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks for support and co-operation from the Hon'ble BIFR/AIFR, Banks, UP Government and other Government Authorities and shareholders during the period review. Your Directors also appreciate services of executives, staff and workers of the Company for unstinted support in revival of the Company.

For and on behalf of the Board

Place: New Delhi  
Date: January 21, 2012

Vinay Kumar Modi  
Chairman

## 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 period under review.

#### 2. BOARD OF DIRECTORS

The Composition of the Board of Directors of Company as on 30.09.2011 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 Vinay Kumar Modi @	Promoter / Executive	08	08	03	03	Yes
Shri Alok Modi @	Promoter / Non Executive	08	06	02	00	Yes
Shri K S Bains	Independent / Non Executive	08	08	00	00	Yes
Shri Arvind Nath Seth @	Promoter / Non Executive	08	01	00	00	Yes
Shri Sanjiwan Sahni	Independent / Non Executive	08	07	00	00	Yes
Shri Neeraj Sharma	Independent / Non Executive	08	08	00	00	Yes

@ Shri Vinay Kumar Modi is father of Shri Alok Modi and brother in law of Shri Arvind Nath Seth.

• Shri. Vinay Kumar Modi relinquish the position of Managing Director of the Company and in his place Shri Alok Kumar Modi was appointed as Managing Director by the Board of Directors effective from 31.10.2011.

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 period, eight meetings of the Board of Directors were held on 30.04.2010, 06.08.2010, 18.09.2010, 15.10.2010, 08.11.2010, 14.02.2011, 09.05.2011, 12.08.2011.

#### Share holding of Non Executive Directors

Name	Shri Alok Modi	Shri KS Bains	Shri AN Seth	Shri S Sahni	Shri Neeraj Sharma
No. of Share held	928	Nil	Nil	Nil	Nil

#### 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 KS Bains as Chairman of the Committee, Shri Vinay Kumar Modi as Director/ member and Shri Sanjiwan Sahni as Director/ Member.

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

During the accounting period ended on 30.09.2011, eight meetings of the Committee were held on 30.04.2010, 06.08.2010, 18.09.2010, 15.10.2010, 08.11.2010, 14.02.2011, 09.05.2011, 12.08.2011. The same were attended by the Members:-

Name of the Members	No. of meeting attended
Shri K.S Bains	08
Shri Vinay Kumar Modi	08
Shri Sanjiwan Sahni	07

#### 4. REMUNERATION OF DIRECTORS

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 fees paid to independent non executive directors for attending Board/ Committee meetings during the period.

#### 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 of Shri V K Modi, Shri Alok Modi and Shri Sanjiwan Sahni as Chairman. 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 1000 to Company Secretary and from 1001 to 5000 to Managing Director. Shares over and above 5000 are approved by the STC. During the accounting period under review, 249 complaints were received by the Company / Registrar and Share Transfer Agents from shareholders. All these complaints have since been redressed. There were no share transfer applications pending for registration as on 30<sup>th</sup> September, 2011.



## 6. DIRECTORS

Mr. Vinay Kumar Modi has relinquished the position of Managing Director but will continue to remain as Chairman of the Company. In terms of the provisions of section 269 of the Companies Act, 1956 read with Article 109 of the Company, the Board appointed Mr. Alok Kumar Modi as Managing Director of the company for a period of 5 years w.e.f 31.10.2011. He voluntary opted not to draw any remuneration till the period of rehabilitation process is underway upto December 2013. Thereafter, the Board will decide for the remuneration to be provided to the Managing Director but he will be entitled for all the business expenses incurred by him.

## 7. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time
38 <sup>th</sup> AGM	Dayawati Modi Public School, Modinagar	28.11.2010	03.30 P.M
37 <sup>th</sup> AGM	Dayawati Modi Public School, Modinagar	28.10.2009	11.30 A.M
36 <sup>th</sup> AGM	Dayawati Modi Public School, Modinagar	30.09.2008	10.00 A.M

On 29.06.2010 a special resolution was passed through Postal Ballot u/s 192A of the Companies Act, 1956 for the alteration in the object clause of the Memorandum of Association of the Company.

## 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.

<b>I Subsidiaries:</b>	<b>% Holdings</b>
a) Modistone Limited (in liquidation) Official Liquidator has taken possession of the Company w.e.f. 25.07.2002- from the date of appointment of Official Liquidator by Bombay High Court.	55.32
b) Superior Investment (India) Limited	100.00
c) Spin Investment (India) Limited	100.00
<b>Associates:</b>	
i) Man Diesel India Limited (Formerly known as Man B&W Diesel India Limited)	20.00
ii) Gujarat Guardian Limited (GGL) The following transactions were carried out with related parties in the Ordinary course of business during the year under review:	21.24
<b>A) Subsidiaries</b>	<b>(Rs. Lacs)</b>
1. Spin Investment (India) Limited	
i) Transfer of Assets /Liabilities (Net)	5543.21
ii) Payable at the year end	Nil
2. Superior Investment (India) Limited	
i) Transfer of Assets /Liabilities (Net)	3789.71
ii) Payable at the year end	3542.61
3. Continental Tyres Limited (formerly Modi tyres Company Ltd)	
i) Transfer of Assets/Liabilities (Net)	1063.15
<b>B) Associates</b>	
1. Gujarat Guardian Limited(GGL)	
i) Expenses incurred by MRL on behalf of GGL	1.74
ii) Receivable at the year end	3.65
<b>i) Key Management Personnel :</b>	
Mr. Vinay Kumar Modi, Chairman & Managing Director	Nil
• <b>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.</b>	None

## 9. MEANS OF COMMUNICATION

Quarterly / Annual Financial Results of the Company are normally published in The Pioneer (English) and Vir Arjun / Hari Bhoomi (Hindi) 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 are given by separate annexure and are attached to the Directors' Report.

## 10. GENERAL INFORMATION

Date, time and venue of the Annual General Meeting	: Friday, March 30, 2012 at 11.30 A.M. Auditorium, Dayawati Modi Public School Modinagar-201 204
Book Closure	: 21.03.2012 - 30.03.2012 (both days inclusive)
Financial Calendar	: April 01, 2010 to September 30, 2011
Dividend payment date	: Nil
Listing on Stock Exchanges	: The Bombay Stock Exchange Ltd. (BSE) The National Stock Exchange of India Ltd. (NSE)
Stock code	: MODIRUBBER (NSE) MODIRUBB (BSE) / 500890

Listing fees : Duly paid for 2011 -12  
 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. is the Share Transfer Agent 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.

#### Distribution of Shareholding

The following is the distribution pattern of shareholding of equity shares of the Company as on 30.09.2011:

No. of shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of shareholding
1 – 5000	13172	94.961	1336444	5.337
5001 – 10000	467	3.367	334073	1.334
10001 – 20000	154	1.110	211534	0.845
20001 – 30000	33	0.238	81551	0.326
30001 – 40000	8	0.058	27556	0.110
40001 – 50000	6	0.043	27260	0.109
50001 – 100000	13	0.094	83494	0.333
100001 and above	18	0.130	22938620	91.606
<b>TOTAL</b>	<b>13871</b>	<b>100.00</b>	<b>25040532</b>	<b>100.00</b>

#### Shareholding pattern as on 30.09.2011

Category	No. of Shares held	% of Shareholding
Promoters	21564410	86.12
Banks, Insurance Companies	3379	0.01
Mutual Funds	700	0.00
Foreign Institutional Investors	729291	2.91
Bodies Corporate	621432	2.48
NRI/OCBs	119126	0.48
Indian Public	2002194	8.00
<b>Total</b>	<b>25040532</b>	<b>100.00</b>

#### Dematerialization of Shares and Liquidity

Over 36.38% of the shares have been dematerialised upto 30.09.2011.

#### 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 : Mas Services Ltd.,  
 for transfer/dematerialization T-34, 2nd Floor, Okhla Industrial Area,  
 of shares, and any other query 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 : January 21, 2012

**(Alok Modi)**  
**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. The period under review has not been good for industry as India has registered a growth around 7% in 2011 and current year is predicted to be worse than previous year.

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 98% while in the Truck/Bus Tyre market it is 7-8% at present.

As reported in director report since repossession of MTF Plant has not been received by your company hence Industrial rehabilitation of your company could not be achieved as yet.

The Management has decided to run guest house in Modipuram on commercial basis.

Your company after possession of MTF Plant has to access repair and refurbishment of plant & machineries whether it can be repaired in the amount allocated in revival scheme or additional amount is required. All this assessment is possible only after possession and technical evaluation of MTF Plant by expert. The threat is from the large global players entering Indian market and the cheap Chinese imports.

## 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 period ended 30.09.2011, 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.**  
**(Firm Reg. No. 07966N)**  
Chartered Accountants

(Prabhat Jain)  
Partner  
Membership No. 86756

Place: New Delhi  
Date: 02.12.2011

# AUDITORS' REPORT

## Report of the Auditors to the Shareholders

1. We have audited the attached Balance Sheet of Modi Rubber Limited as at 30<sup>th</sup> September 2011, the Profit & Loss Account and the Cash Flow Statement of the Company for the period 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 on 30<sup>th</sup> September, 2011 and taken on record by the Board of Directors, we report that none of the Director as at 30<sup>th</sup> September, 2011 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. 7 regarding non availability of information of unpaid balances to Micro, Small and Medium Enterprises;
  - ii) Note No. 13 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 30<sup>th</sup> September, 2011;

- ii) in the case of Profit and Loss Account, of the Profit of the Company for the period ended on that date; and;
- iii) in the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

for P D M & Co.  
(Firm Registration No. 07966N)  
CHARTERED ACCOUNTANTS

CA. PRABHAT JAIN  
Partner  
Date : 02.12.2011  
Place : New Delhi  
M.No. 086756

## 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 (except the assets which the company has no access) have been physically verified by the management at the period end. No material discrepancy has been noticed on such verification.
  - 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 period.
- ii) a) The physical verification of the inventories of the company has been conducted at reasonable intervals. However in some cases, physical verification has not been conducted due to non-access of the inventory.
  - 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, material discrepancies noticed on physical verification of inventories as compared to book records have been properly dealt with in the books of accounts.
- 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 30<sup>th</sup> September, 2011 is Rs. 3542.61 lacs.
  - b) 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 was Rs. 5790.32 lacs and the balance outstanding as at 30<sup>th</sup> September, 2011 is Rs. Nil.
  - c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans granted/taken are not prima facie prejudicial to the interest of the company.
  - d) Such loans outstanding at the period end are at call and have not been recalled during the period.
- 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 control 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) As informed to us, the company has an internal audit system commensurate with its size and nature of its business. However, due to suspension of operations, there is no designated team for internal audit.
- 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, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except an amount of Rs. 86.90 lacs 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	State	Amount Rs. Lacs	Forum Where Dispute is pending	Period Which It Relates to
I	EXCISE/DGFT LIABILITY				
1	Central Excise Act, 1944	Central Excise Act, 1944	1,653.97	High Court and Appellate Tribunals	1992-2002
2	Foreign Trade Development and Regulation Act, 1992	Delhi	1,161.20	Additional DGFT Commissioner (A)	1996-2000
II	SALES TAX LIABILITY				
1	U.P Trade/VAT Act	Uttar Pradesh	1079.89	Tribunal, Add. Comm.(A), D.C. (A)	1977-2002
2	Bihar Finance Act	Bihar	374.85	Jt. Comm. (A)	1990-2002
3	Delhi ST Act	Delhi	337.08	D.C. (A)	1976-2002
4	Maharashtra ST Act	Mumbai	790.52	D.C. (A)	1975-2002
5	W.B State Act	Kolkatta	287.96	D.C. (A)	1975-2001
6	Jharkand ST Act	Jamshedpur	65.42	D.C. (A)	2000-2002
7	Jharkand ST Act	Ranchi	27.96	D.C. (A)	2000-2002
8	A.P GST Act	Andhra Pradesh	95.58	Comm. (A)	1999-2002
9	Haryana CST Act	Haryana	63.05	Jt. Comm. (A)	1999-2003
10	J & K ST Act	Jammu & Kashmir	42.33	D.C. (A)	2001-2002
11	M.P Comm. Tax Act	Madhya Pradesh	134.40	D.C. (A)	1993-2002
12	Uttaranchal ST Act	Uttaranchal (Haldwani)	20.29	Jt. Comm. (A)	2000-2002
13	Pondicherry ST Act	Puducherry	0.73	D.C. (A)	1999-2000
14	Karnataka Entry Tax	Karnataka	2.92	D.C.	2000-2002

- x) There are no accumulated losses at the end of the financial year. 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 given corporate guarantees for loans taken by subsidiary companies. According to the information and explanation given to us, we are of the opinion that the terms and conditions thereof are not prejudicial to the interest of the company. There is no guarantee at the year end.
- xvi) The Company has obtained term loans during the financial year which were utilized for the purpose for which they were taken.
- xvii) The Company has raised loans on long term basis during the year which were utilized for the purpose for which they were raised.
- xviii) The company has neither issued any fresh share capital nor made any preferential allotment during the period.
- xix) The Company has not issued any debenture during the period.
- xx) The Company has not raised any money by way of Public Issue during the period.
- xxi) As informed by the company, no case of any fraud on or by the Company has been noticed or reported during the period.

for P D M & Co.  
(Firm Registration No. 07966N)  
CHARTERED ACCOUNTANTS

CA. PRABHAT JAIN  
Partner  
M.No. 086756

Date : 02.12.2011  
Place : New Delhi

# BALANCE SHEET

## AS AT 30TH SEPTEMBER, 2011

DESCRIPTION	SCHEDULE	As at 30.09.2011 Rs. lacs	As at 31.03.2010 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		0.00	700.00
c. Reserves & Surplus	2	8200.34	5801.58
		<b>10704.39</b>	<b>9005.63</b>
<b>2. Loan Funds</b>			
a. Secured Loans	3	15.28	0.00
b. Unsecured Loans	4	605.70	6002.51
		<b>620.98</b>	<b>6002.51</b>
	<b>TOTAL</b>	<b>11325.37</b>	<b>15008.14</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a. Gross Block	5	9654.43	9592.16
b. Less: Depreciation		8037.13	7880.39
c. Net Block		<b>1617.30</b>	<b>1711.77</b>
<b>2. Investments</b>			
	6	4261.94	9869.47
<b>3. Deferred Tax Asset</b>			
		1468.89	0.00
<b>4. Current Assets, Loans &amp; Advances</b>			
a. Inventories	7	75.42	417.04
b. Cash & Bank Balances		4732.74	418.82
c. Loans & Advances		4718.84	3189.35
		<b>9527.00</b>	<b>4025.21</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
a. Liabilities	8	5315.60	3105.11
b. Provisions		234.16	13.99
		<b>5549.76</b>	<b>3119.10</b>
<b>Net Current Assets/(Liabilities)</b>		3977.24	906.11
<b>5. Profit &amp; Loss Account (as per contra)</b>		0.00	2520.79
	<b>TOTAL</b>	<b>11325.37</b>	<b>15008.14</b>
	13		

Date : 02.12.2011	As per our Report Attached For P D M & Co. (Firm Registration No. 07966N) Chartered Accountants CA. Prabhat Jain Partner M.No. 86756	V.K. Modi Chairman	Alok Modi Managing Director	S.K. Bajpai Head – Legal & Company Secretary
Place : New Delhi			Sanjiwan Sahnii K.S. Bains Neeraj Sharma Directors	Kamal Gupta Head – Finance & Accounts



# **P**ROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2011

DESCRIPTION	SCHEDULE	Period ended	Year ended
		30.09.2011 18 Months	31.03.2010 12 Months
		Rs.lacs	Rs.lacs
<b>INCOME</b>			
Sales & Other Income	9	9647.07	3603.43
		<b>9647.07</b>	<b>3603.43</b>
<b>EXPENDITURE</b>			
Materials Cost	10	0.00	2127.79
Expenses	11	5650.96	904.40
Financing Charges	12	229.55	14.39
Depreciation		185.54	206.88
		<b>6066.05</b>	<b>3253.46</b>
Profit before Tax		3581.02	349.97
<b>Less/(Add): Provision for Taxation</b>			
Current Taxes:			
Income Tax		284.00	0.00
Wealth Tax		4.96	4.30
Deferred Tax Liability/(Asset) :			
- Earlier years		(1570.86)	0.00
- Current year		101.97	0.00
Prior Period Adjustments -F B T		(0.82)	0.00
MAT Credit Entitlement		(157.78)	0.00
Net Profit after Tax		4919.55	345.67
Balance (Loss) brought forward from previous year		(2520.79)	(2866.46)
Balance being Profit/(Loss) carried to Balance Sheet		<b>2,398.76</b>	<b>(2520.79)</b>
Basic and Diluted Earning Per Share (in Rupees) (Not Annualised)		19.65	1.38
<b>Accounting Policies, Contingent Liabilities and Notes</b>	13		

Date : 02.12.2011	As per our Report Attached For P D M & Co. (Firm Registration No. 07966N) Chartered Accountants CA. Prabhat Jain Partner M.No. 86756	V.K. Modi Chairman	Alok Modi Managing Director	S.K. Bajpai Head – Legal & Company Secretary
Place : New Delhi			Sanjiwan Sahni K.S. Bains Neeraj Sharma Directors	Kamal Gupta Head – Finance & Accounts

## SHARE CAPITAL SCHEDULE-1

DESCRIPTION	As at	As at
	30.09.2011	31.03.2010
	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>TOTAL</b>	<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	As at
	30.09.2011	31.03.2010
	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>Profit &amp; Loss Account (as per contra)</b>	2398.76	0.00
<b>TOTAL</b>	<b>8200.34</b>	<b>5801.58</b>

## SECURED LOANS SCHEDULE-3

DESCRIPTION	As at	As at
	30.09.2011	31.03.2010
	Rs. lacs	Rs. lacs
<b>Loans and Advances from:</b>		
Others*	15.28	0.00
<b>TOTAL</b>	<b>15.28</b>	<b>0.00</b>
* Repayable within one Year	3.24	0.00
* Secured by way of hypothecation of a Vehicle.		



## UNSECURED LOANS SCHEDULE-4

DESCRIPTION	As at 30.09.2011	As at 31.03.2010
	Rs. lacs	Rs. lacs
Dealers' Security Deposits	5.70	62.19
Inter Corporate Deposits*	600.00	150.00
Subsidiary Companies	0.00	5790.32
<b>TOTAL</b>	<b>605.70</b>	<b>6002.51</b>

\*a) includes Rs. 250 lacs payable @ 50% of Rs. 500 lacs to M/s Morgan Securities & Credit Pvt. Ltd. as per BIFR sanctioned scheme.

b) Interest free loan Rs.350 lacs.

## FIXED ASSETS SCHEDULE - 5

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Original Cost as at 01.04.2010	Additions during the period	Adjustments/ Deduction during the period	Total Cost as at 30.09.2011	Upto 31.03.2010	For the period 1.4.10 to 30.09.11	Adjustment/ Deduction	Upto 30.09.2011	As At 30.09.2011	As At 31.03.2010
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
Land	330.44	0.00	8.73	321.71	0.00	0.00	0.00	0.00	321.71	330.44
Buildings	3395.07	0.00	0.00	3395.07	2515.34	72.63	0.26	2587.71	807.36	879.73
Plant & Machinery	3591.45	0.00	0.00	3591.45	3191.21	72.85	0.00	3264.06	327.39	400.24
Furniture, Office Equipments & Electrical Installations etc.	2048.12	29.17	0.00	2077.29	1951.84	24.56	0.00	1976.40	100.89	96.28
Patent & Trade Marks	0.08	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.08	0.08
Vehicles	227.00	71.27	29.44	268.83	222.00	15.51	28.55	208.96	59.87	5.00
<b>This year</b>	<b>9592.16</b>	<b>100.44</b>	<b>38.17</b>	<b>9654.43</b>	<b>7880.39</b>	<b>185.55</b>	<b>28.81</b>	<b>8037.13</b>	<b>1617.30</b>	<b>1711.77</b>
<b>Previous year</b>	<b>9522.73</b>	<b>13.48</b>	<b>-55.95</b>	<b>9592.16</b>	<b>7614.48</b>	<b>206.88</b>	<b>-59.03</b>	<b>7880.39</b>	<b>1711.77</b>	<b>1908.25</b>

### NOTES:

1. Land includes :-	Rs.lacs
- Leasehold	127.53
2. Building Includes :-	
- On leasehold basis	739.34
- Alongwith cost of land on which depreciation charged on total cost	12.52
- For which conveyance deed is yet to be executed (15, Friends Colony West, New Delhi)	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	As at
	30.09.2011	31.03.2010
	Rs. lacs	Rs. lacs
<b>LONG TERM INVESTMENTS</b>		
(In Equity Shares of Companies- Fully paid up)		
<b>No.of Shares</b>		
<b>Quoted</b>		
<b>A. Trade Investments</b>		
1,14,75,000 Modistone Limited * of Rs. 10 each	2137.50	
(1,14,75,000) Less : Provision for diminution in value of shares	(2137.50)	0.00
<b>B. Other Investments</b>		
1,97,999 Lords Chloro Alkali Limited of Rs. 10 each		19.80
(1,97,999)		
12,50,000 Spark Plug Ltd. of Rs. 10 each	125.00	
(12,50,000) Less : Provision for diminution in value of shares	(125.00)	0.00
6,80,001 Bihar Sponge Iron Ltd. of Rs. 10 each		68.00
(7,08,563)		70.86
<b>SUB TOTAL</b>		<b>87.80</b>
<b>Unquoted</b>		
32,00,000 Man Diesel India Ltd.of Rs. 10 each		320.00
(32,00,000)		
3,33,50,000 Gujarat Guardian Ltd. of Rs. 10 each		3335.00
(3,33,50,000)		
31,37,000 Xerox India Ltd.of Rs. 10 each		459.30
(31,37,000)		
29,915 Superior Investment (India) Ltd. ** of Rs. 100 each		29.92
(29,915)		
29,915 Spin Investment (India) Ltd. ** of Rs. 100 each		29.92
(29,915)		
Nil Continental India Ltd.*** ( Formerly Modi Tyres Company Ltd.) of Rs.10 each		0.00
(5,60,46,680)		5604.67
<b>SUB TOTAL</b>		<b>4174.14</b>
<b>TOTAL OF INVESTMENTS</b>	<b>4261.94</b>	<b>9778.81</b>
Aggregate market value of quoted Investments	96.73	70.93

Figures in brackets are in respect of previous year

\* Subsidiary Company

\*\* Wholly owned Subsidiary Companies

\*\*\* Ceased to be Wholly owned Subsidiary Company w.e.f.15th July, 2011 since entire shareholding sold to Continental Global Holdings, Netherlands B V



## CURRENT ASSETS, LOANS & ADVANCES SCHEDULE - 7

DESCRIPTION	As at	
	30.09.2011	31.03.2010
	Rs. lacs	Rs. lacs
<b>CURRENT ASSETS</b>		
<b>a. Inventories (as taken, valued and certified by the management)</b> (Note 2 b)		
Stores, Spare Parts and Loose Tools	68.82	215.17
Raw Materials	5.65	96.66
Finished Goods	0.95	72.92
Goods-in-Process	0.00	30.31
Scrap & Wastage	0.00	1.98
<b>TOTAL</b>	<b>75.42</b>	<b>417.04</b>
<b>b. Cash and Bank Balances</b>		
Cash balance on hand	4.78	8.89
<b>Balances with Scheduled Banks</b>		
In Current Accounts	59.83	55.37
In Fixed Deposit/Margin Money Accounts*	4668.13	354.56
<b>TOTAL</b>	<b>4732.74</b>	<b>418.82</b>
* Includes under lien	3807.39	0.00
<b>c. Loans &amp; advances</b> (unsecured, considered good unless otherwise specified)		
<b>Loans :</b>		
Lords Chloro Alkali Limited	10.00	10.00
Modi Spg. & Wvg. Mills Limited (Note 3)	460.31	460.31
Advances recoverable in cash or in kind or for value to be received and / or adjusted		
Staff	24.23	36.48
Others *	3780.08	1475.24
Sales Tax paid under protest/recoverable	54.79	54.79
Deposit with Government Deptt & Others	43.31	43.44
Balances with Customs,Excise,Port Trust etc.	0.00	1033.17
	3902.41	2643.12
Less:Provision for doubtful advances	(7.46)	(7.46)
	3894.95	2635.66
Income Tax/Wealth Tax (net of provisions)	195.80	83.38
MAT Credit Entitlement	157.78	0.00
<b>TOTAL</b>	<b>4718.84</b>	<b>3189.35</b>
* Includes amount due to Wholly Owned Subsidiary, Superior Investment (India) Ltd.	3542.61	0.00

## CURRENT LIABILITIES & PROVISIONS SCHEDULE - 8

DESCRIPTION	As at	As at
	30.09.2011	31.03.2010
	Rs. lacs	Rs. lacs
<b>a. Current Liabilities</b>		
Sundry Creditors ( Note 5 a & b )	1784.41	1971.02
Advances Received	43.00	0.00
Other Liabilities	3488.19	1134.09
<b>TOTAL</b>	<b>5315.60</b>	<b>3105.11</b>
<b>b. Provisions</b>		
Gratuity	234.16	13.99
<b>TOTAL</b>	<b>234.16</b>	<b>13.99</b>

## SALES AND OTHER INCOME SCHEDULE - 9

DESCRIPTION	Period Ended	Year Ended
	30.09.2011	31.03.2010
	18 Months	12 Months
	Rs.lacs	Rs.lacs
Sales less returns (Gross)	0.00	1301.49
Less: Excise duty	0.00	0.00
<b>"A"</b>	<b>0.00</b>	<b>1301.49</b>
Other Income		
Interest received on:		
Deposits, Loans and Advances (Gross)	142.71	24.90
(Tax deducted at source Rs. 12.13 Lacs)		
Non Compete Fee	1914.39	0.00
(Tax deducted at source Rs. 191.44 Lacs)		
Dividend received	667.00	338.07
Profit on Sale of Investments	5165.18	0.00
Profit on Sale of Assets (Net )	1363.01	1841.29
Miscellaneous sales/income :		
Rent and other Income	394.78	97.68
(Tax deducted at source Rs. 46.30 Lacs)		
<b>"B"</b>	<b>9647.07</b>	<b>2301.94</b>
<b>TOTAL (A+B)</b>	<b>9647.07</b>	<b>3603.43</b>





## MATERIALS COST SCHEDULE - 10

DESCRIPTION	Period Ended		Year Ended
	30.09.2011		31.03.2010
	Rs.lacs	Rs.lacs	Rs.lacs
Raw Materials Consumed/Sold			
Opening Stock	96.66		1257.25
Add: Warehouse charges	0.00		784.62
	<u>96.66</u>		<u>2041.87</u>
Less: Stock written off	91.01		0.00
Closing Stock	<u>5.65</u>		<u>96.66</u>
		0.00	1945.21
Opening Stock:			
Finished Goods	72.92		72.92
Goods-in-process	30.31		212.89
Scrap & Wastage	<u>1.98</u>		<u>1.98</u>
	105.21		287.79
Less : Stocks written off	<u>-104.26</u>		<u>0.00</u>
	0.95		287.79
Less : Closing Stock			
Finished Goods	0.95		72.92
Goods-in-process	0.00		30.31
Scrap & Wastage	<u>0.00</u>		<u>1.98</u>
	<u>0.95</u>		<u>105.21</u>
Decrease in Stock		0.00	182.58
	<b>TOTAL</b>	<u>0.00</u>	<u>2127.79</u>

## EXPENSES SCHEDULE- 11

DESCRIPTION	Period Ended		Year Ended
		30.09.2011	31.03.2010
		18 Months	12 Months
	Rs.lacs	Rs.lacs	Rs.lacs
Rent		36.72	20.61
Repairs & Maintenance:			
Plant & Machinery	0.00		0.73
Buildings	57.12		37.39
Others	21.85	78.97	18.90
Salaries, Wages, etc.		199.31	102.78
Contribution to Family Pension, Provident Fund & Gratuity		281.85	3.57
Rates & Taxes		94.95	11.12
Insurance charges		4.46	4.01
Auditors' Remuneration:			
Audit Fee	5.79		2.00
For Certificates etc.	1.56		1.78
For Expenses	1.00	8.35	0.50
Travelling & Conveyance		77.76	49.10
Electricity Consumed		34.03	17.59
Legal & Professional Charges		358.34	403.56
Repairs & Maintenance to Vehicles		9.05	3.29
Telephone & Postage Expenses		10.70	6.39
Sundry Balances Written off (Net)		977.58	138.52
Provision for Doubtful Loans & Advances		0.00	4.35
Sales Tax Demands Paid/Provided		2962.69	0.01
Directors' Sitting Fee		3.03	1.80
Miscellaneous Expenses		513.17	76.40
<b>TOTAL</b>		<b>5650.96</b>	<b>904.40</b>

## FINANCING CHARGES SCHEDULE- 12

DESCRIPTION	Period Ended		Year Ended
		30.09.2011	31.03.2010
		18 Months	12 Months
	Rs.lacs	Rs.lacs	Rs.lacs
Interest to:			
Bank	159.92		13.41
Others	2.00	161.92	0.45
Bank Charges & Guarantee Commission etc.		67.63	0.53
<b>TOTAL</b>		<b>229.55</b>	<b>14.39</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 for staff on actual duty.

#### B. CONTINGENT LIABILITIES

	As at 30.09.2011	As at 31.03.2010
	Rs. Lacs	Rs. Lacs
1. Guarantees (Unconfirmed)	470.38	11555.46
2. Sales Tax Matters	NIL	2221.30
3. Excise /Customs /DGFT Matters	2815.19	1657.90
4. Others	356.17	337.06

#### C. NOTES

1. Hon'ble BIFR vide its order dated 21.04.2008 has sanctioned a Rehabilitation Scheme (SS08) for revival of the Company, from the cut off date i.e March 31, 2008, under the provisions of Sick Industrial Companies (Special Provisions) Act 1985 (SICA) for implementation from 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2013. On 31<sup>st</sup> March 2008, Company had given full financial implications and excess liabilities were written off from the Books of accounts of company with effect from cut off date in terms of the SS08 for giving true and fair view of financial health of the company assuming/ considering relief & concessions as directed by the Learned BIFR would be given / accepted / considered by all the concerned parties as per rehabilitation scheme sanctioned by the Learned BIFR.

BIFR vide its order dated 23.02.2010 discharged the company from the purview of SICA/ BIFR upon turning networth positive as at 31.03.2009, with the direction that the unimplemented portion of rehabilitation scheme (SS08) for the unexpired period of the Scheme would be Implemented by the concerned agencies and their implementation would be monitored by the company. Some of the authorities/ parties have not accepted terms of settlement and relief & concessions as provided in SS08.

**SCHEDULE -13 (Contd)**

2. (a) Land & Building at Modi Tyre Factory (MTF), Modinagar is on perpetual lease taken from Modi Export Processors Ltd. (MEPL) which has been liquidated by the order of Hon'ble Allahabad High Court. Pursuant to Allahabad High Court Order possession of the MTF is with the Official Liquidator of MEPL. Company has taken appropriate legal recourse for getting possession back of MTF from Official Liquidator for carrying out industrial activities in terms of BIFR Order dated 21.04.2008. After possession, MTL shall carry out repair work to make MTF functional at the earliest. In view of the above, operations at MTF plant, however, continue to remain suspended.
- (b) Hon'ble Allahabad High Court had ordered for the physical verification of the assets lying at Modi Tyre Factory (MTF) Modinagar. Accordingly, physical verification was conducted in presence of official liquidator on 24/08/2011 and 25/08/2011. Assets were valued by the surveyor. On the basis of such verification, necessary adjustment in the inventories lying at MTF plant has been carried out in the books of account except the value of scrap which will be accounted for on realization.
3. Amount due from Modi Spinning & Weaving Mills Company Ltd. (MSWML) (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 MSWML. The company has filed a suit against MSWML for recovery of amount which is pending before the Delhi High Court for adjudication.
4. (a) Provision for Income Tax is computed in accordance with the provisions of the Income Tax Act, 1961.
- (b) Provision for Wealth Tax is computed in accordance with the provision of the Wealth Tax Act, 1957.
- (c) Deferred Tax is recognized subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.
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. 136.73 lacs payable to M/s Madura Coats Limited, Rs. 310.71 lacs to M/s Continental Carbons Limited totaling to Rs. 447.44 lacs (being 50% of their principal outstanding of Rs. 894.88 lacs) as per settlement term stated in BIFR SS-08 which they are not accepting and their appeals are pending in courts. However Allahabad High Court vide its order dated 16.11.2011 directed the Company to pay Rs. 150 lacs to M/s Madura Coats Limited or a cheque of the said amount may be produced before the Hon'ble court. Next hearing is fixed on 15.12.2011.
6. Expenses and claims relating to previous year adjusted in respective accounts not separately shown are Rs. 12.00 lacs [previous year Rs.14.09 lacs].
7. The 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 period 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. During the year, the company has implemented Accounting Standard 22 - "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. The company recognized the cumulative net deferred tax asset of Rs. 1570.86 Lacs upto the year ended 31st March' 2010 and a deferred tax liability of Rs. 101.97 Lacs for the period ended 30th September' 2011 as per the provisions of such Accounting Standard.

Following are the major components of Deferred Tax Asset (Liability):-

Particulars	As at 30 <sup>th</sup> September, 2011 (Rs. Lacs)	As at 31 <sup>st</sup> March, 2010 (Rs. Lacs)
Difference in Book Depreciation and Depreciation under the Income Tax Rules, 1962	(462.85)	(526.62)
Carried Forward Losses/Unabsorbed Depreciation as per Income Tax Act, 1961	986.09	2075.08
Expenses disallowed as per Income Tax Act, 1961 allowable in subsequent years:-		
- u/s 43B (Provision for Gratuity)	943.32	20.01
- u/s 40 (a) (ia)	2.33	2.39
Net Deferred Tax Asset/(Liability)	1468.89	1570.86

10. Earning per Share :

	Period Ended 30 <sup>th</sup> September, 2011	Year Ended 31 <sup>st</sup> March, 2010
Profit after Tax (Rs. Lacs)	4919.55	345.67
Basic number of equity shares	25040532	25040532
Basic earning per share (Rs.) (Not Annualised)	19.65	1.38

11. 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.



## SCHEDULE -13 (Contd)

12. 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) Continental Tyres Limited (formerly Modi Tyres Co. Ltd.) (Ceased to be subsidiary w.e.f. 15 <sup>th</sup> July, 2011)	100.00
Associates:	
i) Man Diesel India Limited	20.00
ii) Gujarat Guardian Limited (GGL)	21.24
B) Key Management Personnel :	
Mr. Vinay Kumar Modi - Chairman & Managing Director (resigned as Managing Director effective October 31, 2011)	
Mr. Alok Kumar Modi - Director (appointed as Managing Director effective October 31, 2011) (No remuneration to Key Management Personnel during the period)	
The following transactions were carried out with related parties in the Ordinary course of business during the year:	
A) Subsidiaries:	Rs. Lacs
1. Spin Investment (India) Limited	
i) Transfer of Assets /Liabilities (Net)	5543.21
ii) Payable at the year end	Nil
2. Superior Investment (India) Limited	
i) Transfer of Assets/Liabilities (Net)	3789.71
ii) Receivable at the year end	3542.61
3. Continental Tyres Limited (formerly Modi Tyres Co. Ltd.)	
i) Transfer of Assets/Liabilities (Net)	1063.15
B) Associates:	
1. Gujarat Guardian Limited (GGL)	
i) Expenses incurred by MRL on behalf of GGL	1.74
ii) Receivable at the year end	3.65
13. Due to non availability of technical evaluation of the plant at Modinagar, 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.	
14. The company adopted Accounting Standard 15 (Revised) issued by The Institute of Chartered Accountants of India.	
Contribution for Employees Benefit :	
<b>Defined Contribution Plans</b>	
a. Provident Fund	
b. State Defined Contribution Plans	
- Employees Pension Scheme 1995	
<b>Provident Fund:</b>	
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 period ended 30 <sup>th</sup> September, 2011.	
	<b>Rs. in lacs</b>
(a) Contribution to Provident Fund	5.68
(b) Contribution to Employee Pension Scheme 1995	1.41
<b>Defined benefit plans</b>	
<b>Gratuity</b>	
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.	

**SCHEDULE -13 (Contd)**

**Defined Benefit  
Obligation (Gratuity)  
30<sup>th</sup> September 2011  
Rs. Lacs**

<b>A.</b>	<b>The amounts (in Rs.) recognised in the balance sheet are as follows:</b>	
	Present value of funded obligations	31.00
	Fair value of plan assets	31.00
	Present value of unfunded obligations	104.45
	Unrecognised past service cost	Nil
	Unrecognised Acturial loss	Nil
	Net liability (Asset)	104.45
	Amounts in the balance sheet:	
	Liabilities	135.45
	Assets	31.00
	Net liability (Asset)	104.45
<b>B.</b>	<b>The amounts (in Rs.) recognised in the statement of profit and loss are as follows:</b>	
	Current service cost	2.46
	Interest on obligation (23.49*7.25%)	2.55
	Expected return on plan assets	(3.60)
	Net actuarial losses (gains) recognised in year ended	158.91
	Past service cost	Nil
	Losses (gains) on curtailments and settlement	Nil
	Total, included in 'employee benefit expense'	160.32
<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 1-4-2010	23.49
	Service cost for the year	2.46
	Interest cost for the year 23.49*7.25%*18/12 months	2.55
	Actuarial losses (gains)	156.48
	Losses (gains) on curtailments	Nil
	Liabilities extinguished on settlements	Nil
	Liabilities assumed in an amalgamation in the nature of purchase	Nil
	Exchange differences on foreign plans	Nil
	Benefits Paid	(49.53)
	Closing defined benefit obligation 30-09-2011	135.45
<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 01/04/2010	23.49
	Expected return on mean fund (26.66*9 %*18/12)	3.60
	Actuarial gains and (losses)	(2.43)
	Assets distributed on settlements	Nil
	Contribution by employer	54.60
	Investments (SDS with PNB)	1.27
	Assets acquired in an amalgamation in the nature of purchase	Nil
	Exchange differences on foreign plans	Nil
	FDR and Central Government Securities earmarked for payment of gratuity	Nil
	Benefits paid	(49.53)
	Closing balance of fair value of plan assets as on 30-09-2011	31.00
<b>E.</b>	<b>The major categories of plan assets as a percentage of total plan assets are as follows:</b>	
	FDR and Central Government Securities	0%
	Deposits with Banks	0%
	High quality corporate bonds	0%
	Equity shares of listed companies	0%
	Property	0%
	Policy of insurance	100%
	Bank Balance	0%



**SCHEDULE -13 (Contd)**

<b>F. Principal actuarial assumptions at the balance sheet date</b> (expressed as weighted averages):	
Discount rate as on 30-9-2011	8.25%
Expected return on plan assets at 30-9-2011	9.00%
Proportion of employees opting for early retirement	Nil
Annual increase in Salary costs	5.25%
<b>G. Gratuity Benefit</b>	
Amount for the current periods are as follows:	
Defined Benefit Obligation as at 30-09-2011	135.45
Plan assets	31.00
Surplus / (deficit)	(104.45)
Experience adjustments on plan liabilities	162.39
Experience adjustments on plan assets	2.43

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.

15. Additional information pursuant to the provisions of Schedule VI of the Companies Act, 1956 (as amended):

a) Expenditure / Earnings in Foreign Currency / Exchange is Rs. Nil (Last year Rs. Nil).

b) **FINISHED GOODS**

Class of Goods		Installed* Capacity Per Year	Opening	Production	Written off Quantity Amount (Rs.)	Closing
		(in lacs)	(in lacs)		(in lacs)	(in lacs)
<b>MANUFACTURED GOODS</b>						
Automobile Tyres						
	Nos.	12.16	0.210	-	0.209	0.001
	Rs.	-	57.52	-	56.77	0.75
	Nos.	(12.16)	(0.210)	-	-	(0.210)
	Rs.	-	(57.52)	-	-	(57.52)
Automobile Tubes	Nos.	24.20	0.870	-	0.869	0.001
	Rs.	-	15.40	-	15.20	0.20
	Nos.	(24.20)	(0.870)	-	-	(0.870)
	Rs.	-	(15.40)	-	-	(15.40)

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

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

\* As certified by the management.

c) **CONSUMPTION OF RAW MATERIALS**

S. No.	ITEM	PERIOD ENDED 30.09.2011				YEAR ENDED 31.03.2010			
		Imported		Indigenous		Imported		Indigenous	
		Qty. (Kgs)	Amount (in Lacs)	Qty. (Kgs)	Amount (in Lacs)	Qty. (Kgs)	Amount (in Lacs)	Qty. (Kgs)	Amount (in Lacs)
<b>I</b>	<b>Raw Materials</b>								
1	Natural Rubber	-	-	-	-	304,000	257.87	195,809	52.31
2	Synthetic Rubber	-	-	-	-	602,411	471.01	152,447	73.66
3	Carbon Black	-	-	-	-	24,000	17.95	179,564	64.66
4	Nylon Fabric	-	-	-	-	315,792	406.78	99,932	160.18
5	Rubber Chemicals	-	-	-	-	28,993	36.34	467,133	207.05
6	Misc. & Others	-	-	-	-	-	20.97	-	176.43
	<b>TOTAL</b>						1210.92		734.29

**SCHEDULE -13 (Contd)**

16. 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	30.09.2011
	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	11325.37
Total Assets	11325.37
Sources of Funds	
Paid up Capital	2504.05
Reserves & Surplus	8200.34
Secured Loans	15.28
Unsecured Loans	605.70
Applications of Funds	
Net Fixed Assets	1617.30
Investments	4261.94
Deferred Tax Asset	1468.89
Net Current Assets	3977.24
Accumulated Losses	NIL
<u>Performance of Company</u>	
Turnover/Other Income	9647.07
Total Expenditure	6066.05
Profit/(Loss) Before Tax	3581.02
Profit/(Loss) After Tax	4919.55
Earning per Share (Rupees)	19.65
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

17. a) Previous year figures have been regrouped/ rearranged wherever necessary.

b) The Current financial period is for 18 months whereas the previous year is for 12 months. The previous year figures are, therefore not comparable with those of the current financial period.

18. 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. (Firm Registration No. 07966N) Chartered Accountants CA. Prabhat Jain Partner M.No. 86756	V.K. Modi Chairman	Alok Modi Managing Director  Sanjiwan Sahni K.S. Bains Neeraj Sharma Directors	S.K. Bajpai Head – Legal & Company Secretary  Kamal Gupta Head – Finance & Accounts
Date : 02.12.2011 Place : New Delhi				





## CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2011

	2010-2011		2009-2010	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
<b>A. Cash Flow from operating activities</b>				
Net Profit before tax and extraordinary items		3,581.02		349.97
Add: Adjustments for:				
Depreciation	185.54		206.88	
Interest Paid	161.92		(13.86)	
Interest Received	(142.71)		(24.90)	
Net( Profit)/Loss on Assets sold/discarded	(1,363.01)		(1,841.29)	
Net( Profit)/Loss on Investments	(5,165.18)		-	
Provision made for Gratuity	220.17		-	
Provision made for sales tax liability	2,686.83		-	
Provision made for creditors as per BIFR scheme	285.13		-	
Provision made for doubtful debts and advances	-		4.35	
Balances /Provisions not required Written back/off (Net)	977.60		138.52	
Dividend/Income received from units	(667.00)	(2,820.71)	(338.07)	(1,868.37)
Operating profit before working capital changes		760.31		(1,518.40)
Adjustments for:				
(Increase)/Decrease in Trade and other receivables	(1,958.90)		1,889.52	
Increase/(Decrease) in Trade payable	(223.10)		(1,365.28)	
		(2,182.00)		524.24
Cash generated from operations before tax		(1,421.69)		(994.16)
Add : Taxes (paid)/refund		(147.82)		-
Net cash generated from operating activities			(1,569.51)	(994.16)
<b>B. Cash flow from investing activities:</b>				
Interest received		142.71		-
Dividend received		667.00		338.07
Additions to Fixed assets		(100.44)		(13.48)
Proceeds from sale of Fixed Assets		691.29		1,263.19
Proceeds from sale of Investments		10,772.71		-
Net cash generated from investing activities			12,173.27	1,587.78
<b>C. Cash Flow from financing activities:</b>				
Increase/(Decrease) in Borrowings		(6,127.92)		(1,254.93)
Interest paid		(161.92)		13.86
Net cash used in financing activities			(6,289.84)	(1,241.07)
Net increase/(decrease) in cash and cash equivalent(A+B+C)			4,313.92	(647.45)
Cash and cash equivalents as at the beginning of the year			418.82	1066.27
Cash and cash equivalents as at the end of the year			4732.74	418.82
NOTES: 1. Cash and Cash equivalents includes.				
Cash , Cheques in hand and remittance in transit.		4.78		8.89
Balance with Banks.		4,727.96		409.93
TOTAL		4,732.74		418.82
2. Previous year figures have been regrouped/rearranged wherever necessary so as to make them comparable with those of the current period.				

Date : 02.12.2011	As per our Report Attached For P D M & Co. (Firm Registration No. 07966N) Chartered Accountants CA. Prabhat Jain Partner M.No. 86756	V.K. Modi Chairman	Alok Modi Managing Director  Sanjiwan Sahni K.S. Bains Neeraj Sharma Directors	S.K. Bajpai Head – Legal & Company Secretary  Kamal Gupta Head – Finance & Accounts
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**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

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1 . Name of the Subsidiary Companies	Superior Investment (India) Ltd.	Spin Investment (India) Ltd.	Modistone Ltd.*
2 . Number of shares held in the Subsidiary Companies	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 Shares of Rs. 10/- each fully paid
3 . Percentage of holding in the Subsidiary Companies	100%	100%	55.32%
4 . Financial year ended	30.09.2011	30.09.2011	-
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 period ended 30.09.2011	Rs./ Lacs	Rs./ Lacs	Rs./ Lacs*
For the Period	69.75	172.95	--
For the Previous year	(0.22)	(11.46)	--
6 . The net aggregate of Profit/(Losses) of the Subsidiary Companies which have been dealt within the accounts of Modi Rubber Limited for the period ended 30.09.2011			
For the period	N . A .	N . A .	N . A .
For the Previous year	N . A .	N . A .	N . A .

Note: The particulars of Continental India Ltd. (formerly Modi Tyres Company Ltd.) erstwhile subsidiary, has not been provided as it ceased to be a subsidiary w.e.f. 15th July,2011.

\* 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.

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	V.K. Modi Chairman	Alok Modi Managing Director	S.K. Bajpai Head – Legal & Company Secretary
		Sanjiwan Sahni K.S. Bains Neeraj Sharma Directors	Kamal Gupta Head – Finance & Accounts
Date : 02.12.2011			
Place : New Delhi			



# **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 (collectively referred as the "Group") as at 30th September, 2011, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the period 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 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. 9991.51 lacs as at 30th September 2011 and total revenues of Rs. 266.52 lacs and cash flows amounting to Rs. 10.59 lacs for the period 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' and Accounting Standard (AS-23) - 'Accounting for Investments in Associates in Consolidated Financial Statements', issued by the

Institute of Chartered Accountants of India.

3. 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. 1 regarding non consolidation of financial statements of Continental India Limited (formerly known as Modi Tyres Company Limited), a fully owned subsidiary till 14th July, 2011;
- ii) Note No. 8 regarding non availability of information of unpaid balances to Micro, Small and Medium Enterprises; and;
- iii) Note No. 14 regarding non ascertainment of value of intangible assets and value of impairment loss on Assets as per AS 26 & 28 respectively;

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 the group as at 30th September, 2011;
- b) in the case of Consolidated Profit And Loss Account, of the profit of the group for the period ended on that date; and;
- c) in the case of Consolidated Cash Flow Statement, of the cash flows of the group for the period ended on that date.

for P D M & Co.  
(Firm Reg. No. 07966N)  
CHARTERED ACCOUNTANTS

Date : 02.12.2011

Place : New Delhi

CA. PRABHAT JAIN  
Partner  
M.No. 086756

# BALANCE SHEET (CONSOLIDATED)

## AS AT 30TH SEPTEMBER, 2011

DESCRIPTION	Schedule	As at 31.09.2011 Rs. lacs	As at 31.03.2010 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		0.00	700.00
c. Reserves & Surplus	2	<u>14581.72</u>	<u>6704.74</u>
		<b>17085.77</b>	<b>9908.79</b>
<b>2. Loan Funds</b>			
a. Secured Loans	3	15.28	10008.66
b. Unsecured Loans	4	<u>605.70</u>	<u>7061.70</u>
		<b>620.98</b>	<b>17070.36</b>
	<b>TOTAL</b>	<b>17706.75</b>	<b>26979.15</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a. Gross Block	5	9654.43	16146.83
b. Less: Depreciation		8037.13	8558.12
c. Net Block		1617.30	7588.71
d. Capital Work-in-progress		<u>0.00</u>	<u>712.60</u>
		<b>1617.30</b>	<b>8301.31</b>
<b>2. Investments</b>			
<b>3. Deferred Tax Asset</b>			
<b>4. Current Assets, Loans &amp; Advances</b>			
a. Inventories	7	75.42	9554.16
b. Sundry Debtors		0.00	5926.95
c. Cash & Bank Balances		4745.73	872.57
d. Loans & Advances		<u>1608.30</u>	<u>4842.74</u>
		<b>6429.45</b>	<b>21196.42</b>
Less : Current Liabilities & Provisions			
a. Liabilities	8	5323.29	6964.40
b. Provisions		<u>234.16</u>	<u>1001.87</u>
		<b>5557.45</b>	<b>7966.27</b>
Net Current Assets/(Liabilities)		872.00	13230.15
<b>5. Profit &amp; Loss Account (As per contra)</b>			
	<b>TOTAL</b>	<b>17706.75</b>	<b>26979.15</b>
Accounting Policies , Contingent Liabilities and Notes		13	

Date : 02.12.2011	As per our Report Attached For P D M & Co. (Firm Registration No. 07966N) Chartered Accountants CA. Prabhat Jain Partner M.No. 86756	V.K. Modi Chairman	Alok Modi Managing Director	S.K. Bajpai Head – Legal & Company Secretary
Place : New Delhi			Sanjiwan Sahn K.S. Bains Neeraj Sharma Directors	Kamal Gupta Head – Finance & Accounts



# **P**ROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE PERIOD ENDED 30TH SEPTEMBER, 2011

DESCRIPTION	SCHEDULE	Period ended	Year ended
		30.09.2011 18 Months	31.03.2010 12 Months
		Rs.lacs	Rs.lacs
<b>INCOME</b>			
Sales & Other Income	9	9913.33	40367.18
		<u>9913.33</u>	<u>40367.18</u>
<b>EXPENDITURE</b>			
Materials Cost	10	0.00	27282.51
Expenses	11	5674.45	12451.05
Financing Charges	12	229.62	1936.46
Depreciation		185.54	819.02
		<u>6089.61</u>	<u>42489.04</u>
Profit/(Loss) before Tax		3823.72	(2121.86)
<b>Less/(Add) : Provision for Taxation</b>			
Current Taxes:			
Income Tax - Current year		296.50	0.00
- Earlier years		87.62	0.00
Wealth Tax		4.96	4.30
Deferred Tax Liability/(Asset) :			
- Earlier years		(1574.53)	0.00
- Current year		105.64	0.00
Prior period adjustments -FBT		(0.82)	0.00
MAT Credit entitlement		(564.49)	0.00
<b>Net Profit/(Loss) after Tax</b>		<u>5468.84</u>	<u>(2,126.16)</u>
Balance Profit/(Loss) brought forward from previous year		(1216.67)	909.49
Adjustment of loss of erstwhile Subsidiary (Note 1)		3624.81	0.00
Balance being Profit/(Loss) carried to Balance Sheet		<u>7,876.98</u>	<u>(1216.67)</u>
Basic and Diluted Earning/(Loss) Per Share (In Rupees) (Not Annualised)		21.84	(8.49)
Accounting Policies , Contingent Liabilities and Notes	13		

Date : 02.12.2011	As per our Report Attached For P D M & Co. (Firm Registration No. 07966N) Chartered Accountants CA. Prabhat Jain Partner M.No. 86756	V.K. Modi Chairman	Alok Modi Managing Director	S.K. Bajpai Head – Legal & Company Secretary
Place : New Delhi			Sanjiwan Sahnii K.S. Bains Neeraj Sharma Directors	Kamal Gupta Head – Finance & Accounts

## SHARE CAPITAL SCHEDULE-1

DESCRIPTION	As at	As at
	30.09.2011	31.03.2010
	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	As at
	30.09.2011	31.03.2010
	Rs. lacs	Rs. lacs
<b>Capital Reserve :</b> (On Forfeiture/re-issue of Debentures) As per last account	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 (As per contra)	7876.98	0.00
<b>TOTAL</b>	<u>14581.72</u>	<u>6704.74</u>

## SECURED LOANS SCHEDULE-3

DESCRIPTION	As at	As at
	30.09.2011	31.03.2010
	Rs. lacs	Rs. lacs
<b>Loan and Advances from:</b>		
- Banks	0.00	9959.43
- Others*	15.28	0.00
<b>Other Loans:</b>		
- Finance Lease Obligation	0.00	49.23
<b>TOTAL</b>	<u>15.28</u>	<u>10008.66</u>
* Repayable within one Year	3.24	0.00
* Secured by way of hypothecation of a Vehicle.		



## UNSECURED LOANS SCHEDULE-4

DESCRIPTION	As at	As at
	30.09.2011	31.03.2010
	Rs. lacs	Rs. lacs
<b>From Others</b>		
Dealers' Security Deposits	5.70	6911.70
Inter Corporate Deposits*	600.00	150.00
<b>TOTAL</b>	<b>605.70</b>	<b>7061.70</b>

\*a) includes Rs.250 lacs Payable @ 50% of Rs.500 lacs to M/s Morgan Securities & Credit Pvt.Ltd.as per BIFR sanctioned scheme.

b) Interest free loan Rs.350 lacs.

## FIXED ASSETS SCHEDULE - 5

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 01.04.2010	Additions during the period	Adjustments/* Deduction during the period	Total Cost as at 30.09.2011	Upto 31.03.2010	For the period	Adjustments/* Deduction	Upto 30.09.2011	As at 30.09.2011	As at 31.03.2010
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
<b>Intangible assets</b>										
Software License	739.93	0.00	739.93	0.00	153.84	0.00	153.84	0.00	0.00	586.09
<b>Tangible assets</b>										
Land	414.70	0.00	92.99	321.71	0.00	0.00	0.00	0.00	321.71	414.70
Buildings	3937.29	0.00	542.22	3395.07	2548.81	72.63	33.73	2587.71	807.36	1388.48
Plant & Machinery	8432.68	0.00	4841.23	3591.45	3602.24	72.85	411.03	3264.06	327.39	4830.44
Furniture, Office Equipments & Electrical Installations etc.	2395.15	29.17	347.03	2077.29	2031.23	24.56	79.39	1976.40	100.89	363.92
Patent & Trade Marks	0.08	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.08	0.08
Vehicles	227.00	71.27	29.44	268.83	222.00	15.51	28.55	208.96	59.87	5.00
<b>This year</b>	<b>16146.83</b>	<b>100.44</b>	<b>6592.84</b>	<b>9654.43</b>	<b>8558.12</b>	<b>185.55</b>	<b>706.54</b>	<b>8037.13</b>	<b>1617.30</b>	<b>7588.71</b>
<b>Previous year</b>	<b>10522.89</b>	<b>5583.55</b>	<b>(40.39)</b>	<b>16146.83</b>	<b>7680.07</b>	<b>819.02</b>	<b>(59.03)</b>	<b>8558.12</b>	<b>7588.71</b>	<b>2842.83</b>

### NOTES:

- |  |         |
|--|---------|
|  | Rs.lacs |
| 1. Land includes :-  |         |
| - Leasehold  | 127.53  |
| 2. Building Includes :-  |         |
| - On leasehold basis   | 739.34  |
| - Alongwith cost of land on which depreciation charged on total cost   | 12.52   |
| - For which conveyance deed is yet to be executed (15, Friends Colony West, New Delhi)   | 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  |

\* Adjustments/deductions on account of divestment in a Subsidiary.

## INVESTMENTS SCHEDULE-6

DESCRIPTION	As at		
	30.09.2011	31.03.2010	
	Rs. lacs	Rs. lacs	Rs. lacs
<b>LONG TERM INVESTMENTS</b>			
In Equity Shares of Companies- Fully paid up			
<b>No. of Shares</b>			
<b>A. Trade Investments</b>			
<b>Quoted</b>			
1,14,75,000 Modistone Limited of Rs. 10 each	2137.50	0.00	0.00
(1,14,75,000) Less: Provision for diminution in value of shares	<u>(2137.50)</u>	0.00	0.00
<b>B. Other Investments</b>			
1,97,999 Lords Chloro Alkali Ltd. of Rs. 10 each		19.80	19.80
(1,97,999)			
12,50,000 Spark Plug Ltd. of Rs. 10 each	125.00		
(12,50,000) Less: Provision for diminution in value of shares	<u>(125.00)</u>	0.00	0.00
6,80,001 Bihar Sponge Iron Ltd. of Rs. 10 each		68.00	70.86
(7,08,563)			
4400 HDFC Ltd. of Rs.2/- each.		0.06	0.06
(880)*			
2,500 Units of Prudential ICICI Technology Fund.		0.25	0.25
(2500)			
17204507 Units of Reliance Mutual Fund (FMP)		2000.00	0.00
(Nil)			
451420 Units of Reliance Mutual Fund (Dividend Plan)		4520.40	0.00
(Nil)			
<b>Total A</b>		<b>6608.51</b>	<b>90.97</b>
<b>Unquoted</b>			
32,00,000 Man Diesel India Ltd. of Rs. 10 each		320.00	320.00
(32,00,000)			
3,33,50,000 Gujarat Guardian Ltd. of Rs. 10 each		3335.00	3335.00
(3,33,50,000)			
32,32,000 Xerox India Limited of Rs.10/- each		468.80	468.80
(32,32,000)			
96,000 Modi Carpets Ltd. of Rs.10/- each.		6.19	6.19
(96,000)			
60,00,000 Mod Fashios & Securities (Pvt) Ltd of Rs. 10 each		3000.00	0.00
( Nil)			
9,000 Equity Shares of Licensintorg Co. (I) Pvt. Ltd.		9.00	9.00
(9,000) of Rs.100/-each fully paid up.			
11,550 Keshu Processors Ltd. of Rs.10/- each.		1.05	1.05
(11,550)			
10 Indo Euro Industries Ltd. of Rs.10/-each.		0.01	0.01
(10)			
<b>Total B</b>		<b>7140.05</b>	<b>4140.05</b>
<b>TOTAL INVESTMENTS ( A+B)</b>		<b>13748.56</b>	<b>4231.02</b>
Aggregate Market Value of Quoted Investments		6657.73	94.84

\* 1 Equity share of Rs.10/-each split in 5 Equity Shares of Rs. 2 each  
Figures in brackets are in respect of previous year





## CURRENT ASSETS, LOANS & ADVANCES SCHEDULE-7

DESCRIPTION	As at	As at
	30.09.2011	31.03.2010
	Rs. lacs	Rs. lacs
<b>A. CURRENT ASSETS</b>		
<b>a. Inventories (as taken, valued and certified by the management)</b>		
<b>(Note 3b)</b>		
Stores, Spare Parts and loose tools	68.82	1614.25
Raw Materials	5.65	1341.49
Finished Goods	0.95	5858.44
Goods-in-process	0.00	708.73
Scrap & Wastage	0.00	31.25
<b>Total</b>	<b>75.42</b>	<b>9554.16</b>
<b>b. Sundry Debtors</b>		
(i) Debts outstanding for a period exceeding six months		
- Secured	0.00	56.92
- Unsecured	0.00	51.93
(ii) Other debts		
- Secured	0.00	461.76
- Unsecured	0.00	5356.34
<b>Total</b>	<b>0.00</b>	<b>5926.95</b>
<b>c. Cash and Bank Balances</b>		
Cash, Cheques etc.in hand	4.78	10.20
<b>Balance with Scheduled Banks</b>		
In Current Accounts	72.82	226.53
In Fixed Deposit/Margin Money Account *	4668.13	635.84
<b>Total</b>	<b>4745.73</b>	<b>872.57</b>
*Includes under lien	3807.39	0.00
<b>B. LOANS &amp; ADVANCES</b>		
(unsecured,considered good unless otherwise specified)		
Loans :		
Lords Chloro Alkali Limited	10.00	10.00
Modi Spg. & Wvg. Mills Limited (Note 4)	460.31	460.31
<b>Advances recoverable in cash or in kind or for value to be received and/or adjusted</b>		
Staff	24.23	36.48
Others	250.05	2420.31
Sales Tax paid under protest/recoverable	54.79	61.02
Deposit with Government Deptt. & Others	43.34	183.76
Balances with Customs,Excise,Port Trust etc.	0.00	1533.33
Less : Provision for doubtful advances	(7.46)	(7.46)
Income-tax/Wealth Tax/FBT (net of provisions)	208.55	144.99
MAT Credit Entitlement	564.49	0.00
<b>Total</b>	<b>1608.30</b>	<b>4842.74</b>

## CURRENT LIABILITIES & PROVISIONS SCHEDULE - 8

DESCRIPTION	As at	As at
	30.09.2011	31.03.2010
	Rs. lacs	Rs. lacs
<b>a. Current Liabilities</b>		
Sundry Creditors (Note 6 a & b )	1791.60	5188.87
Advances received	43.00	0.00
Other Liabilities	3488.69	1775.53
<b>TOTAL</b>	<b>5323.29</b>	<b>6964.40</b>
<b>b. Provisions</b>		
Gratuity	234.16	788.47
Warranties	0.00	213.40
<b>TOTAL</b>	<b>234.16</b>	<b>1001.87</b>

## SALES AND OTHER INCOME SCHEDULE - 9

DESCRIPTION	Period ended	Year ended
	30.09.2011 18 Months	31.03.2010 12 Months
	Rs.lacs	Rs.lacs
Sales less returns	0.00	39416.27
Less: Excise Duty	0.00	2319.85
	<b>"A"</b>	<b>37096.42</b>
Other Income		
Interest received on:		
Deposits, Loans and Advances (Gross) (Tax deducted at source Rs.29.98 Lacs)	316.81	38.66
Non Compete Fee (Tax deducted at source Rs.191.44 Lacs)	1914.39	0.00
Dividend received	759.04	338.33
Profit on sale of Investments	5165.18	0.00
Profit on sale of Assets	1363.01	1841.29
Miscellaneous sales/Income :		
Rent & Other Income (Tax deducted at source Rs.46.30 Lacs)	394.90	1052.48
	<b>"B"</b>	<b>3270.76</b>
<b>TOTAL (A+B)</b>	<b>9913.33</b>	<b>40367.18</b>



## MATERIALS COST SCHEDULE - 10

DESCRIPTION	Period ended	Year ended
	30.09.2011 18 Months	31.03.2010 12 Months
	Rs.lacs	Rs.lacs
Raw Materials Consumed		
Opening Stock	1341.49	1257.25
ADD: Warehouse charges	0.00	784.62
Add:Purchases (Net)	0.00	31892.74
	<u>1341.49</u>	<u>33934.61</u>
Less: Stock transferred /adjusted/written off	1335.84	0.00
Closing Stock	5.65	1341.49
	<u>0.00</u>	<u>32593.12</u>
Increase/Decrease in Stocks		
Opening Stock:		
Finished Goods	5858.43	72.92
Goods-in-process	708.73	212.89
Scrap & Wastage	31.25	1.98
	<u>6598.41</u>	<u>287.79</u>
Less: Stocks written off	-104.26	0.00
	<u>6494.15</u>	<u>287.79</u>
Less: Closing Stock		
Finished Goods	0.95	5858.43
Goods-in-process	0.00	708.73
Scrap & wastage	0.00	31.25
Stock transferred /Adjusted	6493.20	0.00
	<u>6494.15</u>	<u>6598.41</u>
Decrease/(Increase) in Stock	0.00	-6310.62
Increase/(Decrease) in Excise duty on Stock of Finished Goods	0.00	292.30
Purchase of Finished Goods and others	0.00	707.71
<b>TOTAL</b>	<b><u>0.00</u></b>	<b><u>27282.51</u></b>

## EXPENSES SCHEDULE- 11

DESCRIPTION	Period ended	Year ended
	30.09.2011 18 Months	31.03.2010 12 Months
	Rs.lacs	Rs.lacs
Rent	36.72	20.61
Power & fuel	0.00	2890.45
Stores and Spares consumed	0.00	484.38
Repairs & Maintenance:		
Plant & Machinery	0.00	65.23
Buildings	57.12	79.97
Others	21.85	196.08
Salaries, Wages etc.	209.10	3235.21
Contribution to Family Pension, Gratuity & Provident Fund	281.85	173.29
Rates & Taxes	94.95	41.05
Technical Know How and brand Usage charges	0.00	320.68
Insurance charges	4.46	40.62
Auditors' Remuneration		
Audit Fee	6.29	12.28
For Certificates etc.	1.56	1.78
For Expenses	1.00	1.00
Travelling & Conveyance	77.76	410.29
Electricity Consumed	34.03	17.59
Legal & Professional Charges	363.94	482.30
Warranty	0.00	213.41
Repair Maintenance to Vehicles	9.05	3.29
Telephone & Postage Expenses	11.14	6.71
Advertisement	0.00	424.56
Communication Expenses	0.00	53.29
Freight & Forwarding	0.00	1104.14
Commission to clearing & Forwarding Agents	0.00	511.90
Discounts	0.00	1255.00
Sundry Balances written Off ( Net )	983.75	138.68
Provision for Doubtful debts & advances	0.00	4.35
Sales Tax Demands Paid/Provided	2962.69	0.00
Director's sitting fee	3.03	2.27
Miscellaneous Expenses	514.16	260.64
<b>TOTAL</b>	<b>5674.45</b>	<b>12451.05</b>

## FINANCING CHARGES SCHEDULE- 12

DESCRIPTION	Period ended	Year ended
	30.09.2011 18 Months	31.03.2010 12 Months
	Rs.lacs	Rs.lacs
Interest to:		
Bank	159.92	13.41
Others	2.00	1642.90
Bank Charges & Guarantee commission etc.	67.70	280.15
<b>TOTAL</b>	<b>229.62</b>	<b>1936.46</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 incorporated in India in which Modi Rubber Limited holds 100% of their respective paid up Share Capital.

### B. BASIS OF CONSOLIDATION

1. 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" and Accounting Standard (AS-23) "Accounting for Investments in Associates in 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 30.09.2011 which are as under:

Name of the Subsidiary Company	Financial year of the Subsidiary Companies ending on	Extent of Holding Company's Interest	Country of Incorporation
i) Spin Investment (India) Ltd.	30 <sup>th</sup> September 2011	100%	India
ii) Superior Investment (India) Ltd.	30th September 2011	100%	India
iii) Consolidation of the Accounts of Modistone Limited in which the parent company holds 55.32% 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.			
iv) Consolidation of the Accounts of Continental India Limited (formerly Modi Tyres Company Limited) erstwhile 100% subsidiary, has not been done due to full divestment of stake in such subsidiary by the parent company on 15 <sup>th</sup> July, 2011.			

### 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.
  - (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/Revenue Recognition  
Sales comprise sale of goods, net of trade discount, sales returns, VAT etc. 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.  
Interest income is recognised using the time proportion method, based on underlying interest rates.
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 for staff on actual duty.

**D. CONTINGENT LIABILITIES**

	As at 30.09.2011 Rs. Lacs.	As at 31.03.2010 Rs. Lacs.
1. Guarantees (Unconfirmed)	470.38	11555.46
2. Sales Tax Matters	NIL	2221.30
3. Excise / Customs Matters / DGFT Matters	2815.19	1657.90
4. Others	356.17	337.06

**NOTES**

1. (a) The entire holding of Modi Rubber Ltd.'s (MRL's) wholly owned subsidiary Continental India Limited (i.e. CIL) (formerly named as Modi Tyres Company Ltd.) was divested to M/s Continental Global Holdings Netherlands BV and its associates (i.e. "Continental") on 15th July, 2011. In terms of the definitive agreements which were subsequently acted upon, all profit and loss was to the account of Continental AG with effect from 1st March, 2011, which was the price adjustment date. With effect from this date, the company had given undertaking to Continental AG, that various important decisions would not be undertaken by the company without the prior consent of Continental like increase/decrease in share capital, sale or creation of encumbrance of the shares of CIL held by MRL, any capitalization of profits or reserves or any allotment, declaration of dividend, formation or acquisition of any company, alteration of Memorandum and/or the Articles etc.

Therefore, effectively, MRL ceased to have any control on CIL with effect from 1<sup>st</sup> March, 2011.

- (b) The following disclosures are being made with respect to the accounts of CIL for various periods:-

**Continental India Limited  
(Formerly known as Modi Tyres Co. Ltd.)  
Profit & Loss Account for the period**

(Rs in Lakhs)

Particulars	1 Apr' 2010 - 28 Feb., 2011 (Provisional)	1 Apr' 2010 - 31 March' 2011 (Audited)	1 Apr' 2011- 14 July' 2011 (Provisional)
Net sales & other income	57,202	61,817	9,635
Total expenses	65,386	72,658	11,855
EBITDA	-8,184	-10,841	-2,220
Depreciation	671	736	223
Interest to banks & others	2,511	3,104	1,467
Net loss	-11,366	-14,681	-3,909

**Balance Sheet**

(Rs in Lakhs)

Particulars	As at 28 Feb., 2011 (Provisional)	As at 31 March, 2011 (Audited)
<b>Sources of funds:</b>		
Share capital	5,605	5,605
Share premium	-	-
Reserve & surplus	-14,986	-18,306
Secured loan	13,686	14,830
Unsecured loan	-	1,805
<b>Total</b>	<b>4,305</b>	<b>3,934</b>
<b>Application of funds:</b>		
Fixed assets	5,426	5,368
Current assets, loans and advances	16,277	13,384
Current liabilities and provisions	17,398	14,818
Net current assets (A-B)	-1,121	-1,434
<b>Total</b>	<b>4,305</b>	<b>3,934</b>

- (c) Due to unavailability of data related to Balance Sheet, the relevant data as on 14<sup>th</sup> July, 2011 has not been disclosed.
- (d) The reduction in liability post 14th July, 2011 was of Rs 3624.81 lakhs, equivalent to losses of CIL till the date of last Consolidation (i.e. 31<sup>st</sup> March 2010). This would result in an increase in equivalent profit for the period ended 30<sup>th</sup> September, 2011.



- (e) As on 30<sup>th</sup> September, 2011, all the assets and liabilities of CIL no longer remained applicable to MRL in view of the divestment. The financial implications arising out of the divestment of MRL's shareholding in CIL are reflected in the accounts of MRL.
2. Hon'ble BIFR vide its order dated 21.04.2008 has sanctioned a Rehabilitation Scheme (SS08) for revival of the Company, from the cut off date i.e March 31, 2008, under the provisions of Sick Industrial Companies (Special Provisions) Act 1985 (SICA) for implementation from 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2013 . On 31<sup>st</sup> March 2008, Company had given full financial implications and excess liabilities were written off from the Books of accounts of company with effect from cut off date in terms of the SS08 for giving true and fair view of financial health of the company assuming/ considering relief & concessions as directed by the Learned BIFR would be given / accepted / considered by all the concerned parties as per rehabilitation scheme sanctioned by the Learned BIFR.  
BIFR vide its order dated 23.02.2010 discharged the company from the purview of SICA/ BIFR upon turning networth positive as at 31.03.2009, with the direction that the unimplemented portion of rehabilitation scheme (SS08) for the unexpired period of the Scheme would be Implemented by the concerned agencies and their implementation would be monitored by the company. Some of the authorities / parties have not accepted terms of settlement and relief & concessions as provided in SS08.
  3. (a) Land & Building at Modi Tyre Factory (MTF), Modinagar is on perpetual lease taken from Modi Export Processors Ltd. (MEPL) which has been liquidated by the order of Hon'ble Allahabad High Court. Pursuant to Allahabad High Court Order possession of the MTF is with the Official Liquidator of MEPL. Company has taken appropriate legal recourse for getting possession back of MTF from Official Liquidator for carrying out industrial activities in terms of BIFR Order dated 21.04.2008. After possession, MRL shall carry out repair work to make MTF functional at the earliest. In view of the above, operations at MTF plant, however, continue to remain suspended.  
(b) Hon'ble Allahabad High Court had ordered for the physical verification of the assets lying at Modi Tyre Factory (MTF) Modinagar. Accordingly, physical verification was conducted in presence of official liquidator on 24/08/2011 and 25/08/2011. Assets were valued by the surveyor. On the basis of such verification, necessary adjustment in the inventories lying at MTF plant has been carried out in the books of account except the value of scrap which will be accounted for on realization.
  4. Amount due from Modi Spinning & Weaving Mills Company Ltd. (MSWML) (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 MSWML. The company has filed a suit against MSWML for recovery of amount which is pending before the Delhi High Court for adjudication.
  5. (a) Provision for Income Tax is computed in accordance with the provisions of the Income Tax Act, 1961.  
(b) Provision for Wealth Tax is computed in accordance with the provisions of the Wealth Tax Act, 1957.  
(c) Deferred Tax is recognized subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.
  6. (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. 136.73 lacs payable to M/s Madura Coats Limited, Rs. 310.71 lacs to M/s Continental Carbons Limited totaling to Rs. 447.44 lacs (being 50% of their principal outstanding of Rs. 894.88 lacs) as per settlement term stated in BIFR SS-08 which they are not accepting and their appeals are pending in courts. However Allahabad High Court vide its order dated 16.11.2011 directed the Company to pay Rs. 150 lacs to M/s Madura Coats Limited or a cheque of the said amount may be produced before the Hon'ble court. Next hearing is fixed on 15.12.2011.
  7. Expenses and claims relating to previous year adjusted in respective accounts not separately shown are Rs. 12 lacs [previous year Rs.14.09 lacs].
  8. The 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 period end together with interest paid / payable under this Act, has not been given.
  9. The balances of the suppliers, customers & advances etc. are subject to confirmation / reconciliation.
  10. During the period, the company has implemented Accounting Standard 22 - "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. The company recognized the cumulative net deferred tax asset of Rs. 1574.53 Lacs upto the year ended 31st March' 2010 and a deferred tax liability of Rs. 105.64 Lacs for the period ended 30th September' 2011 as per the provisions of such Accounting Standard.

Following are the major components of Deferred Tax Asset (Liability):-

Particulars	As at 30 <sup>th</sup> September, 2011 (Rs. Lacs)	As at 31 <sup>st</sup> March, 2010 (Rs. Lacs)
Difference in Book Depreciation and Depreciation under the Income Tax Rules, 1962	(462.85)	(526.62)
Carried Forward Losses/Unabsorbed Depreciation as per Income Tax Act, 1961	986.09	2078.75
Expenses disallowed as per Income Tax Act, 1961 allowable in subsequent years:		
- u/s 43B (Provision for Gratuity)	943.32	20.01
- u/s 40 (a) (ia)	2.33	2.39
Net Deferred Tax Asset/(Liability)	1468.89	1574.53

11. Earning per Share :	Period Ended 30 <sup>th</sup> September 2011	Year Ended 31 <sup>st</sup> March 2010
Profit/(Loss) after Tax (Rs. Lacs)	5468.84	(2126.16)
Basic number of equity shares	25040532	25040532
Basic/Diluted Earning/(Loss) per share (Rs.) (Not Annualised)	21.84	(8.49)

12. 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 Institute of Chartered Accountants of India.

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

A) Associates :	% Holdings
i) Man Diesel India Limited	20.00
ii) Gujarat Guardian Limited (GGL)	21.24
B) Key Management Personnel :	
Mr. Vinay Kumar Modi- Chairman & Managing Director (resigned as Managing Director effective October 31, 2011)	
Mr. Alok Modi - Director (appointed as Managing Director effective October 31, 2011)	
(No remuneration to Key Management Personnel during the period)	
The following transactions were carried out with related parties in the Ordinary course of business during the period	
A) Associates:	Rs. Lacs
i) Expenses incurred by MRL on behalf of GGL	1.74
ii) Receivable at the year end	3.65

14. Due to non-availability of technical evaluation of the plant at Modinagar, 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.

15. 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 period ended 30<sup>th</sup> September, 2011.

	Rs. in lacs
(a) Contribution to Provident Fund and ESI	5.68
(b) Contribution to Employee Pension Scheme 1995	1.41

**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)**

**30<sup>th</sup> September 2011**

Rs. Lacs

A. The amounts (in Rs.) recognised in the balance sheet are as follows:		
Present value of funded obligations		31.00
Fair value of plan assets		31.00
Present value of unfunded obligations		104.45
Unrecognised past service cost		Nil
Unrecognised Actuarial loss		Nil
Net liability (Asset)		104.45
<b>Amounts in the balance sheet:</b>		
Liabilities		135.45
Assets		31.00
Net liability (Asset)		104.45





<b>B.</b>	<b>The amounts (in Rs.) recognised in the statement of profit and loss are as follows:</b>	
	Current service cost	2.46
	Interest on obligation (23.49*7.25%)	2.55
	Expected return on plan assets	(3.60)
	Net actuarial losses (gains) recognised in year ended	158.91
	Past service cost	Nil
	Losses (gains) on curtailments and settlement	Nil
<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 1-4-2010	23.49
	Service cost for the year	2.46
	Interest cost for the year 23.49*7.25%*18/12 months	2.55
	Actuarial losses (gains)	156.48
	Losses (gains) on curtailments	Nil
	Liabilities extinguished on settlements	Nil
	Liabilities assumed in an amalgamation in the nature of purchase	Nil
	Exchange differences on foreign plans	Nil
	Benefits Paid	(49.53)
<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 01/04/2010	23.49
	Expected return on mean fund (26.66*9 %*18/12)	3.60
	Actuarial gains and (losses)	(2.43)
	Assets distributed on settlements	Nil
	Contribution by employer	54.60
	Investments (SDS with PNB)	1.27
	Assets acquired in an amalgamation in the nature of purchase	Nil
	Exchange differences on foreign plans	Nil
	FDR and Central Government Securities earmarked for payment of gratuity	Nil
	Benefits paid	(49.53)
<b>E.</b>	<b>Closing balance of fair value of plan assets as on 30-09-2011</b>	
	The major categories of plan assets as a percentage of total plan assets are as follows:	
	FDR and Central Government Securities	0%
	Deposits with Banks	0%
	High quality corporate bonds	0%
	Equity shares of listed companies	0%
<b>F.</b>	<b>Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):</b>	
	Discount rate as on 30-9-2011	8.25%
	Expected return on plan assets at 30-9-2011	9.00%
	Proportion of employees opting for early retirement	Nil
	Annual increase in Salary costs	5.25%

G.	GRATUITY BENEFIT	
	Amount for the current periods are as follows:	
	Defined Benefit Obligation as at 30-09-2011	135.45
	Plan assets	31.00
	Surplus / (deficit)	(104.45)
	Experience adjustments on plan liabilities	162.39

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.

16. 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.
17. Application for registration u/s 45-1A 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.
18. 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.
19. In case of one of the subsidiary company namely Spin Investment (India) Limited, Income Tax Department has raised demand of Rs. 42,72,275/- as per intimation u/s 143(1) for assessment year 2009-10. Company has filed Rectification Petition for excess interest charged in intimation which has not been disposed off. Provision has been made in the books on the basis of Rectification Petition filed by the company and demand of Rs. 31,14,671/- has been paid. Further provision, if any, will be made on receipt of Rectification order.
20. a) Previous year figures have been regrouped/ rearranged wherever necessary.  
b) The Current financial period is for 18 months whereas the previous year is for 12 months. The previous year figures are, therefore not comparable with those of the current financial period.
21. Schedules 1 to 13 form an integral part of the consolidated Balance Sheet and Profit & Loss Account and have been duly authenticated

	As per our Report Attached For P D M & Co. (Firm Registration No. 07966N) Chartered Accountants CA. Prabhat Jain Partner M.No. 86756	V.K. Modi Chairman	Alok Modi Managing Director  Sanjiwan Sahni K.S. Bains Neeraj Sharma Directors	S.K. Bajpai Head – Legal & Company Secretary  Kamal Gupta Head – Finance & Accounts
Date : 02.12.2011 Place : New Delhi				



# CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2011

	2010-2011 (18 Months)			2009-2010 (12 Months)		
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
<b>A. Cash Flow from operating activities</b>						
Net Profit/(Loss) before tax and extraordinary items		3823.72		-2121.86		
Add: Adjustments for:						
Depreciation	185.54			819.02		
Interest Paid	161.92			1213.88		
Interest Received	-316.81			-38.56		
Net (Profit)/Loss on sale of Investments	-5165.18			0.00		
Net (Profit)/Loss on Assets sold/discarded	-1363.01			-1841.29		
Provision for Gratuity	220.17			0.00		
Unrealised Loss on Foreign Exchange fluctuations	0.00			3.84		
Provision for Warranty	0.00			213.41		
Provision made for Sales Tax Liability	2686.83					
Provision made for creditors as per BIFR Scheme	285.13					
Provision made for doubtful debts and advances	0.00			4.35		
Balances /Provisions not required Written back/off (Net)	983.77			138.68		
Dividend/Income received from units	-759.04	-3080.68		-338.33	175.00	
Operating profit before working capital changes			743.04			-1946.86
Adjustments for:						
(Increase)/Decrease in Inventory	0.00			-8286.48		
(Increase)/Decrease in Trade and other receivables	3831.40			-6080.62		
(Increase)/Decrease in Provisions	0.00			25.09		
Increase/(Decrease) in Trade payable	3320.68			8529.45		
		7152.08			-5812.56	
Cash generated from operations before tax			7895.12			-7759.42
Add : Taxes (paid)/refund		-199.78			-580.52	
<b>Net cash generated from operating activities</b>			<b>7695.34</b>			<b>-8339.94</b>
<b>B. Cash flow from investing activities:</b>						
Interest received		316.81			13.76	
Dividend received		670.36			338.33	
Addition to Fixed assets/Work in Progress		-100.44			-899.34	
Proceeds from sale of Fixed Assets		691.29			1263.19	
Proceeds from sale of Investments		10772.71			0.00	
Investments made during the year/period		-9431.72			0.00	
<b>Net cash generated from investing activities</b>			<b>2919.01</b>			<b>715.94</b>
<b>C. Cash Flow from financing activities:</b>						
Increase/(Decrease) in Borrowings		-6127.92			8704.50	
Short Term loans taken from financial institutions repaid during the year/period		0.00			-98.46	
Interest paid		-161.92			-1213.98	
<b>Net cash used in financing activities</b>			<b>-6289.84</b>			<b>7392.06</b>
<b>Net increase/(decrease) in cash and cash equivalent(A+B+C)</b>			<b>4324.51</b>			<b>-231.94</b>
<b>Cash and cash equivalents as at the beginning of the Financial year</b>			<b>872.56</b>			<b>1104.50</b>
<b>Cash Transferred/ Adjusted for Continental India Ltd</b>			<b>-451.34</b>			<b>0.00</b>
<b>Cash and cash equivalents as at the end of the Financial year</b>			<b>4745.73</b>			<b>872.56</b>

NOTES: 1. Cash and Cash equivalents includes.  
Cash, Cheques in hand and remittance in transit. 4.78 10.20  
Balance with Banks. 4740.95 862.36  
4745.73 872.56

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

<p>Date : 02.12.2011 Place : New Delhi</p>	<p>As per our Report Attached For P D M &amp; Co. (Firm Registration No. 07966N) Chartered Accountants CA. Prabhat Jain Partner M.No. 86756</p>	<p>V.K. Modi Chairman</p>	<p>Alok Modi Managing Director</p> <p>Sanjiwan Sahni K.S. Bains Neeraj Sharma Directors</p>	<p>S.K. Bajpai Head – Legal &amp; Company Secretary</p> <p>Kamal Gupta Head – Finance &amp; Accounts</p>
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# 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 39th Annual General Meeting (AGM) of the Company convened on Friday, 30th March, 2012 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 ..... 2012

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.)

## 39TH 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 39TH 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 Friday day, 30th March, 2012.

.....  
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



# **Modi Rubber Limited**

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39TH ANNUAL REPORT 2010-2011

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