

# THE COMPANY

## BOARD OF DIRECTORS

**Vinay Kumar Modi**  
Chairman

**Alok Modi**  
Managing 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.**

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# NOTICE

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**Notice** is hereby given that the 40<sup>th</sup> Annual General Meeting of Modi Rubber Limited shall be held on Monday, September 30<sup>th</sup>, 2013 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 March 31, 2013 and Profit & Loss Account for the period ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanjiwan Sahni who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Neeraj Sharma 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 and to authorize Board of Directors to fix their remuneration plus out of pocket expenses if any.

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

Place: New Delhi  
Date: August 13, 2013

(S.K. Bajpai)  
Head – Legal & Company Secretary

## Notes:

1. The Register of Members and Share Transfer Books of the Company shall remain closed from 21.09.2013 to 30.09.2013 (both days inclusive).
2. **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.**
3. 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.

## 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 21.09.2013 to 30.09.2013 upto the date of the AGM.

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

Place: New Delhi  
Date: August 13, 2013

(S.K. Bajpai)  
Head – Legal & Company Secretary



# DIRECTORS' REPORT

Your Directors present the 40th Annual Report together with the Audited Statement of Accounts of the Company for the period ended 31st March, 2013.

## IMPLEMENTATION STATUS OF BIFR SCHEME

Your Company was discharged from the purview of BIFR vide its order dated 23.02.2010. In terms of the conditions thereof and BIFR's order dated 23.02.2010, your Company has been implementing the unimplemented portion of the revival scheme sanctioned by the BIFR.

In this respect, rehabilitation for Modinagar Tyre Factory (MTF) could not be achieved as yet. The matter for possession of MTF Plant is pending with Hon'ble Allahabad High Court. The Plant continues to be in possession of the OL appointed by the Allahabad High Court in Modi Export Processors Limited's (MEPL) winding up proceedings. Litigation is also pending with 3/4 creditors who have till date not accepted the dues as per scheme sanctioned by the BIFR.

The Company has taken new initiatives to improve its long term prospects and performance. These include:

Your company has entered into a joint venture collaboration agreement with M/s Asahi Organic Chemicals Industry Co Ltd. (AOC) for setting up in Gujarat a Resins Coated Sand (RCS) project. RCS is primarily used in the automobile industry. AOC is one of Japan's leading companies in this sphere. Land has been allotted to the Joint Venture Company and a Test Plant has started producing products for trial to OEMs from August 2013 and construction on the Main Plant is expected to commence during the current year and commercial production is expected to commence in the next financial year.

During the period under review, in order to make best use of its real estate resources your company has put Guest House Facility at Modipuram in commercial use after obtaining requisite approvals from the concerned Authorities. Your Directors hope to do well in this new venture during the current year.

The company is taking several steps to utilize its real estate resources. It has initiated steps to develop projects on vacant land. Existing properties are also being put to commercial use to generate revenues.

Your company has obtained approvals from ROC for extension of AGM and Financial year to 18 months.

## FINANCIAL RESULTS

During the period under review, your company has recorded a net profit 2727.68 lacs as compared to 4919.55 lacs in previous year on a total income of Rs 5429.13 lacs as compared to 9654.08 lacs in the previous year mainly from sale of Investments, assets and interest & dividend.

## BOARD OF DIRECTORS

Mr. Arvind Nath Seth resigned from the Board of Directors of the Company with effective from 17<sup>th</sup> December 2012. Mr. Sanjiwan Sahni & Mr. Neeraj Sharma directors of the Company are liable due to retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment. The Chairman and 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 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 43.09 Lacs 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/AAIFR, Banks, UP Government and other Government Authorities and shareholders during the year 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 : August 13, 2013

Vinay Kumar Modi  
Chairman

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# **M**ANAGEMENT DISCUSSION AND ANALYSIS REPORT

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Your Company has been implementing unimplemented portion of the revival scheme sanctioned by the BIFR. Your Company still could not take back possession for its Modinagar plant from the Official Liquidator (OL) appointed by the Allahabad High Court in the case of MEPL from which your Company has taken industrial shed and land on lease on which Modinagar Plant was set-up. Presently Indian economy depicts a very weak outlook due to policy paralysis, negative business sentiments, fast depreciating Indian Rupee and high inflation.

Technical Analysis for Plant & Machinery of MTF Plant will be done when your Company gets possession of the same to ascertain damage caused to the machineries due to rain & thefts.

Your Company has taken new initiatives to improve its long term prospects and performance and in order to make best use of its real estate resources your company has put Guest House Facility at Modipuram in commercial use after obtaining requisite approvals from the concerned Authorities. Your company is also taking several steps to utilize its real estate resources. It has initiated steps to develop projects on vacant land. Existing properties are also being put to commercial use to generate revenues.

Your Company has been keeping adequate internal control system and has been deploying surplus fund in safe instruments to get return on investment.

Your Company has employed 28 employees to run its present operations. None of the senior Management of the Company has any personal interest in any of the commercial transactions that may have a conflict in the Company.



# 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 company's interest 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 31.03.2013 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 / Non- Executive	07	07	02	01	Yes
Shri Alok Modi	Promoter / Executive	07	07	02	00	Yes
Shri K S Bains	Independent / Non Executive	07	07	00	00	Yes
Shri Sanjiwan Sahni	Independent / Non Executive	07	06	00	00	No
Shri Neeraj Sharma	Independent / Non Executive	07	04	00	00	No

@ Shri Vinay Kumar Modi is father of Shri Alok Modi.

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, seven meetings of the Board of Directors were held on 31.10.2011, 02.12.2011, 21.01.2012, 09.05.2012, 23.07.2012, 09.11.2012, 12.02.2013.

#### Share holding of Non Executive Directors

Name	Shri Vinay Kumar Modi	Shri KS Bains	Shri Sanjiwan Sahni	Shri Neeraj Sharma
No. of Share held	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 and Shri Sanjiwan Sahni as Members.

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 31.03.2013, seven meetings of the Committee were held on 31.10.2011, 02.12.2011, 21.01.2012, 09.05.2012, 23.07.2012, 09.11.2012, 12.02.2013. The same were attended by the Members:-

Name of the Members	No. of meeting attended
Shri K.S Bains	07
Shri Vinay Kumar Modi	07
Shri Sanjiwan Sahni	06

### 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 under review.

### 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, 133 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 pending for registration as on 31<sup>st</sup> March, 2013.

## 6. DIRECTORS

Mr. Arvind Nath Seth ceased to be director from the Board of Directors of the Company effective from December 17<sup>th</sup> 2012.

## 7. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time
39 <sup>th</sup> AGM	Dayawati Modi Public School, Modinagar	30.03.2012	11.30 A.M
38 <sup>th</sup> AGM	Dayawati Modi Public School, Modinagar	27.11.2010	03.30 P.M
37 <sup>th</sup> AGM	Dayawati Modi Public School, Modinagar	28.10.2009	11.30 A.M

• No Special Resolution has been passed last year through Postal Ballot

## 8. DISCLOSURES

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

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

I	Subsidiaries:	% Holdings
a)	Modistone Limited (in liquidation) 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 (Ceased to be Associate w.e.f. 02/04/2012)	Nil
ii)	Gujarat Guardian Limited (GGL)	21.24

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

A) Subsidiaries	(Rs. Lacs)
i) Transfer of Assets /Liabilities (Net)	262.66
ii) Receivable at the year end	3955.27
B) Associates	
i) Income Received	3.65
ii) Expenses incurred on behalf of the Associates	5.10
iii) Transfer of Assets/Liabilities (Net)	7.05
iv) Receivable at the year end	1.70
C) Others:	
i) Transfer of Assets/Liabilities (Net)	279.85
i) Expenses incurred on behalf	122.85
iii) Payable at the year end	184.85

## Key Management Personnel:

1. Mr. Vinay Kumar Modi, Chairman & Managing Director  
(resigned as Managing Director w.e.f. October 31, 2011)
2. Mr. Alok Modi- Managing Director  
(appointed as Managing Director as Key Management Personnel during this period)

• 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.  
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's Web-site is [www.modirubberlimited.com](http://www.modirubberlimited.com).

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	: Monday, September 30, 2013 at 11.30 A.M. Auditorium, Dayawati Modi Public School, Modinagar-201 204
Book Closure	: 21.09.2013- 30.09.2013 (both days inclusive)
Financial Calendar	: October 01, 2011 to March 31, 2013
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 2013 -14
Stock Market Data	: <b>Bombay Stock Exchange of India (BSE)</b>



Month	High	Low	No of shares
Oct 2011	33.60	27.50	1,04,634
Nov 2011	30.60	23.50	21,559
Dec 2011	29.45	23.30	12,205
Jan 2012	28.90	22.00	40,721
Feb 2012	29.40	23.55	30,792
Mar 2012	27.90	22.50	26,304
Apr 2012	60.45	20.00	1,17,679
May 2012	45.95	30.05	35,432
Jun 2012	33.90	29.05	13,906
Jul 2012	34.80	25.10	22,918
Aug 2012	29.95	25.05	22,478
Sep 2012	36.50	24.20	44,796
Oct 2012	34.50	28.60	23,559
Nov 2012	35.15	25.30	44,035
Dec 2012	45.40	27.00	1,87,729
Jan 2013	36.90	28.50	31,276
Feb 2013	33.80	23.05	12,635
Mar 2013	29.90	20.40	27,689

• Company has filed/submitted all relevant documents with National Stock Exchange of India Ltd (NSE) for revocation of suspension in the Company's shares trading. It is expected that during current year the embargo can be lifted by the NSE. However, shares are traded on BSE regularly.

Registrar and Transfer Agents : Mas Services Ltd.  
T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020  
Phone : 26387281/82/83, Fax: 26387384  
email: mas\_serv@yahoo.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 31.03.2013:

No. of shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of shareholding
1 – 5000	13165	94.965	1325398	5.293
5001 – 10000	467	3.369	336021	1.342
10001 – 20000	152	1.096	213363	0.852
20001 – 30000	33	0.238	81415	0.325
30001 – 40000	7	0.050	23571	0.094
40001 – 50000	6	0.043	26978	0.108
50001 – 100000	17	0.123	115590	0.462
100001 and above	16	0.115	22918196	91.524
<b>TOTAL</b>	<b>13863</b>	<b>100.00</b>	<b>25040532</b>	<b>100.00</b>

#### Shareholding pattern as on 31.03.2013

Category	No. of Shares held	% of Shareholding
Promoters	15824959	63.20
Banks, Insurance Companies	3200	0.01
Mutual Funds	700	0.00
Foreign Institutional Investors	729291	2.91
Bodies Corporate	686059	2.74
NRI/OCBs	5767880	23.03
Indian Public	2028443	8.11
<b>Total</b>	<b>25040532</b>	<b>100.00</b>

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**Dematerialization of Shares and Liquidity**

Over 78.76% of the shares have been dematerialised upto 31.03.2013.

**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  
Phone:- 26387281/82/83 - Fax:- 26387384  
email:- mas\_serv@yahoo.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: 011-26837530

**Non Mandatory requirements**

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

**CEO / CFO CERTIFICATION**

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

For and on behalf of the Board

Place: New Delhi  
Date: August 13, 2013

**(Alok Modi)**  
**Managing Director**

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**AUDITORS' CERTIFICATE  
AS PER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of  
Modi Rubber Ltd.

We have examined the compliance of conditions of corporate governance by Modi Rubber Ltd. for the accounting period ended 31.03.2013, 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: 13.08.2013





# AUDITORS' REPORT

## Report of the Auditors to the Shareholders

1. We have audited the attached Balance Sheet of Modi Rubber Limited as at 31st March 2013, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Statement of Profit and Loss, Balance Sheet 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 31st March, 2013 and taken on record by the Board of Directors, we report that none of the Director as at 31st March, 2013 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) Serial No. 5 of Note No. 25 regarding non availability of information of unpaid balances to Micro, Small and Medium Enterprises;
  - ii) Serial No. 10 of Note No. 25 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 31st March, 2013;
- ii) in the case of Statement of Profit and Loss, 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 and Company  
Chartered Accountants  
(Firm's Reg. No. 007966N)

CA. Prabhat Jain  
Partner

(M. No. 086756)

Place: New Delhi

Date: 28.05.2013

## 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) 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 not granted any secured/unsecured loan to any party listed in the register maintained under section 301 of the Companies Act, 1956.
  - 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. 530 lacs and the balance outstanding as at 31st March, 2013 is Rs. 220 lacs.
  - 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 and 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) The Central Government has prescribed maintenance of Cost Records under clause (d) of sub-section (1) of Section 209(1) (d) of the Act. However no Cost Records are 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 amounts of Rs. 86.90 lacs due to Sales Tax Authorities and Rs. 232.16 lacs payable to gratuity trust 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	200.00	Additional DGFT Commissioner (A)	1995-1996
II	SALES TAX LIABILITY				
1	U.P Trade/VAT Act	Uttar Pradesh	1077.04	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	131.17	D.C. (A)	1975-2002
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

- 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 not given any guarantee for loan taken by others from banks or financial institutions.
- xvi) The Company has not taken any term loans during the financial year.

- xvii) The Company has not raised any loans during the period.
- 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 and Company  
Chartered Accountants  
(Firm's Reg. No. 007966N)

CA. Prabhat Jain  
Partner  
(M. No. 086756)

Place: New Delhi  
Date: 28.05.2013



# BALANCE SHEET

## AS AT 31ST MARCH, 2013

PARTICULARS	Note No.	As at	As at
		31.03.2013	30.09.2011
		Rs. Lacs	Rs. Lacs
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	2504.05	2504.05
(b) Reserves and Surplus	2	10928.02	8200.34
		<b>13432.07</b>	<b>10704.39</b>
<b>2. NON-CURRENT LIABILITIES</b>			
(a) Long-Term Borrowings	3	6.60	12.04
(b) Other Long Term Liabilities	4	48.10	48.10
		<b>54.70</b>	<b>60.14</b>
<b>3. CURRENT LIABILITIES</b>			
(a) Short-Term Borrowings	5	470.00	600.00
(b) Trade Payables	6	447.33	641.55
(c) Other Current Liabilities	7	4411.01	4869.05
		5328.34	6110.60
	<b>TOTAL</b>	<b>18815.11</b>	<b>16875.13</b>
<b>II. ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
(a) Fixed Assets	8		
- Tangible Assets		1480.88	1617.22
- Intangible Assets		0.08	0.08
(b) Non-Current Investments	9	5410.94	4261.94
(c) Deferred Tax Assets (Net)	10	1994.38	1468.89
(d) Long-Term Loans and Advances	11	340.76	673.70
(e) Other Non Current Assets	12	4290.27	4239.62
		<b>13517.31</b>	<b>12261.45</b>
<b>2. CURRENT ASSETS</b>			
(a) Inventories	13	75.42	75.42
(b) Trade Receivables	14	6.80	0.78
(c) Cash and Bank Balances	15	610.88	493.12
(d) Short-Term Loans and Advances	16	4604.70	4044.36
		<b>5297.80</b>	<b>4613.68</b>
	<b>TOTAL</b>	<b>18815.11</b>	<b>16875.13</b>

Significant Accounting Policies and Notes on Financial Statements 1-25

As per our Report Attached For P D M and Company (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
Date : 28.05.2013 Place : New Delhi		Sanjiwan Sahnii K.S. Bains Neeraj Sharma Directors	Kamal Gupta Head – Finance & Accounts

# **P**ROFIT & LOSS ACCOUNT

## FOR THE PERIOD ENDED 31ST MARCH, 2013

PARTICULARS	Note No.	Period ended	Period ended
		31.03.2013 18 Months Rs. Lacs	30.09.2011 18 Months Rs. Lacs
<b>INCOME</b>			
Revenue from Operations	17	990.25	2308.48
Other Income	18	4438.88	7345.60
	<b>TOTAL</b>	<b>5429.13</b>	<b>9654.08</b>
<b>EXPENSES</b>			
Cost of Material Consumed	19	0.00	0.00
Change in Inventories of Finished Goods, Work in Progress and Stock in Trade	19	0.00	0.00
Employee Benefits Expense	20	457.78	481.16
Finance Costs	21	69.42	229.55
Depreciation and Amortization Expense	8	176.69	185.54
Other Expenses	22	1877.08	5176.81
	<b>TOTAL</b>	<b>2580.97</b>	<b>6073.06</b>
<b>PROFIT BEFORE TAX</b>		<b>2848.16</b>	<b>3581.02</b>
<b>Tax Expense</b>			
Current Tax	23	645.97	130.36
Deferred Tax	24	(525.49)	(1468.89)
<b>PROFIT FOR THE PERIOD</b>		<b>2727.68</b>	<b>4919.55</b>
Basic and Diluted Earning Per Equity Share (in Rupees) (Not Annualised)		10.89	19.65
Significant Accounting Policies and Notes on Financial Statements	1-25		

	As per our Report Attached For P D M and Company (Firm Registration No. 07966N) Chartered Accountants CA. Prabhat Jain	V.K. Modi Chairman	Alok Modi Managing Director	S.K. Bajpai Head – Legal & Company Secretary
Date : 28.05.2013	Partner		Sanjiwan Sahni K.S. Bains	
Place : New Delhi	M.No. 86756		Neeraj Sharma Directors	Kamal Gupta Head – Finance & Accounts



## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31T MARCH, 2013

	31.03.2013		30.09.2011	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
<b>A. Cash Flow from operating activities</b>				
Net Profit before tax and extraordinary items		2,848.16		3,581.02
Add: Adjustments for:				
Depreciation and Amortization	176.69		185.54	
Interest Paid	2.84		161.92	
Interest Received	(652.39)		(142.71)	
Net(Profit)/Loss on Assets sold/discarded	(221.83)		(1,363.01)	
Net(Profit)/Loss on Investments	(2,893.83)		(5,165.18)	
Provision made for Gratuity	9.59		220.17	
Provision made for sales tax liability	34.78		2,686.83	
Provision made for creditors as per BIFR scheme	8.25		285.13	
Provision made for doubtful debts and advances	10.00		-	
Balances /Provisions not required Written off/back (Net)	312.05		977.60	
Dividend Received	(667.00)	(3,880.85)	(667.00)	(2,820.71)
Operating profit before working capital changes		(1,032.69)		760.31
Adjustments for:				
(Increase)/Decrease in Current Assets	(596.19)		(1,958.90)	
Increase/(Decrease) in Current Liabilities	(712.57)		(223.10)	
		(1,308.76)		(2,182.00)
Cash generated from operations before tax		(2,341.45)		(1,421.69)
Add : Taxes (paid)/refund		(706.75)		(147.82)
<b>Net cash generated from operating activities</b>			(3,048.20)	(1,569.51)
<b>B. Cash flow from investing activities:</b>				
Interest received		38.93		142.71
Dividend received		667.00		667.00
(Increase)/Decrease in Long Term Fixed Deposit with Banks		79.25		(4,013.18)
Additions to Fixed assets		(63.59)		(100.44)
Proceeds from sale of Fixed Assets		245.07		691.29
Purchase of Investment		(1,469.00)		-
Proceeds from sale of Investments		3,253.31		10,772.71
<b>Net cash generated from investing activities</b>			2,750.97	8,160.09
<b>C. Cash Flow from financing activities:</b>				
Increase/(Decrease) in Borrowings		(5.44)		(6,127.92)
Interest paid		(2.84)		(161.92)
<b>Net cash used in financing activities</b>			(8.28)	(6,289.84)
<b>Net increase/(decrease) in cash and cash equivalent(A+B+C)</b>			(305.51)	300.74
<b>Cash and cash equivalents as at the beginning of the year</b>			365.00	64.26
<b>Cash and cash equivalents as at the end of the year</b>			59.49	365.00
NOTES: 1. Cash and Cash equivalents includes.				
Cash on Hand			1.67	4.78
Balance with Banks in:				
- Current Accounts			57.82	60.22
- Fixed Deposits maturing within 3 months			-	300.00
			59.49	365.00
2. Previous year figures have been regrouped/rearranged wherever necessary so as to make them comparable with those of the current period.				

Date : 28.05.2013  
Place : New Delhi

As per our Report Attached  
For P D M and Company  
(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

## SHARE CAPITAL

### Note-1

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>Authorised</b>		
50000000 Equity Shares of Rs.10 each	5000.00	5000.00
200000 11% Redeemable Cumulative Preference Shares of Rs.100 each	200.00	200.00
	<b>5200.00</b>	<b>5200.00</b>
<b>Issued, Subscribed and Paid-up</b>		
25040532 Equity Shares of Rs.10/- Each Fully Paid up in Cash	2504.05	2504.05
<b>TOTAL</b>	<b>2504.05</b>	<b>2504.05</b>
<b>Shareholders holding more than 5% of the Equity Shares in the Company</b>		
a) Mod Fashions and Securities Private Ltd.		
Number of shares	12010267	7155638
% of holding	47.96	28.58
b) Witta International Inc.		
Number of shares	2554078	2554078
% of holding	10.20	10.20
c) Kinborough Ltd.		
Number of shares	5739451	10578451
% of holding	22.92	42.25
<b>Reconciliation of the number of shares</b>		
Outstanding at the beginning of the period	25040532	25040532
Add: Issued during the period	-	-
Outstanding at the end of the period	<u>25040532</u>	<u>25040532</u>

#### Terms/Rights attached to Shares

##### Equity Shares:

Each holder of Equity Share is entitled to one vote per share.

##### Redeemable Cumulative Preference Shares:

Preference Shares shall rank in priority to the Equity Shares including arrears, if any. In the event of the winding up of the Company, these shares shall not be entitled to any further participation in the profits or surplus assets of the company. Preference Shares are entitled to one vote per share at meetings of the company only in respect of resolutions directly affecting their rights.

## RESERVES AND SURPLUS

### Note-2

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>a. Capital Reserve</b>		
(On Forfeiture/re-issue of Debentures)		
At the commencement/end of the period	19.26	19.26
<b>b. Security Premium Reserve</b>		
At the commencement/end of the period	5782.32	5782.32
<b>c. Surplus/(Deficit) in Statement of Profit and Loss</b>		
At the commencement of the period	2398.76	(2520.79)
Add: Profit for the period	2727.68	4919.55
At the end of the period	<u>5126.44</u>	<u>2398.76</u>
<b>TOTAL</b>	<b>10928.02</b>	<b>8200.34</b>



## LONG-TERM BORROWINGS

### Note-3

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Term Loan from Others (Secured)	10.31	15.28
Less: Current Maturities of Long-Term Debt	(3.71)	(3.24)
<b>TOTAL</b>	<b>6.60</b>	<b>12.04</b>

\* Secured by hypothecation of a Vehicle. Repayable in equated monthly instalment of Rs. 37,368 each (including interest). Final instalment due in October, 2015.

## OTHER LONG TERM LIABILITIES

### Note-4

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Security Deposit	48.10	48.10
<b>TOTAL</b>	<b>48.10</b>	<b>48.10</b>

## SHORT-TERM BORROWINGS

### Note-5

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Loans and Advances from Related Parties (Unsecured)*	220.00	350.00
Other Loans and Advances (Unsecured)		
- Inter Corporate Deposits**	250.00	250.00
<b>TOTAL</b>	<b>470.00</b>	<b>600.00</b>

\* Interest free

\*\* Rs.250 lacs (Previous year Rs. 250 lacs) payable @ 50% of Rs.500 lacs to M/s Morgan Securities & Credit Pvt.Ltd.as per BIFR SS-08

## TRADE PAYABLES

### Note-6

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Trade Payables*	447.33	641.55
<b>TOTAL</b>	<b>447.33</b>	<b>641.55</b>

\* Includes:-

- Rs. 136.62 lacs (Previous year Rs. 136.62 lacs) i.e 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. Legal recourse for re possession of plant is being actively followed. The matter is pending before Allahbad High Court.
- Rs. 310.71 lacs (Previous year Rs. 310.71 lacs) being 50% of the principal outstanding of Rs. 621.42 lacs due to M/s Continental Carbons Ltd., payable as per settlement term stated in BIFR SS-08 which the party is not accepting and the matter is pending before the Hon'ble Court.

## OTHER CURRENT LIABILITIES

### Note-7

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Current Maturities of Long-Term Debt	3.71	3.24
Sundry Creditors	289.27	335.80
Expenses Payable	116.27	378.88
Duties and Taxes	3383.06	3490.07
Security Deposits	9.31	5.70
Advance Against Sale of Property	0.00	43.00
Gratuity Payable	233.14	234.16
Compensation Payable to Employees	376.25	378.20
<b>TOTAL</b>	<b>4411.01</b>	<b>4869.05</b>

## FIXED ASSETS

### NOTE - 8

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At	Additions	Adjustments/	As At	Upto	For the	Adjustments/	Upto	As At	As At
	1.10.2011	during	Deductions during	31.03.2013	30.09.2011	Period	Deductions	31.03.2013	31.03.2013	30.09.2011
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
<b>Tangible Assets</b>										
Land - Free Hold	194.18	0.00	7.42	186.76	0.00	0.00	0.00	0.00	186.76	194.18
Land - Lease Hold	127.53	0.00	0.00	127.53	0.00	0.00	0.00	0.00	127.53	127.53
Buildings	3395.07	0.00	41.04	3354.03	2587.71	65.11	25.77	2627.05	726.98	807.36
Plant & Machinery	3591.45	0.00	0.00	3591.45	3264.06	54.25	0.00	3318.31	273.14	327.39
Furniture, Office Equipments & Electrical Installations etc.	2077.29	62.20	0.00	2139.49	1976.40	33.71	0.00	2010.11	129.38	100.89
Vehicles	268.83	1.39	26.31	243.91	208.96	23.63	25.77	206.82	37.09	59.87
<b>TOTAL (A)</b>	<b>9654.35</b>	<b>63.59</b>	<b>74.77</b>	<b>9643.17</b>	<b>8037.13</b>	<b>176.70</b>	<b>51.54</b>	<b>8162.29</b>	<b>1480.88</b>	<b>1617.22</b>
<b>Previous Period</b>	<b>9592.08</b>	<b>100.44</b>	<b>38.17</b>	<b>9654.35</b>	<b>7880.39</b>	<b>185.55</b>	<b>28.81</b>	<b>8037.13</b>	<b>1617.22</b>	<b>1711.69</b>
<b>Intangible Assets</b>										
Patent & Trade Marks	0.08	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.08	0.08
<b>TOTAL (B)</b>	<b>0.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.08</b>	<b>0.08</b>
<b>Previous Period</b>	<b>0.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.08</b>	<b>0.08</b>
<b>GRAND TOTAL (A+B)</b>	<b>9654.43</b>	<b>63.59</b>	<b>74.77</b>	<b>9643.25</b>	<b>8037.13</b>	<b>176.70</b>	<b>51.54</b>	<b>8162.29</b>	<b>1480.96</b>	<b>1617.30</b>
Previous Period	9592.16	100.44	38.17	9654.43	7880.39	185.55	28.81	8037.13	1617.30	1711.77

#### NOTE:

Building Includes :-	Rs.lacs
- 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 Mumbai, 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





## NON-CURRENT INVESTMENTS

### Note-9

PARTICULARS	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>I. Investment In Equity Instruments- Fully paid up</b>		
<b>Quoted</b>		
<b>A. Other Investments</b>		
No.of Shares/Units		
197999 Lords Chloro Alkali Ltd. of Rs. 10 each (197999)		19.80
680001 Bihar Sponge Iron Ltd. of Rs. 10 each (680001)		68.00
<b>SUB TOTAL (A)</b>		<b>87.80</b>
<b>Unquoted</b>		
<b>A. Trade Investments</b>		
NIL Man Diesel India Ltd.of Rs. 10 each (3200000)		320.00
11475000 Modistone Ltd. of Rs. 10 each* (11475000)	2137.50 (2137.50)	2137.50 (2137.50)
33350000 Gujarat Guardian Ltd. of Rs. 10 each (33350000)		3335.00
29915 Superior Investment (India) Ltd. of Rs. 100 each** (29915)		29.92
29915 Spin Investment (India) Ltd. of Rs. 100 each** (29915)		29.92
<b>B. Other Investments</b>		
3137000 Xerox India Ltd.of Rs. 10 each (3137000)		459.30
1250000 Spark Plug Ltd. of Rs. 10 each (1250000)	125.00 (125.00)	125.00 (125.00)
Share Application Money in Asahi Modi Material (Pvt) Ltd.***		1469.00
<b>SUB TOTAL (B)</b>		<b>5323.14</b>
<b>II. Investment in a Mutual Fund -Fully Paid up</b>		
<b>Quoted</b>		
<b>Other Investments</b>		
3687675 Tata Income Fund of Rs. 10 each ( Bonus Units ) (Nil)		0.00
<b>SUB TOTAL (C)</b>		<b>0.00</b>
<b>TOTAL (A+B+C)</b>		<b>5410.94</b>
Aggregate Value of Quoted Investments		87.80
Aggregate Market Value of Quoted Investments		449.63
Aggregate Gross Value of Unquoted Investments		7585.64
Aggregate Value of Provision for Dimunition in Value of Unquoted Investments		2262.50
Aggregate Net Value of Unquoted Investments		5323.14

Figures in brackets are in respect of previous year

\* Subsidiary Company

\*\* Wholly owned Subsidiary Company

\*\*\* 14690000 fully paid up equity shares of Rs. 10/- each allotted on 15/04/2013

## DEFERRED TAX ASSETS (Net)

### Note-10

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>Deferred Tax Asset</b>		
Carried Forward Business Losses/Unabsorbed Depreciation	1136.46	986.07
Others	1170.46	945.66
<b>Deferred Tax Liability</b>		
Depreciation and Amortisation of Fixed Assets	(312.54)	(462.84)
<b>TOTAL</b>	<b>1994.38</b>	<b>1468.89</b>

## LONG-TERM LOANS AND ADVANCES

### Note-11

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>(unsecured, considered good unless otherwise specified)</b>		
Security Deposits	12.48	15.17
Other Loans and Advances	40.44	500.75
Less: Provision for Doubtful Advances	(10.00)	0.00
MAT Credit Entitlement	297.84	157.78
<b>TOTAL</b>	<b>340.76</b>	<b>673.70</b>

## OTHER NON CURRENT ASSETS

### Note-12

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Balances with Banks		
- in Fixed Deposits with maturity more than 12 months * (including interest accrued)	4290.27	4239.62
<b>TOTAL</b>	<b>4290.27</b>	<b>4239.62</b>

\* Includes:-

In Escrow Accounts**	2426.92	2554.16
Against Guarantee	1434.33	1300.00
As Margin Money	429.02	385.46

\*\* Escrow Account includes Rs. 672.27 lacs maturing within 12 months but taken here due to claims lodged against the Company as per Escrow Terms and Conditions. However, the same has been disputed by the Company

## INVENTORIES

### Note-13

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>(As taken, valued and certified by the management)</b>		
Raw Materials	5.65	5.65
Finished Goods	0.95	0.95
Stores, Spare Parts and Loose Tools	68.82	68.82
<b>TOTAL</b>	<b>75.42</b>	<b>75.42</b>



## TRADE RECEIVABLES

### Note-14

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>(unsecured, considered good unless otherwise specified)</b>		
Debts outstanding for a		
- period exceeding six months from the date they became due for payment	0.25	0.00
- others	6.55	0.78
<b>TOTAL</b>	<b>6.80</b>	<b>0.78</b>

## CASH AND BANK BALANCES

### Note-15

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Cash and Cash Equivalents		
Balances with Banks		
In Current Accounts	57.82	60.22
in Fixed Deposits with maturity within 3 months	0.00	300.00
Cash on hand	1.67	4.78
<b>SUB TOTAL (A)</b>	<b>59.49</b>	<b>365.00</b>
Other Bank Balances		
Balances with Banks		
in Fixed Deposits with maturity more than 3 months but not exceeding 12 months (including interest accrued)*	551.39	128.12
<b>SUB TOTAL (B)</b>	<b>551.39</b>	<b>128.12</b>
<b>TOTAL (A+B)</b>	<b>610.88</b>	<b>493.12</b>
* Includes:-		
In Escrow Accounts	469.02	0.00
Against Guarantee	82.37	27.60

## SHORT-TERM LOANS AND ADVANCES

### Note-16

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>(unsecured, considered good unless otherwise specified)</b>		
Loans and Advances to Related Parties *	3956.97	3546.26
Sales Tax Paid Under Protest/Recoverable	45.97	54.79
Income-Tax /Wealth Tax (net of provisions)	291.50	195.80
Advances to Suppliers	114.85	74.45
Other Claims Recoverable	189.90	156.29
Staff Advances	12.97	24.23
Less:Provision for doubtful advances	(7.46)	(7.46)
<b>TOTAL</b>	<b>4604.70</b>	<b>4044.36</b>

\*Includes:-

1. Due from Wholly Owned Subsidiaries ( Interest free )		
- Spin Investment (India) Ltd.	3955.27	0.00
- Superior Investment (India) Ltd.	0.00	3542.61
2. Due from an Associate Company against expenses		
- Gujarat Guardian Ltd.	1.70	3.65

## REVENUE FROM OPERATIONS NOTE - 17

PARTICULARS	Period Ended	Period Ended
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Other Operating Revenue		
- Non Compete Fees	409.68	1914.39
- Others	580.57	394.09
<b>TOTAL</b>	<b>990.25</b>	<b>2308.48</b>

## OTHER INCOME NOTE - 18

PARTICULARS	Period Ended	Period Ended
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Interest Income	652.39	142.71
Dividend Income	667.00	667.00
Net Gain/Loss on Sale of Investments	2893.83	5165.18
Profit on Sale of Fixed Assets (Net)	221.83	1363.01
Miscellaneous Income	3.83	7.70
<b>TOTAL</b>	<b>4438.88</b>	<b>7345.60</b>

## COST OF MATERIAL CONSUMED NOTE - 19

PARTICULARS	Period Ended	Period Ended
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Raw Materials Consumed/Sold		
Opening Stock	5.65	96.66
Less : Stock written off	0.00	91.01
Closing Stock	5.65	5.65
	0.00	0.00
Opening Stock:		
Finished Goods	0.95	72.92
Goods-in-Process	0.00	30.31
Scrap & Wastage	0.00	1.98
	0.95	105.21
Less:Stocks written off	0.00	(104.26)
	0.95	0.95
Less:Closing Stock		
Finished Goods	0.95	0.95
Goods-in-Process	0.00	0.00
Scrap & Wastage	0.00	0.00
	0.95	0.95
Decrease in Stock	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>



## EMPLOYEE BENEFITS EXPENSE NOTE - 20

PARTICULARS	Period Ended	Period Ended
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Salaries, Incentives and Allowances	378.93	170.58
Contributions to Provident and Other Funds	25.01	281.85
Staff Welfare Expenses	53.84	28.73
<b>TOTAL</b>	<b>457.78</b>	<b>481.16</b>

## FINANCE COSTS NOTE - 21

PARTICULARS	Period Ended	Period Ended
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Interest Expense	2.84	161.92
Other Borrowing Costs	66.58	67.63
<b>TOTAL</b>	<b>69.42</b>	<b>229.55</b>

## OTHER EXPENSES NOTE - 22

PARTICULARS	Period Ended	
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Rent	46.76	36.72
Repair & Maintenance to Buildings	424.23	96.02
Repairs & Maintenance to Other Assets	44.93	21.85
Insurance	7.50	4.46
Rates & Taxes	73.98	94.95
Auditors' Remuneration:		
Audit Fee	8.42	5.35
For Certificates etc.	3.13	2.50
For Other matters	0.95	0.00
For Expenses	0.53	0.50
Legal & Professional Charges	399.06	358.35
Travelling & Conveyance	139.93	77.75
Electricity & Water	72.83	34.03
Vehicle Expenses	13.88	9.05
Communication Expenses	18.89	10.70
Excess Liabilities/Provisions/Sundry Balances		
Written Off/Back (Net)	351.26	1292.62
Sales Tax Paid/Provided	51.65	2962.69
Charges General	147.39	96.00
Business Promotion Expenses	13.24	9.71
Provision for Doubtful Loan	10.00	0.00
Miscellaneous Expenses	48.52	63.56
<b>TOTAL</b>	<b>1877.08</b>	<b>5176.81</b>

## CURRENT TAX NOTE - 23

PARTICULARS	Period Ended	Period Ended
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Provision for:-		
- Income Tax	769.70	284.00
- Wealth Tax	18.50	4.96
MAT Credit Entitlement	(147.76)	(157.78)
Prior period Adjustments	5.53	(0.82)
<b>TOTAL</b>	<b>645.97</b>	<b>130.36</b>

## DEFERRED TAX NOTE - 24

PARTICULARS	Period Ended	Period Ended
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Deferred Tax (Asset)/Liability for:		
- Earlier years	0.00	(1570.86)
- Current year	(525.49)	101.97
<b>TOTAL</b>	<b>(525.49)</b>	<b>(1468.89)</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31.03.2013

### Note-25

#### A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of  
Financial Statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis, except in case of certain items of Income/Expenditure where recovery/payment is uncertain. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Management evaluates all recently issued or revised accounting standards on an on-going basis.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and results of operations during the reported period end. Examples of such estimates includes provision for diminution in value of investments, provision for doubtful debts, future obligations under defined benefit obligations under employee retirement benefit plans, provision for income taxes and the useful lives of fixed and intangible assets. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates. 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.

3. Inventory Valuation  
(a) Raw Materials  
(b) Goods-in-process  
(c) Finished Goods  
(d) Stores, Spares Parts and  
Loose Tools

At weighted average cost  
Lower of Cost or net realisable value.  
Lower of Cost or net realisable value.  
At weighted average cost.



(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.
4. 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.
5. Sales/Other Incomes	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.  Other Incomes are recognized on accrual basis.
6. Earnings per share	Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the Period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue.  For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares that could have been issued upon conversion.
7. 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.
8. 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.
9. Investments	Investments are stated at Cost (FIFO basis). 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.
10. 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.
11. 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.
12. Provisions, Contingent Liabilities and Contingent Assets	A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liability is disclosed in the case of: i) a present obligation from the past event when it is not probable that an outflow of resources will be required to settle the obligation; ii) a possible obligation, unless the probability of outflow is remote;  Contingent assets are not recognised in the financial statements.

## B. CONTINGENT LIABILITIES

	As At 31.03.2013	As At 30.09.2011
	Rs. Lacs	Rs. Lacs
1. Guarantees (Unconfirmed)	2393.38	470.38
2. Excise /Customs /DGFT Matters	1853.97	2815.19
3. Others	2776.06	356.17

### 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 1st April 2008 to 31st March 2013 . On 31st March 2008, Company had given full financial implications (including writing off of excess liabilities) in 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. The Company has filed a status report on the unimplemented portion of the Rehabilitation Scheme as at March 31<sup>st</sup>, 2013 with BIFR on 01/04/2013.

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, Company shall carry out repair work to make MTF functional at the earliest.
- (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 accounts except the value of scrap which will be accounted for on realization.
3. (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.
4. Expenses and claims relating to previous year adjusted in respective accounts not separately shown are Rs. 17.32 lacs [previous year Rs.12.00 lacs].
5. 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 year end together with Interest paid/payable under this Act, has not been given.
6. The balances of the suppliers, customers & advances etc. are subject to confirmation / reconciliation.
7. Earning per Share :

	Period Ended 31/03/2013	Period Ended 30/09/2011
Profit after Tax (Rs. Lacs)	2727.68	4919.55
Basic number of equity shares	25040532	25040532
Basic earning per share (Rs.) ( Not Annualised )	10.89	19.65

8. 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.
9. Related Parties Disclosures in accordance with Accounting Standard (AS – 18) of The Institute of Chartered Accountants of India.

A)	Subsidiary Companies:	% Holdings
1	Modistone Ltd. (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
2	Superior Investment (India) Ltd.	100.00
3	Spin Investment (India) Ltd.	100.00
B)	Associates:	
1	Man Diesel India Ltd. (ceased to be Associate w.e.f. 02/04/2012)	Nil
2	Gujarat Guardian Ltd.	21.24
C)	Key Management Personnel:	
1	Mr. Vinay Kumar Modi-Chairman & Managing Director (resigned as Managing Director w.e.f October 31, 2011)	





2	Mr. Alok Modi-Managing Director (appointed as Managing Director w.e.f October 31, 2011 ) (No remuneration to Key Management Personnel during the period)	
D)	Relatives of Key Management Personnel	
1	Mrs. Chander Bala Modi (Wife of Mr. Vinay Kumar Modi)	
2	Mrs. Archana Singhania (Daughter of Mr. Vinay Kumar Modi)	
3	Mrs. Ritika Modi (Wife of Mr. Alok Modi)	
4	Ms. Piya Modi (Daughter of Mr. Alok Modi)	
E)	Enterprises in which relatives of Key Management Personnel has significant influence	
1	Leaf Investment Pvt. Ltd.	
2	Mod Fashions and Securities Pvt. Ltd.	
3	Uniglobe Mod Travels Pvt. Ltd.	
4	Uniglobe Travel (South Asia) Pvt. Ltd.	

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

A)	Subsidiaries:	31/03/2013 Rs. Lacs	30/09/2011 Rs. Lacs
i)	Transfer of Assets /Liabilities (Net)	262.66	690.35
ii)	Receivable at the year end	3955.27	3542.61
B)	Associates:		
i)	Income Received	3.65	Nil
ii)	Expenses incurred on behalf of the Associates	5.10	1.74
iii)	Transfer of Assets/Liabilities (Net)	7.05	Nil
iv)	Receivable at the year end	1.70	3.65
C)	Others:		
i)	Transfer of Assets/Liabilities (Net)	279.85	418.62
ii)	Expenses incurred on behalf	122.37	59.21
iii)	Payable at the year end	184.85	342.35

10. 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.

11. 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 Statement of Profit and Loss for the year ended 31st March, 2013

		31/03/2013 Rs. Lacs	30/09/2011 Rs. Lacs
(a)	Contribution to Provident Fund	13.17	5.68
(b)	Contribution to Employee Pension Scheme 1995	2.26	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)

		Rs. Lacs 31/03/2013	Rs. Lacs 30/09/2011
<b>A.</b>	<b>The amounts (in Rs.) recognised in the balance sheet are as follows:</b>		
	Present value of funded obligations	131.55	31.00
	Fair value of plan assets	134.23	31.00
	Present value of unfunded obligations	Nil	104.45
	Unrecognised past service cost	Nil	Nil
	Unrecognised Actuarial loss	Nil	Nil
	Amounts in the balance sheet:		
	Liabilities	131.55	135.45
	Assets	134.23	31.00
	Net liability (Asset)	(2.68)	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	3.72	2.46
	Interest on obligation	15.09	2.55
	Expected return on plan assets	(19.07)	(3.60)
	Net actuarial losses (gains) recognised in year ended	22.20	158.91
	Past service cost	Nil	Nil
	Losses (gains) on curtailments and settlement	Nil	Nil
	Total, included in 'employee benefit expense'	21.94	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	135.45	23.49
	Service cost for the year	3.72	2.46
	Interest cost for the year	15.09	2.55
	Actuarial losses (gains)	4.33	156.48
	Losses (gains) on curtailments	Nil	Nil
	Liabilities extinguished on settlements	Nil	Nil
	Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
	Exchange differences on foreign plans	Nil	Nil
	Benefits Paid	(27.04)	(49.53)
	Closing defined benefit obligation 31-03-2013	131.55	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	31.00	23.49
	Adjustment to the fund	118.47	Nil
	Expected return on mean fund	19.07	3.60



Actuarial gains and (losses)	(17.87)	(2.43)
Assets distributed on settlements	Nil	Nil
Contribution by employer	10.60	54.60
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	(27.04)	(49.53)
Closing balance of fair value of plan assets as on 31.03.2013	134.24	31.00
<b>E. Gratuity Benefit</b>		
Amount for the current periods are as follows:		
Defined Benefit Obligation	131.55	135.45
Plan assets	134.24	31.00
Surplus / (deficit)	2.68	(104.45)
Experience adjustments on plan liabilities#	2.72	162.39
Experience adjustments on plan assets	17.87	2.43
Past Service Cost	NIL	Nil
<b>G. The major categories of plan assets as a percentage of total plan assets are as follows:</b>		
Government of India Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Policy of insurance	100%	100%
Bank Balance	0%	0%
<b>H. Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):</b>		
Discount rate as on 31.03.2013	7.90%	8.25%
Expected return on plan assets at 31.03.2013	9.00%	9.00%
Proportion of employees opting for early retirement	Nil	Nil
Annual increase in Salary costs	5.25%	5.25%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

12. Expenditure in foreign currency:-

	Period Ended 31.03.2013	Period Ended 30.09.2011
Travelling Expenses (Rs. In Lacs)	43.09	Nil

13. During the year ended 31/03/2013, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the company for preparation and presentation of its financial statements. The adoption of revised Schedule VI did not have any impact on recognition and measurement principles followed for preparation of financial statements. However, it has significantly impacted the presentation and disclosures made in the financial statements. The company has also reclassified/regrouped the previous year figures in accordance with the requirements applicable in the current year.

14. Note 1 to 25 form an integral part of the Balance Sheet and Statement of Profit and Loss 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
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Date : 28.05.2013  
Place : New Delhi

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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	31.03.2013	31.03.2013	-
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 31.03.2013	Rs./ Lacs	Rs./ Lacs	Rs./ Lacs*
For the Period	31.10	259.74	--
For the Previous year	69.75	172.95	--
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 31.03.2013			
For the period	N.A.	N.A.	N.A.
For the Previous year	N.A.	N.A.	N.A.

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

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 : 28.05.2013  
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 31st March, 2013, the consolidated Statement of Profit and Loss 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. 10,593.96. lacs as at 31st March, 2013 and total revenues of Rs. 336.22 lacs and cash flows amounting to Rs.180.04 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) Serial No. 5 of Note No. 25 regarding non availability of information of unpaid balances to Micro, Small and Medium Enterprises;
- ii) Serial No. 10 of Note No. 25 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 31st March, 2013;
- b) in the case of Consolidated Statement of Profit And Loss, 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 and Company**  
Chartered Accountants  
(Firm's Reg. No. 007966N)

Place : New Delhi  
Date : 28.05.2013

**CA. Prabhat Jain**  
Partner  
(M. No. 086756)

# BALANCE SHEET (CONSOLIDATED)

## AS AT 31ST MARCH, 2013

PARTICULARS	Note No.	As at	As at
		31.03.2013	30.09.2011
		Rs. Lacs	Rs. Lacs
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	2504.05	2504.05
(b) Reserves and Surplus	2	17460.53	14581.72
		<b>19964.58</b>	<b>17085.77</b>
<b>2. Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	40.62	12.04
(b) Other Long Term Liabilities	4	48.10	48.10
		<b>88.72</b>	<b>60.14</b>
<b>3. Current Liabilities</b>			
(a) Short-Term Borrowings	5	470.00	600.00
(b) Trade Payables	6	447.33	641.55
(c) Other Current Liabilities	7	4422.48	4876.74
		<b>5339.81</b>	<b>6118.29</b>
	<b>TOTAL</b>	<b>25393.11</b>	<b>23264.20</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets	8		
- Tangible Assets		1528.79	1617.22
- Intangible Assets		0.08	0.08
(b) Non-Current Investments	9	8683.71	7228.16
(c) Deferred Tax Assets (Net)	10	1993.53	1468.89
(d) Long-Term Loans and Advances	11	340.76	673.70
(e) Other Non Current Assets	12	4290.27	4239.62
		<b>16837.14</b>	<b>15227.67</b>
<b>2. Current Assets</b>			
(a) Current Investments	13	4184.00	6520.40
(b) Inventories	14	75.42	75.42
(c) Trade Receivables	15	6.80	0.78
(d) Cash and Bank Balances	16	1013.98	506.12
(e) Short-Term Loans and Advances	17	3257.84	933.81
(f) Other Current Assets	18	17.93	
		<b>8555.97</b>	<b>8036.53</b>
	<b>TOTAL</b>	<b>25393.11</b>	<b>23264.20</b>
Significant Accounting Policies and Notes on Financial Statements	1-27		

	As per our Report Attached For P D M and Company (Firm Registration No. 07966N) Chartered Accountants CA. Prabhat Jain	V.K. Modi Chairman	Alok Modi Managing Director	S.K. Bajpai Head – Legal & Company Secretary
Date : 28.05.2013	Partner		Sanjiwan Sahnii K.S. Bains	Kamal Gupta
Place : New Delhi	M.No. 86756		Neeraj Sharma Directors	Head – Finance & Accounts



## **P**ROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE PERIOD ENDED 31ST MARCH, 2013

PARTICULARS	Note No.	Period ended	Period ended
		31.03.2013	30.09.2011
		Rs. Lacs	Rs. Lacs
<b>INCOME</b>			
Revenue from Operations	19	990.25	2308.48
Other Income	20	4775.10	7611.86
<b>TOTAL</b>		<b>5765.35</b>	<b>9920.34</b>
<b>EXPENSES</b>			
Cost of Material Consumed	21	0.00	0.00
Change in Inventories of Finished Goods, Work in Progress and Stock in Trade	21	0.00	0.00
Employee Benefits Expense	22	474.28	490.95
Finance Costs	23	71.51	229.62
Depreciation and Amortization Expense	8	177.75	185.54
Other Expenses	24	1902.81	5190.51
<b>TOTAL</b>		<b>2626.35</b>	<b>6096.62</b>
<b>PROFIT BEFORE TAX</b>		<b>3139.00</b>	<b>3823.72</b>
<b>Tax Expense</b>			
Current Tax	25	784.83	(176.23)
Deferred Tax	26	(524.64)	(1468.89)
<b>PROFIT FOR THE PERIOD</b>		<b>2878.81</b>	<b>5468.84</b>
Basic and Diluted Earning Per Equity Share ( in Rupees ) (Not Annualised)		11.50	21.84
Significant Accounting Policies and Notes on Financial Statements	1-27		

<p>Date : 28.05.2013 Place : New Delhi</p>	<p>As per our Report Attached For P D M and Company (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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# CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2013

	31.03.2013		30.09.2011		
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
<b>A. Cash Flow from operating activities</b>					
Net Profit before tax and extraordinary items		3,139.00		3,823.72	
Add: Adjustments for:					
Depreciation and Amortization	177.75			185.54	
Interest Paid	4.88			161.92	
Interest Received	(706.65)			(316.81)	
Net(Profit)/Loss on Assets sold/discarded	(221.83)			(1,363.01)	
Net(Profit)/Loss on Investments	(2,907.36)			(5,165.18)	
Provision made for Gratuity	9.59			220.17	
Provision made for sales tax liability	34.78			2,686.83	
Provision made for creditors as per BIFR scheme	8.25			285.13	
Provision made for doubtful debts and advances	10.00			-	
Balances /Provisions not required Written off/back (Net)	324.62			983.77	
Miscellaneous Income	(8.58)			-	
Dividend Received	(708.50)	(3,983.05)		(759.04)	(3,080.68)
Operating profit before working capital changes		(844.05)			743.04
Adjustments for:					
(Increase)/Decrease in Current Assets	(2,817.33)			3,831.40	
Increase/(Decrease) in Current Liabilities	(296.12)			3,320.68	
		(3,113.45)			7,152.08
Cash generated from operations before tax		(3,957.50)			7,895.12
Add : Taxes (paid)/refund		(803.13)			(199.78)
Net cash generated from operating activities			(4,760.63)		7,695.34
<b>B. Cash flow from investing activities:</b>					
Interest received		71.59		316.81	
Dividend received		708.50		670.36	
(Increase)/Decrease in Long Term Fixed Deposit with Banks		(130.82)		(4,013.18)	
Additions to Fixed assets		(112.56)		(100.44)	
Proceeds from sale of Fixed Assets		245.07		691.29	
Purchase of Investment		(5,959.55)		(9,431.72)	
Proceeds from sale of Investments		9,787.24		10,772.71	
<b>Net cash generated from investing activities</b>			<b>4,609.47</b>		<b>(1,094.17)</b>
<b>C. Cash Flow from financing activities:</b>					
Increase/(Decrease) in Borrowings		28.58		(6,127.92)	
Interest paid		(2.89)		(161.92)	
<b>Net cash used in financing activities</b>			<b>25.69</b>		<b>(6,289.84)</b>
<b>Net increase/(decrease) in cash and cash equivalent(A+B+C)</b>			<b>(125.47)</b>		<b>311.33</b>
<b>Cash and cash equivalents as at the beginning of the year</b>			<b>377.99</b>		<b>66.66</b>
<b>Cash and cash equivalents as at the end of the year</b>			<b>252.52</b>		<b>377.99</b>

NOTES: 1. Cash and Cash equivalents includes.

Cash on Hand	1.67	4.78
Balance with Banks in:		
- Current Accounts	250.85	73.21
- Fixed Deposits maturing within 3 months	-	300.00
<b>TOTAL</b>	<b>252.52</b>	<b>377.99</b>

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

Date : 28.05.2013	As per our Report Attached For P D M and Company (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 NOTE-1

PARTICULARS	As at	As at
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>Authorised</b>		
50000000 Equity Shares of Rs.10 each	5000.00	5000.00
200000 11% Redeemable Cumulative Preference Shares of Rs.100 each	200.00	200.00
	<b>5200.00</b>	<b>5200.00</b>
<b>Issued, Subscribed and Paid-up</b>		
25040532 Equity Shares of Rs.10/- Each Fully Paid up in Cash	2504.05	2504.05
<b>TOTAL</b>	<b>2504.05</b>	<b>2504.05</b>
<b>Shareholders holding more than 5% of the Equity Shares in the Company</b>		
a) Mod Fashions and Securities Private Ltd.		
Number of shares	12010267	7155638
% of holding	47.96	28.58
b) Witta International Inc.		
Number of shares	2554078	2554078
% of holding	10.20	10.20
c) Kinborough Ltd.		
Number of shares	5739451	10578451
% of holding	22.92	42.25
<b>Reconciliation of the number of shares</b>		
Outstanding at the beginning of the period	25040532	25040532
Add: Issued during the period	0.00	0.00
Outstanding at the end of the period	<b>25040532</b>	<b>25040532</b>

### Terms/Rights attached to Shares

#### Equity Shares:

Each holder of Equity Share is entitled to one vote per share.

#### Redeemable Cumulative Preference Shares:

Preference Shares shall rank in priority to the Equity Shares including arrears, if any. In the event of the winding up of the Company, these shares shall not be entitled to any further participation in the profits or surplus assets of the company. Preference Shares are entitled to one vote per share at meetings of the company only in respect of resolutions directly affecting their rights.

## RESERVES AND SURPLUS

### Note-2

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>a. Capital Reserve</b>		
(On Forfeiture/re-issue of Debentures)		
At the commencement/end of the period	19.26	19.26
<b>b. Security Premium Reserve</b>		
At the commencement/end of the period	5782.32	5782.32
<b>c. General Reserve</b>		
At the commencement/end of the period	903.16	903.16
<b>d. Surplus/(Deficit) in Statement of Profit and Loss</b>		
At the commencement of the period	7876.98	2408.14
Add: Profit for the period	2878.81	5468.84
At the end of the period	<b>10755.79</b>	<b>7876.98</b>
<b>TOTAL</b>	<b>17460.53</b>	<b>14581.72</b>

## LONG-TERM BORROWINGS

### Note-3

PARTICULARS	As at	As at
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>Secured Term Loan from:</b>		
- Bank*	38.00	0.00
- Other**	10.31	15.28
Less: Current Maturities of Long-Term Debt	(7.69)	(3.24)
<b>TOTAL</b>	<b>40.62</b>	<b>12.04</b>

\* Secured by hypothecation of a Vehicle. Repayable in equated monthly instalment of Rs. 62,595 each (including interest). Final instalment due in March, 2020.

\*\* Secured by hypothecation of a Vehicle. Repayable in equated monthly instalment of Rs. 37,368 each (including interest). Final instalment due in October, 2015.

## OTHER LONG TERM LIABILITIES

### Note-4

PARTICULARS	As at	As at
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Security Deposit	48.10	48.10
<b>TOTAL</b>	<b>48.10</b>	<b>48.10</b>

## SHORT-TERM BORROWINGS

### Note-5

PARTICULARS	As at	As at
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Loans and Advances from Related Parties (Unsecured)*	220.00	350.00
Other Loans and Advances (Unsecured)		
- Inter Corporate Deposits**	250.00	250.00
<b>TOTAL</b>	<b>470.00</b>	<b>600.00</b>

\* Interest free

\*\* Rs. 250 lacs (Previous year Rs. 250 lacs) payable @ 50% of Rs.500 lacs to M/s Morgan Securities & Credit Pvt.Ltd.as per BIFR SS-08



## TRADE PAYABLES

### Note-6

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Trade Payables*	447.33	641.55
<b>TOTAL</b>	<b>447.33</b>	<b>641.55</b>

\* Includes:

- Rs. 136.62 lacs (Previous year Rs. 136.62 lacs) i.e 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. Legal recourse for re possession of plant is being actively followed. The matter is pending before Allahbad High Court.
- Rs. 310.71 lacs (Previous year Rs. 310.71 lacs) being 50% of the principal outstanding of Rs. 621.42 lacs due to M/s Continental Carbons Ltd., payable as per settlement term stated in BIFR SS-08 which the party is not accepting and the matter is pending before the Hon'ble Court.

## OTHER CURRENT LIABILITIES

### Note-7

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Current Maturities of Long-Term Debt	7.69	3.24
Sundry Creditors	289.27	335.80
Expenses Payable	123.54	386.56
Duties and Taxes	3383.28	3490.08
Security Deposits	9.31	5.70
Advance Against Sale of Property	0.00	43.00
Gratuity Payable	233.14	234.16
Compensation Payable to Employees	376.25	378.20
<b>TOTAL</b>	<b>4422.48</b>	<b>4876.74</b>

## FIXED ASSETS NOTE - 8

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 1.10.2011	Additions during the Period	Adjustments/ Deductions during the Period	As At 31.03.2013	Upto 30.09.2011	For the Period	Adjustments/ Deductions	Upto 31.03.2013	As At 31.03.2013	As At 30.09.2011
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
<b>Tangible Assets</b>										
Land - Free Hold	194.18	0.00	7.42	186.76	0.00	0.00	0.00	0.00	186.76	194.18
Land - Lease Hold	127.53	0.00	0.00	127.53	0.00	0.00	0.00	0.00	127.53	127.53
Buildings	3395.07	0.00	41.04	3354.03	2587.71	65.11	25.77	2627.05	726.98	807.36
Plant & Machinery	3591.45	0.00	0.00	3591.45	3264.06	54.25	0.00	3318.31	273.14	327.39
Furniture, Office Equipments & Electrical Installations etc.	2077.29	62.20	0.00	2139.49	1976.40	33.71	0.00	2010.11	129.38	100.89
Vehicles	268.83	50.36	26.31	292.88	208.96	24.69	25.77	207.88	85.00	59.87
<b>TOTAL (A)</b>	<b>9654.35</b>	<b>112.56</b>	<b>74.77</b>	<b>9692.14</b>	<b>8037.13</b>	<b>177.76</b>	<b>51.54</b>	<b>8163.35</b>	<b>1528.79</b>	<b>1617.22</b>
<b>Previous Period</b>	<b>9592.08</b>	<b>100.44</b>	<b>38.17</b>	<b>9654.35</b>	<b>7880.39</b>	<b>185.55</b>	<b>28.81</b>	<b>8037.13</b>	<b>1617.22</b>	<b>1711.69</b>
<b>Intangible Assets</b>										
Patent & Trade Marks	0.08	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.08	0.08
<b>TOTAL (B)</b>	<b>0.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.08</b>	<b>0.08</b>
<b>Previous Period</b>	<b>0.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.08</b>	<b>0.08</b>
<b>GRAND TOTAL (A+B)</b>	<b>9654.43</b>	<b>112.56</b>	<b>74.77</b>	<b>9692.22</b>	<b>8037.13</b>	<b>177.76</b>	<b>51.54</b>	<b>8163.35</b>	<b>1528.87</b>	<b>1617.30</b>
<b>Previous Period</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>

NOTE:

Building Includes :-

- On leasehold basis

- Alongwith cost of land on which depreciation charged on total cost

- For which conveyance deed is yet to be executed (15, Friends Colony West , New Delhi)

- Alongwith other assets at Mumbai, possession of which (except one floor) is with the company as per court decision. Transfer of title of property is pending decision of court.

Rs.lacs

739.34

12.52

98.73

165.00



## NON-CURRENT INVESTMENTS

### Note-9

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>I. Investment In Equity Instruments- Fully paid up</b>		
<b>Quoted</b>		
<b>A. Other Investments</b>		
No.of Shares/Units		
197999 Lords Chloro Alkali Ltd. of Rs. 10 each (197999)	19.80	19.80
680001 Bihar Sponge Iron Ltd. of Rs. 10 each (680001)	68.00	68.00
4400 Housing Development Finance Corp. Ltd. of Rs. 2 each (4400)	0.06	0.06
1 Coal India of Rs. 10/- each (Nil)	0.01	0.00
<b>SUB TOTAL (A)</b>	<b>87.87</b>	<b>87.86</b>
<b>Unquoted</b>		
<b>A. Trade Investments</b>		
NIL Man Diesel India Ltd.of Rs. 10 each (3200000)	0.00	320.00
11475000 Modistone Ltd. of Rs. 10 each* (11475000) Less : Provision for diminution in Value of Shares	2137.50 (2137.50)	2137.50 (2137.50)
33350000 Gujarat Guardian Ltd. of Rs. 10 each (33350000)	3335.00	3335.00
<b>B. Other Investments</b>		
3233000 Xerox India Ltd.of Rs. 10 each (3233000)	468.80	468.80
1250000 Spark Plug Ltd. of Rs. 10 each (1250000) Less : Provision for diminution in value of shares	125.00 (125.00)	125.00 (125.00)
96000 Modi Carpets Ltd. of Rs. 10/- each (96000)	6.19	6.19
9000 Licensintorg Co. (I) Pvt. Ltd. of Rs. 10/- each (9000)	9.00	9.00
11550 Kesha Processors Ltd. (Formerly known as (11550)	1.05	1.05
10 Indo Euro Industries Ltd. of Rs.10/- each (10)	0.01	0.01
6000000 Mod Fashions & Securities Pvt. Ltd. of Rs. 10/- each (6000000)	3000.00	3000.00
Share Application Money in Asahi Modi Material (Pvt) Ltd.**	1469.00	0.00
<b>SUB TOTAL (B)</b>	<b>8289.05</b>	<b>7140.05</b>

PARTICULARS	As At 31.03.2013	As At 30.09.2011
	Rs. Lacs	Rs. Lacs
<b>II. Investment in Debentures/ Bonds -Fully Paid up</b>		
Quoted		
<b>Other Investments</b>		
10875 Tax Free , Secured , Redeemable, Non-Convertible (Nil) Bonds of Indian Railway Finance Corporation Ltd.of Rs. 1000/- each fully paid up for 15 Years	108.75	0.00
19779 Tax Free, Secured, Redeemable, Non Convertible, Bonds of (NIL) National Highway Authority of India of Rs. 1000/- each for 10 Years	197.79	0.00
2500 Units of Prudential ICICI Technology Fund of Rs. 10/- each (2500)	0.25	0.25
<b>SUB TOTAL (C)</b>	<b>306.79</b>	<b>0.25</b>
<b>III. Investment in Mutual Funds -Fully Paid up</b>		
Quoted		
<b>Other Investments</b>		
3687675 Tata Income Fund of Rs. 10 each ( Bonus Units ) (Nil)	0.00	0.00
<b>SUB TOTAL (D)</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL (A+B+C+D)</b>	<b>8683.71</b>	<b>7228.16</b>
Aggregate Value of Quoted Investments	394.66	88.11
Aggregate Market Value of Quoted Investments	792.76	125.11
Aggregate Gross Value of Unquoted Investments	10551.55	9402.55
Aggregate Value of Provision for Diminution in Value of Unquoted Investments	2262.50	2262.50
Aggregate Net Value of Unquoted Investments	8289.05	7140.05

Figures in brackets are in respect of previous year

\* Subsidiary Company

\*\* 14690000 fully paid up equity shares of Rs. 10/- each allotted on 15/04/2013

## DEFERRED TAX ASSETS (Net)

### Note-10

PARTICULARS	As At 31.03.2013	As At 30.09.2011
	Rs. Lacs	Rs. Lacs
Deferred Tax Asset		
Carried Forward Business Losses/Unabsorbed Depreciation	1136.46	986.07
Others	1170.46	945.66
Deferred Tax Liability		
Depreciation and Amortisation of Fixed Assets	(313.39)	(462.84)
<b>TOTAL</b>	<b>1993.53</b>	<b>1468.89</b>



## LONG-TERM LOANS AND ADVANCES

### Note-11

PARTICULARS		As At	As At
		31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs	Rs. Lacs
(unsecured, considered good unless otherwise specified)			
Security Deposits		12.48	15.17
Other Loans and Advances	40.44	0.00	500.75
Less: Provision for Doubtful Advances	(10.00)	30.44	0.00
MAT Credit Entitlement		297.84	157.78
<b>TOTAL</b>		<b>340.76</b>	<b>673.70</b>

## OTHER NON CURRENT ASSETS

### Note-12

PARTICULARS		As At	As At
		31.03.2013	30.09.2011
		Rs. Lacs	Rs. Lacs
Balances with Banks			
- in Fixed Deposits with maturity more than 12 months * (including interest accrued)		4290.27	4239.62
<b>TOTAL</b>		<b>4290.27</b>	<b>4239.62</b>

\* Includes:-

In Escrow Accounts**	2426.92	2554.16
Against Guarantee	1434.33	1300.00
As Margin Money	429.02	385.46

\*\* Escrow Account includes Rs. 672.27 lacs maturing within 12 months but taken here due to claims lodged against the Company as per Escrow Terms and Conditions. However, the same has been disputed by the Company

## CURRENT INVESTMENT

### Note-13

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>I. Investment in Mutual Funds -Fully Paid up</b>		
<b>Quoted</b>		
<b>Other Investments</b>		
No.of Shares/Units		
9097.404 Units of Reliance Liquid Fund -TP-GP - GO of (Nil) Rs. 10 each	235.00	0.00
Nil Units of Reliance Money Manager Fund -IO - DDP of (85888) Rs. 10 each	0.00	3864.18
40954.770 Units of Baroda Pioneer Liquid Fund Plan A- (Nil) Growth of Rs. 10/- each	550.00	0.00
4397095.6258 Units of JP Morgan Short Term Income (Nil) Fund - Regular of Rs. 10/- each	499.00	0.00
4175603.9242 Units of JP Morgan Short Term Income (Nil) Fund - Regular of Rs. 10/- each	475.00	0.00
3721573.7441 Units of JP Morgan Short Term Income (Nil) Fund - Regular of Rs. 10/- each	425.00	0.00
1583807.156 Units of Kotak Bond Scheme Plan A - (Nil) Growth of Rs. 10/- each	500.00	0.00
90767.691 Units of Pramerica Treasury Advantage (Nil) Fund - Growth Option of Rs. 10/- each	1000.00	0.00
27162.008 Units of SBI Premier Liquid Fund - Regular (Nil) Plan - Growth of Rs. 10/- each	500.00	0.00
3474735.775 Bonus Units of Reliance Income (Nil) Fund - Growth Option - Bonus Option	0.00	0.00
Nil Units of Reliance Quarterly Interval (17204507) Fund -Series II- IGP of Rs. 10 each	0.00	2000.00
Nil Units of Reliance Money Manager Fund - IO (65532) DDP of Rs. 10/- each	0.00	656.22
1714344.492 Bonus Units of Reliance Income (Nil) Fund + Growth Plan - Bonus Option	0.00	0.00
<b>TOTAL</b>	<b>4184.00</b>	<b>6520.40</b>
Aggregate Value of Quoted Investments	4184.00	6520.40
Aggregate Market Value of Quoted Investments	5074.43	6532.62





## INVENTORIES

### Note-14

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
<b>(As taken, valued and certified by the management)</b>		
Raw Materials	5.65	5.65
Finished Goods	0.95	0.95
Stores, Spare Parts and Loose Tools	68.82	68.82
<b>TOTAL</b>	<b>75.42</b>	<b>75.42</b>

## TRADE RECEIVABLES

### Note-15

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
(unsecured, considered good unless otherwise specified)		
Debts outstanding for a		
- period exceeding six months from the date they became due for payment	0.25	0.00
- others	6.55	0.78
<b>TOTAL</b>	<b>6.80</b>	<b>0.78</b>

## CASH AND BANK BALANCES

### Note-16

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Cash and Cash Equivalents		
Balances with Banks		
In Current Accounts	230.85	73.22
in Fixed Deposits with maturity within 3 months	0.00	300.00
Cheques, Drafts on hand	20.00	0.00
Cash on hand	1.67	4.78
<b>SUB TOTAL (A)</b>	<b>252.52</b>	<b>378.00</b>
Other Bank Balances		
Balances with Banks		
in Fixed Deposits with maturity more than 3 months but not exceeding 12 months (including interest accrued)*	761.46	128.12
<b>SUB TOTAL (B)</b>	<b>761.46</b>	<b>128.12</b>
<b>TOTAL (A+B)</b>	<b>1013.98</b>	<b>506.12</b>
* Includes:-		
In Escrow Accounts	469.02	0.00
Against Guarantee	82.37	27.60

## SHORT-TERM LOANS AND ADVANCES

### Note-17

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
(unsecured, considered good unless otherwise specified)		
Loans and Advances to Related Parties *	351.70	3.65
Sales Tax Paid Under Protest/Recoverable	45.97	54.79
Income-Tax /Wealth Tax (net of provisions)	343.61	208.55
Advances to Suppliers	1986.02	87.05
Other Claims Recoverable	189.90	156.29
Staff Advances	12.97	24.23
Less: Provision for doubtful advances	(7.46)	(7.46)
MAT Credit Entitlement	335.13	406.71
<b>TOTAL</b>	<b>3257.84</b>	<b>933.81</b>

\*Includes:-

1. Due from an Associate Company against expenses		
- Gujarat Guardian Ltd.	1.70	3.65
2. Due from Companies under the same management		
- Uniglobe Mod Travels Pvt. Ltd.	200.00	0.00
- Uniglobe Travel South Asia Pvt. Ltd.	100.00	0.00
- Vinura Beverages Pvt. Ltd.	50.00	0.00

## OTHER CURRENT ASSETS

### Note-18

PARTICULARS	As At	As At
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Interest accrued but not due	17.93	0.00
<b>TOTAL</b>	<b>17.93</b>	<b>0.00</b>

## REVENUE FROM OPERATIONS

### NOTE - 19

PARTICULARS	Period Ended	Period Ended
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Other Operating Revenue		
- Non Compete Fees	409.68	1914.39
- Others	580.57	394.09
<b>TOTAL</b>	<b>990.25</b>	<b>2308.48</b>



## OTHER INCOME NOTE - 20

PARTICULARS	Period Ended	Period Ended
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Interest Income	706.65	316.81
Dividend Income	708.50	759.04
Net Gain/Loss on Sale of Investments	2910.51	5165.18
Net Gain/(Loss) on Commodity Exchange	215.20	0.00
Profit on Sale of Fixed Assets (Net)	221.83	1363.01
Miscellaneous Income	12.41	7.82
<b>TOTAL</b>	<b>4775.10</b>	<b>7611.86</b>

## COST OF MATERIAL CONSUMED NOTE - 21

PARTICULARS	Period Ended	Period Ended
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Raw Materials Consumed/Sold		
Opening Stock	5.65	96.66
Less: Stock written off	0.00	91.01
Closing Stock	5.65	5.65
	<b>0.00</b>	<b>0.00</b>
Opening Stock:		
Finished Goods	0.95	72.92
Goods-in-Process	0.00	30.31
Scrap & Wastage	0.00	1.98
	<b>0.95</b>	<b>105.21</b>
Less: Stocks written off	0.00	(104.26)
	<b>0.95</b>	<b>0.95</b>
Less: Closing Stock		
Finished Goods	0.95	0.95
Goods-in-Process	0.00	0.00
Scrap & Wastage	0.00	0.00
	<b>0.95</b>	<b>0.95</b>
Decrease in Stock	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

## EMPLOYEE BENEFITS EXPENSE NOTE - 22

PARTICULARS	Period Ended	Period Ended
	31.03.2013	30.09.2011
	Rs. Lacs	Rs. Lacs
Salaries, Incentives and Allowances	395.43	180.37
Contributions to Provident and Other Funds	25.01	281.85
Staff Welfare Expenses	53.84	28.73
<b>TOTAL</b>	<b>474.28</b>	<b>490.95</b>

## FINANCE COSTS NOTE - 23

PARTICULARS	Period Ended 31.03.2013	Period Ended 30.09.2011
	Rs. Lacs	Rs. Lacs
Interest Expense	4.88	161.92
Other Borrowing Costs	66.63	67.70
<b>TOTAL</b>	<b>71.51</b>	<b>229.62</b>

## OTHER EXPENSES NOTE - 24

PARTICULARS	Period Ended 31.03.2013	Period Ended 30.09.2011
	Rs. Lacs	Rs. Lacs
Rent	46.76	36.72
Repair & Maintenance to Buildings	424.23	96.02
Repairs & Maintenance to Other Assets	44.93	21.85
Insurance	7.50	4.46
Rates & Taxes	74.48	95.32
Auditors' Remuneration:		
Audit Fee	9.27	5.85
For Certificates etc.	3.35	2.50
For Other matters	0.95	0.00
For Expenses	0.63	0.50
Legal & Professional Charges	403.62	363.95
Travelling & Conveyance	145.48	77.75
Electricity & Water	72.83	34.03
Vehicle Expenses	13.88	9.05
Communication Expenses	19.29	11.14
Excess Liabilities/Provisions/Sundry Balances		
Written Off/Back (Net)	363.83	1298.79
Sales Tax Paid/Provided	51.65	2962.69
Charges General	148.19	96.61
Business Promotion Expenses	13.24	9.71
Provision for Doubtful Loan	10.00	0.00
Miscellaneous Expenses	48.70	63.57
<b>TOTAL</b>	<b>1902.81</b>	<b>5190.51</b>



## CURRENT TAX NOTE - 25

PARTICULARS	Period Ended 31.03.2013	Period Ended 30.09.2011
	Rs. Lacs	Rs. Lacs
Provision for:-		
- Income Tax	836.98	296.50
- Wealth Tax	18.50	4.96
MAT Credit Entitlement	(76.18)	(564.49)
Prior period Adjustments	5.53	86.80
<b>TOTAL</b>	<b><u>784.83</u></b>	<b><u>(176.23)</u></b>

## DEFERRED TAX NOTE - 26

PARTICULARS	Period Ended 31.03.2013	Period Ended 30.09.2011
	Rs. Lacs	Rs. Lacs
Deferred Tax (Asset)/Liability for:		
- Earlier years	0.00	(1570.86)
- Current year	(524.64)	101.97
<b>TOTAL</b>	<b><u>(524.64)</u></b>	<b><u>(1468.89)</u></b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31.03.2013

### Note -27

#### 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 31.03.2013 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.	31st March 2013	100%	India
ii) Superior Investment (India) Ltd. 31 <sup>st</sup> March 2013	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.			

#### C. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statement
 

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on accrual basis, except in case of certain items of Income/Expenditure where recovery/payment is uncertain. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Management evaluates all recently issued or revised accounting standards on an on-going basis.
2. Use of estimates
 

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and results of operations during the reported period end. Examples of such estimates includes provision for diminution in value of investments, provision for doubtful debts, future obligations under defined benefit obligations under employee retirement benefit plans, provision for income taxes and the useful lives of fixed and intangible assets. Although these estimates are based upon management’s best knowledge of current events



and actions, actual result could differ from these estimates. 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.

3. Inventory Valuation
  - (a) Raw Materials At weighted average cost
  - (b) Goods-in-process Lower of Cost or net realisable value.
  - (c) Finished Goods Lower of Cost or net realisable value.
  - (d) Stores, Spares Parts and Loose Tools At weighted average cost.
  - (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.
4. 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.
5. Sales/Other Incomes 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.  
Other Incomes are recognized on accrual basis.
6. 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.
7. 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.
8. Investments Investments are stated at Cost (FIFO basis). In respect of investment of a long-term nature (including in subsidiary not consolidated), provision is made for any diminution in the value wherever it is permanent in nature.
9. 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.
10. Earnings per Share Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue.  
  
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares that could have been issued upon conversion.
11. 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.

12. Provisions, Contingent Liabilities and Contingent Assets
- A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liability is disclosed in the case of:

- i) a present obligation from the past event when it is not probable that an outflow of resources will be required to settle the obligation;
  - ii) a possible obligation, unless the probability of outflow is remote;
- Contingent assets are not recognised in the financial statements.

#### D. CONTINGENT LIABILITIES

	<b>As At 31.03.2013 Rs. Lacs</b>	<b>As At 30.09.2011 Rs. Lacs</b>
1. Guarantees (Unconfirmed)	2393.38	470.38
2. Excise /Customs /DGFT Matters	1853.97	2815.19
3. Others	2776.06	356.17

#### E. 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 1st April 2008 to 31st March 2013 . On 31st March 2008, Company had given full financial implications (including writing off of excess liabilities) in 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. The Company has filed a status report on the unimplemented portion of the Rehabilitation Scheme as at March 31<sup>st</sup>, 2013 with BIFR on 01/04/2013.
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, Company shall carry out repair work to make MTF functional at the earliest.  
(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. (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.
4. Expenses and claims relating to previous year adjusted in respective accounts not separately shown are Rs. 17.32 lacs [previous year Rs.12.00 lacs].
5. 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 year end together with Interest paid/payable under this Act, has not been given.





6. The balances of the suppliers, customers & advances etc. are subject to confirmation / reconciliation.

7. Earning per Share :

	Period Ended 31.03.2013	Period Ended 30.09.2011
Profit after Tax (Rs. Lacs)	2878.81	5468.84
Basic number of equity shares	25040532	25040532
Basic earning per share (Rs.) (Not Annualised)	11.50	21.84

8. 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.

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

<b>A)</b>	<b>Associates:</b>	
1	Man Diesel India Ltd. (ceased to be Associate w.e.f. 02/04/2012)	Nil
2	Gujarat Guardian Ltd.	21.24
<b>B)</b>	<b>Key Management Personnel:</b>	
1	Mr. Vinay Kumar Modi-Chairman & Managing Director (resigned as Managing Director w.e.f October 31, 2011)	
2	Mr. Alok Modi-Managing Director (appointed as Managing Director w.e.f October 31, 2011 ) (No remuneration to Key Management Personnel during the period)	
<b>C)</b>	<b>Relatives of Key Management Personnel</b>	
1	Mrs. Chander Bala Modi (Wife of Mr. Vinay Kumar Modi)	
2	Mrs. Archana Singhania (Daughter of Mr. Vinay Kumar Modi)	
3	Mrs. Ritika Modi (Wife of Mr. Alok Modi)	
4	Ms. Piya Modi (Daughter of Mr. Alok Modi)	
<b>D)</b>	<b>Enterprises in which relatives of Key Management Personnel has significant influence</b>	
1	Leaf Investment Pvt. Ltd.	
2	Mod Fashions And Securities Pvt. Ltd.	
3	Uniglobe Mod Travels Pvt. Ltd.	
4	Uniglobe Travel (South Asia) Pvt. Ltd.	

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

		31/03/2013	30/09/2011
<b>A)</b>	<b>Associates:</b>		
i)	Income Received	3.65	Nil
ii)	Expenses incurred on behalf of the Associates	5.10	1.74
iii)	Transfer of Assets/Liabilities (Net)	7.05	Nil
iv)	Receivable at the year end	1.70	3.65
<b>B)</b>	<b>Others:</b>		
i)	Transfer of Assets/Liabilities (Net)	279.85	418.62
ii)	Expenses incurred on behalf	122.37	59.21
iii)	Payable at the year end	184.85	342.35

10. 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.
11. 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 Statement of Profit and Loss for the year ended 31st March, 2013

		<b>31.03.2013</b> <b>Rs. Lacs</b>	<b>30.09.2011</b> <b>Rs. Lacs</b>
(a)	Contribution to Provident Fund	13.17	5.68
(b)	Contribution to Employee Pension Scheme 1995	2.26	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)**

		<b>Rs. Lacs</b> <b>31.03.2013</b>	<b>Rs. Lacs</b> <b>30.09.2011</b>
<b>A.</b>	<b>The amounts (in Rs.) recognised in the balance sheet are as follows:</b>		
	Present value of funded obligations	131.55	31.00
	Fair value of plan assets	134.23	31.00
	Present value of unfunded obligations	Nil	104.45
	Unrecognised past service cost	Nil	Nil
	Unrecognised Acturial loss	Nil	Nil
	Amounts in the balance sheet:		
	Liabilities	131.55	135.45
	Assets	134.23	31.00
	Net liability (Asset)	(2.68)	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	3.72	2.46
	Interest on obligation	15.09	2.55
	Expected return on plan assets	(19.07)	(3.60)
	Net actuarial losses (gains) recognised in year ended	22.20	158.91
	Past service cost	Nil	Nil
	Losses (gains) on curtailments and settlement	Nil	Nil
	Total, included in 'employee benefit expense'	21.94	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 1.10.2011	135.45	23.49
	Service cost for the year	3.72	2.46
	Interest cost for the year	15.09	2.55
	Actuarial losses (gains)	4.33	156.48
	Losses (gains) on curtailments	Nil	Nil
	Liabilities extinguished on settlements	Nil	Nil
	Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
	Exchange differences on foreign plans	Nil	Nil
	Benefits Paid	(27.04)	(49.53)
	Closing defined benefit obligation 31.03.2013	131.55	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 1.10.2011	31.00	23.49
	Adjustment to the fund	118.47	Nil
	Expected return on mean fund	19.07	3.60
	Actuarial gains and (losses)	(17.87)	(2.43)
	Assets distributed on settlements	Nil	Nil
	Contribution by employer	10.60	54.60
	Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
	Exchange differences on foreign plans	Nil	Nil
	Benefits paid	(27.04)	(49.53)
	Closing balance of fair value of plan assets as on 31.03.2013	134.24	31.00
<b>E.</b>	<b>GRATUITY BENEFIT</b>		
	Amount for the current periods are as follows:		
	Defined Benefit Obligation	131.55	135.45
	Plan assets	134.24	31.00
	Surplus / (deficit)	2.68	(104.45)
	Experience adjustments on plan liabilities#	2.72	162.39
	Experience adjustments on plan assets	17.87	2.43
	Past Service Cost	NIL	Nil
<b>F.</b>	<b>The major categories of plan assets as a percentage of total plan assets are as follows:</b>		
	Government of India Securities	0%	0%
	High quality corporate bonds	0%	0%
	Equity shares of listed companies	0%	0%
	Property	0%	0%
	Policy of insurance	100%	100%
	Bank Balance	0%	0%
<b>G.</b>	<b>Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):</b>		
	Discount rate as on 31.03.2013	7.90%	8.25%
	Expected return on plan assets at 31.03.2013	9.00%	9.00%
	Proportion of employees opting for early retirement	Nil	Nil
	Annual increase in Salary costs	5.25%	5.25%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

12. Expenditure in foreign currency:-

	Period Ended 31.03.2013	Period Ended 30.09.2011
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Travelling Expenses (Rs. In Lacs)

43.09 Nil

13. In case of one of the subsidiary Company, The Income-Tax Department raised demand of Rs. 42,72,275/- as per Intimation u/s 143(1) of Income Tax Act, 1961 for assessment year 2009-10. The Department rejected Company's rectification petition for excess interest charged, Company's appeal filed before the Commissioner of Income Tax (Appeals) against the rejection order has not been disposed off. Provision has been made in the books on the basis of interest calculated by Company and balance interest amounting to Rs. 31,14,671/- has been paid. Further Provision, if any will be made in the books of accounts on disposal of the appeal.
14. In case of one of the subsidiary Company, the Income-Tax Department raised demand of Rs. 3,45,166 on completion of Assessment for Assessment Year 2006-07 (Set aside assessment) vide order dt. 04.01.2013. The Department has not allowed credit of amount paid Rs. 2,39,720 on Completion of original assessment. Company's appeal filed against above order has not been disposed off. Provision for tax, if any will be made on disposal of appeal by Appellate authorities.
15. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8<sup>th</sup> February, 2011 and 21<sup>st</sup> February, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. The required information relating to Subsidiary Companies, as per the said notification, is given below:-

S. No.	Particulars	Superior Investment (India) Ltd. Rs. Lacs	Spin Investment (India) Ltd. Rs. Lacs
1	Capital	29.92	29.92
2	Reserves	363.33	6169.18
3	Total Assets	393.47	10200.49
4	Total Liabilities	0.22	4001.39
5	Investment	335.22	7181.39
6	Turnover	44.80	291.42
7	Profit Before Taxation	31.10	259.74
8	Provision for Taxation	0.12	139.59
9	Profit After Taxation	30.98	120.15

16. During the year ended 31/03/2013, revised Schedule VI notified under the Companies Act, 1956 has become applicable to the company for preparation and presentation of its financial statements. The adoption of revised Schedule VI did not have any impact on recognition and measurement principles followed for preparation of financial statements. However, it has significantly impacted the presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

17. Note 1 to 27 form an integral part of the Balance Sheet and Statement of Profit and Loss and have been duly authenticated.

<p>Date : 28.05.2013 Place : New Delhi</p>	<p>As per our Report Attached For P D M and Company (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 40th Annual General Meeting (AGM) of the Company convened on Monday, 30th September, 2013 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 ..... 2013

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.)

## 40TH 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 40TH 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 Monday, 30th September, 2013.

.....  
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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40TH ANNUAL REPORT 2011-2013

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