



Modi Rubber Limited

38TH ANNUAL REPORT 2009-2010

THE COMPANY **BOARD OF DIRECTORS**

Vinay Kumar Modi
Chairman & Managing Director

REGISTERED OFFICE
Modinagar-201 204
District Ghaziabad (Uttar Pradesh)

BANKER
Yes Bank Ltd

Alok Modi
Director

HEAD OFFICE
4-7C, DDA Shopping Centre,
New Friends Colony,
New Delhi-110 025

Arvind Nath Seth
Director

K S Bains
Director

WORKS
Modinagar-201 204
District Ghaziabad (Uttar Pradesh)

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

Sanjivan Sahni
Director

Neeraj Sharma
Director

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

Sanjeev Kumar Bajpai
Head – Legal & Company Secretary

38th Annual General Meeting	
Date	: November 27, 2010
Day	: Saturday
Time	: 03.30 P.M
Place	: Auditorium, Dayawati Modi Public School Modinagar
Book Closure Dates	: 23 rd October, 2010 to 29 th October, 2010 (both days inclusive)

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

NOTICE

Notice is hereby given that the 38th Annual General Meeting of Modi Rubber Limited shall be held on Saturday, November 27, 2010 at 03.30 PM 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, 2010 and Profit & Loss Account for the year 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 M/s PDM & Co., Chartered Accountants, New Delhi, as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to authorize Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

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

By order of the Board
for Modi Rubber Limited

Place : New Delhi
Date : October 15, 2010

(S K Bajpai)
Head-Legal & Company Secretary

Notes:

1. Explanatory Statement in respect of Item No. 4 of notice as required under Section 173 of the Companies Act, 1956, is annexed herewith.
2. The Register of Members and Share Transfer Books of the Company relevant thereto shall remain closed from 23.10.2010 to 29.10.2010 (both days inclusive).
3. A member, entitled to attend and vote at the Meeting, is entitled to appoint one or more proxies to attend and vote instead of himself/her self and the proxy(ies) need not be the Member(s) of the Company. The proxy form(s) duly completed and signed should reach the Company's Registered Office at Modinagar at-least 48 hours before the time fixed for the meeting.

4. Members desirous of obtaining any information concerning the Accounts of the Company are requested to send their request at the Head Office of the Company atleast seven days before the date of the Meeting, so that the information required may be made available at the Meeting.

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

Item No. 4

Shri Neeraj Sharma was appointed as the additional director of the Company by Board in its meeting held on 30.04.2010. Mr. Neeraj Sharma will hold the office upto the conclusion of ensuing Annual General Meeting. Company has received notice from a member of the Company under Section 257 of the Companies Act proposing his candidature for appointment as Director who is liable to retire by rotation. Hence, resolution as mentioned Item No. 4 of the Notice is proposed. Your Board recommends passing of the said resolution. None of the Directors of the Company except Mr Neeraj Sharma may be interested or concerned in passing of the proposed resolution No. 4.

Information required under Clause 49 of the Listing Agreement in respect of Director proposed to be appointed by resolution no. 4 is given below:-

Particulars	Shri Neeraj Sharma
Age (in years)	44
Qualification	L.L.B
Expertise in specific functional areas	Legal
Date of appointment on the Board of the Company	30.04.2010
Names of other Companies in which Directorships held	Nil
Names of other Companies in which Committee Membership / Chairman-ships held	Nil
No. of Shares held	Nil

INSPECTION OF DOCUMENTS

All material documents referred to in the Notice will be kept open for inspection by the members, at the Registered Office of the Company, from 11.00 AM to 1.00 PM on all working days from 23.11.2010 to 27.11.2010.

By order of the Board
for Modi Rubber Limited

Place : New Delhi
Date : October 15, 2010

(S K Bajpai)
Head-Legal & Company Secretary



DIRECTORS' REPORT

Your Directors present the 38th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2010.

REHABILITATION SCHEME SANCTIONED BY HON'BLE BIFR & PLANT OPEARTIONS

Board for Industrial & Financial Reconstruction (BIFR) sanctioned a rehabilitation scheme (SS08) for the revival of your company on April 21, 2008. Modipuram and Partapur Plants ('Plants') transferred to M/s Modi Tyres Company Pvt. Ltd. (MTCPL) a wholly owned subsidiary of your company have commenced production since June 2009.

Modi Tyre Factory (MTF)-Modinagar Plant which manufactures tyres other than Truck & Buses was set up by your company on land & shed which was taken from Modi Export Processors Ltd. (MEPL) on perpetual lease. MEPL has been under liquidation and an Official Liquidator (OL) was appointed by an Order of the Allahabad High Court.

The possession of MTF, Modinagar plant was received by your company, for commencement of industrial activities, on the directions passed by BIFR on 09.08.2007 u/s 29 of Sick Industrial Companies (Special Provisions) Act 1985 (SICA). The District Magistrate issued directions for handing over peaceful possession to State Bank of India (Operating Agency appointed by BIFR) which in turn handed over possession to authorized representative of your company. Thereafter all of sudden on 24.09.2007, the OL put its seal on MTF, Modinagar Plant of your company. Rent dues for the closure period of MEPL are provided in SS08. Even BIFR vide its order 23.02.2010 has clarified that MEPL rent dues are provided in the scheme and to be settled in line with other non pressing unsecured creditors category. Your company had filed a Special Appeal before the Hon'ble Allahabad high court for de-sealing and getting back the possession of MTF Modinagar - Plant to your company which is pending for adjudication. After possession, your company shall undertake repair of plant and machineries so as to make the plant functional. In view of the above, operations at MTF plant continued to remain suspended.

Barring a few unsecured creditors, most other creditors have accepted settlement as per SS08. The Company has also paid dues as determined in SS08 to majority of workmen who settled with the company. Others are being persuaded to fall in line with the BIFR Order.

BIFR vide its order dated 23.02.2010 discharged the company from the purview of SICA/ BIFR with the direction that the unimplemented provisions of SS08 for the unexpired period of the Scheme would be implemented by the concerned agencies and their implementation would be monitored by the company.

FINANCIAL RESULTS

During the year under review, your company has recorded a net profit of Rs. 345.67 lacs as compared to Rs. 2905.59 lacs in previous year on a total income of Rs. 3603.43 lacs, as compared to Rs. 4284.62 lacs in the previous year. The income was mainly from sale of surplus assets as per scheme, interest & dividend, sale of old stock of tyres etc. arising on implementation of SS08.

BOARD OF DIRECTORS

Mr Neeraj Sharma was appointed as additional director during the year and is eligible for re-appointment as director. Pursuant to BIFR order, Mr. S C Tripathi and Mr. N P Gupta have ceased to be directors of the company. Mr. Sanjiwan Sahni, director is due to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Chairman & Managing Director is non retiring director 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 had 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 retire as Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

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

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

SUBSIDIARY COMPANIES

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

STATUTORY DISCLOSURES

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

CORPORATE GOVERNANCE

As per the 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 and its Subsidiaries are enclosed 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, Government Authorities and Shareholders during the year under review. Your Directors also appreciate services of executives, staff and workers of the Company for unstinted efforts in rehabilitation and revival of the company.

For and on behalf of the Board

Place : New Delhi

(Vinay Kumar Modi)

Date : September 18, 2010

Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

1. CODE OF CONDUCT

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

2. BOARD OF DIRECTORS

The Composition of the Board of Directors of Company as on 31.03.2010 is as follows:-

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

* Resigned w.e.f. 17.06.2009, ** Resigned w.e.f. 23.02.2010, *** Resigned w.e.f. 17.07.2009, **** Resigned w.e.f. 23.02.2010, @ Shri Vinay Kumar Modi is father of Shri Alok Modi and brother in law of Shri Arvind Nath Seth.

Mr. Neeraj Sharma, has been appointed as Non Executive / Independent Director of the Company w.e.f 30.04.2010.

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

During the year, six meetings of the Board of Directors were held on 25.04.2009, 27.07.2009, 26.08.2009, 08.09.2009, 30.10.2009 and 25.01.2010.

Share holding of Non Executive Directors

Name	*Shri S S Kohli	Shri Alok Modi	Shri KS Bains	Shri AN Seth	Shri S Sahni	*Shri SC Tripathi	*Shri Pawan Chopra	*Shri NP Gupta
No. of Share held	Nil	928	Nil	Nil	Nil	Nil	Nil	Nil

* Ceased to be a directors of the Company Shri S S Kohli w.e.f 17.06.2009, Shri S C Tripathi w.e.f 23.02.2010, Shri Pawan Chopra w.e.f 17.07.2009, Shri N.P. Gupta w.e.f 23.02.2010

3. AUDIT COMMITTEE

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

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

During the year 2009-10, five meetings of the Committee were held on 25.04.2009, 26.08.2009, 08.09.2009, 30.10.2009 and 25.01.2010. The same were attended by the Members:-

Name of the Members	No. of meeting attended
Shri S S Kohli, Chairman*(cease w.e.f. 17.06.2009)	1
Shri K S Bains (Appointed w.e.f. 26.08.2009)	4
Shri Vinay Kumar Modi	5
Shri Sanjiwan Sahni	3

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 year.



5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has a Share Transfer Committee (STC) which looks after Shareholders / Investors' complaints & grievances, and holds its meetings as and when necessary. The Committee consists of Shri V K Modi, Shri Alok Modi and Shri Sanjivan 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 is approved by the STC. During the year under review, 128 complaints were received by the Company / Registrar and Share Transfer Agents from shareholders. All these complaints have since been redressed. There were no share transfer applications pending for registration as on 31st March, 2010.

6. DIRECTORS

Shri S S Kohli, Shri S C Tripathi, Shri Pawan Chopra and Shri N. P Gupta, resigned from the Board of Directors w.e.f. 17.06.2009, 23.02.2010, 17.07.2009 and 23.02.2010 respectively. Shri Neeraj Sharma was appointed as additional director of the Company w.e.f 30.04.2010. Profile of appointed director is attached to the Notice convening 38th Annual General Meeting of the Company.

7. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time
37 th AGM	Dayawati Modi Public School, Modinagar	28.10.2009	11.30 A.M
36 th AGM	Dayawati Modi Public School, Modinagar	30.09.2008	10.00 A.M
35 th AGM	Dayawati Modi Public School, Modinagar	03.11.2007	11.30 A.M

- No special resolution has been passed during the last three AGMs held
- 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
d) Modi Tyres Company Pvt Ltd	100.00

Associates:

i) Man Diesel India Limited (Formerly known as Man B&W Diesel India Limited)	20.00
ii) Gujarat Guardian Limited (GGL)	21.24

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

A) Subsidiaries

	(Rs. Lacs)
i) Transfer of Assets /Liabilities (Net) to Spin Investment (India) Ltd.	564.00
ii) Payable at the year end	5543.21
B) i) Expenses incurred by MRL on behalf of Modi Tyres Company Pvt. Ltd.	239.55
ii) Expenses incurred by MTCPL on behalf of Modi Rubber Ltd.	108.35
iii) Transfer of Assets / Liabilities (Net)	139.25
iv) Receivables at the year end	1063.15

- C) i) Expenses incurred by MRL on behalf of Superior Investment (India) Ltd. 0.03
ii) Payable at the year end 247.10

D) Associates

i) Expenses incurred by MRL on behalf of GGL	10.78
ii) Receivable at the year end	1.91

i) Key Management Personnel:

Mr. Vinay Kumar Modi, Chairman & Managing Director Nil

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

BIFR, vide its order dated 21st April, 2008 sanctioning the Rehabilitation Scheme for the Company, has directed the NSE & BSE to condone / consider to condone all past non-compliances or contraventions of the Listing Agreements upto March 31, 2008 (Cut off date) and re-instate the trading in shares of the company. Thereafter, Company has been regular in compliances of listing agreement and has submitted applications with BSE and NSE for revocation of suspension and resumption in trading of company's shares.

BSE vide its letter dated 15.06.2010 has granted in principle approval for resumption of trading in shares of the company. The documents as advised by BSE have been sent to them. Trading in the shares of the Company is expected to re-start shortly.

9. MEANS OF COMMUNICATION

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

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

10. GENERAL INFORMATION

Date, time and venue of the Annual General Meeting : Saturday, November 27, 2010 at 03.30 P.M.
Auditorium, Dayawati Modi Public School, Modinagar-201 204

Book Closure : 23.10.2010 – 29.10.2010 (both days inclusive)
 Financial Calendar : April 01, 2009 to March 31, 2010
 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 2010 -11
 Stock Market Data : No data. (Trading remains suspended and necessary applications for revocation submitted).
 Registrar and Transfer Agents : Mas Services Ltd.
 : T-34, 2nd Floor, Okhla Industrial Area,
 : Phase - II, New Delhi - 110 020
 : Ph:- 26387281/82/83 , Fax:- 26387384
 : email:- info@masserv.com website : www.masserv.com

Share Transfer System

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

Distribution of Shareholding

The following is the distribution pattern of shareholding of equity shares of the Company as on 31.03.2010:-

No. of shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of shareholding
1 – 5000	13702	95.153	1383936	5.527
5001 – 10000	484	3.361	345687	1.381
10001 – 20000	141	0.979	193985	0.775
20001 – 30000	29	0.201	72167	0.288
30001 – 40000	5	0.035	16759	0.067
40001 – 50000	6	0.042	27695	0.111
50001 – 100000	16	0.111	102812	0.411
100001 and above	17	0.118	22897491	91.442
TOTAL	14400	100.00	25040532	100.00

Shareholding pattern as on 31.03.2010

Category	No. of Shares held	% of Shareholding
Promoters	21564410	86.12
Banks, Insurance Companies	3379	0.01
Mutual Funds	700	0.00
Foreign Institutional Investors	228481	0.91
Bodies Corporate	576805	2.30
NRI/OCBs	121080	0.48
Indian Public	2545677	10.17
Total	25040532	100.00

Dematerialization of Shares and Liquidity

Over 7.54% of the shares have been dematerialised upto 31.03.2010.

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

Non Mandatory requirements

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

CEO / CFO CERTIFICATION

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

For and on behalf of the Board

Place : New Delhi
 Date : September 18, 2010

(Vinay Kumar Modi)
 Chairman & Managing Director



MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Tyre Industry, beside the Economic Growth of the country, is driven by Growth in Transportation, Automobiles and Road Development. The Automobile sector is booming in all segments. The year under review has shown a significant growth in the automobile sector giving a boost to tyre industry as well. Despite the global financial crisis, India has registered growth over 6%.

Apollo, MRF, JK, Ceat and Birla are the main players in the Truck, Bus tyre market. Bridgestone has gained considerably in the Passenger Radial market. The radialisation in Car Tyre is 98% while in the Truck/Bus tyre market it is 5-6% at present. Chinese Bias and radial tyres are also coming to Indian market.

MRL plans to outsource the stocking and distribution which will not only bring economy as it will be variable cost rather than fixed, but shall also improve delivery service to the market. Since the Tyre Production shall be under a subsidiary, it will be a clean company without carrying any Liability and will boost the prospects of Financing and Global partnering. Subsidiary company has signed agreements for technology and brand "Continental" use with Continental, Germany.

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

The outlook is very bright as the demand is growing in India and there is enough market overseas. The company is planning to install the SAP to improve business efficiency and competitiveness. It will enable desired internal controls while improving the speed of information for fast decision making at all levels. Best of the talent will be recruited to build human resources team to ensure that the company is run on professional lines.

AUDITORS' CERTIFICATE AS PER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
Modi Rubber Ltd.

We have examined the compliance of conditions of corporate governance by Modi Rubber Ltd. for the accounting year ended 31.03.2010, 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.

Place: New Delhi
Date: 18.09.2010

for PDM & Co.
(Firm Reg. No. 07966N)
Chartered Accountants

(Prabhat Jain)
Partner
Membership No. 86756

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 2010, the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that :-
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the requirements of the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; and;
 - v) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the Director as on 31st March, 2010 is disqualified from being appointed as director as on 31st March, 2010 of the company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, we further report that subject to:-
 - i) Note No. 1 regarding non acceptance of terms/reliefs/ concessions as per BIFR scheme SS08, by some authorities/ parties.
 - ii) Note No. 4(c) regarding non-provision of Deferred Tax Asset/ Liability;
 - iii) Note No. 7 regarding non availability of information of unpaid balances to Micro, Small and Medium Enterprises;
 - iv) Note No. 8 regarding non confirmation/ reconciliation of various balances of Suppliers, Customers, Advances etc; and;
 - v) Note No. 12 regarding non ascertainment of value of intangible assets and value of impairment loss on Assets as per AS 26 & 28 respectively;

the total impact of which, is presently not ascertainable, the said accounts read with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-

- i) in the case of Balance Sheet, of the state of the Company's affairs as at 31st March 2010;
- ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and;
- iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

Date : 18.09.2010
Place : New Delhi

CA. PRABHAT JAIN
Partner
M.No. 86756

ANNEXURE TO THE AUDITORS' REPORT

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

- i) a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets have not been physically verified by the management during the year. In view of non verification, it is not possible for us to comment, if there is any serious discrepancy.
- c) In our opinion and according to the information and explanation given to us the Company has not disposed off a substantial part of its fixed assets during the year.
- ii) a) The 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, there were no material discrepancies noticed on physical verification of inventories as compared to book records.
- iii) a) The Company has granted an interest free unsecured loan to a company listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount of loan granted during the year and the balance outstanding as at March 31, 2010 is Rs. 1063.15 lacs.
- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loan given are not prima facie prejudicial to the interest of the company.
- c) Such loan outstanding at the year end is at call and has not been recalled during the year.
- d) The Company has taken interest free unsecured loans from two companies listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount of loans taken during the year was Rs. 6354.34 lacs and the balance outstanding as at March 31, 2010 is Rs. 5790.31 lacs.



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

S. No.	Name of the Statute	State	Amount Rs. Lacs	Forum Where Dispute is pending	Period to Which It Relates
I	EXCISE LIABILITY				
1	Central Excise Act, 1944	Central Excise Act, 1944	3,239.10	High Court and Appellate Tribunals	1992-2002
II	SALES TAX LIABILITY				
1	Bihar Finance Act	Bihar	1,469.35	Jt. Comm. (A)	1990-2002
2	Delhi ST Act	Delhi	1,049.36	D.C. (A)	1976-2002
3	Maharashtra ST Act	Mumbai	1,793.54	D.C. (A)	1975-2002
4	Maharashtra ST Act	Nagpur	130.53	D.C. (A)	1994-2000
5	W.B State Act	Kolkatta	1,078.27	D.C. (A)	1975-2001
6	Gujarat S. Tax Act	Gujarat	279.43	Jt. Comm. (A)	1996-2002

S. No.	Name of the Statute	State	Amount Rs. Lacs	Forum Where Dispute is pending	Period to Which It Relates
7	Kerala GST Act	Kerala	427.97	D.C. (A)	1980-2002
8	Jharkand ST Act	Jamshed-pur	180.89	D.C. (A)	2000-2002
9	Jharkand ST Act	Ranchi	84.83	D.C. (A)	2000-2002
10	A.P GST Act	Andhra Pradesh	298.02	Comm. (A)	1999-2002
11	Haryana CST Act	Haryana	137.62	Jt. Comm. (A)	1999-2003
12	J & K ST Act	Jammu & Kashmir	254.34	D.C. (A)	1999-2002
13	Orissa ST Act	Orissa	6.44	D.C. (A)	1999-2002
14	M.P Comm. Tax Act	Madhya Pradesh	178.43	D.C. (A)	1993-2002
15	Chattisgarh ST Act	Chattisgarh	81.59	D.C. (A)	2001-2002
16	Uttaranchal ST Act	Uttaranchal (Haldwani)	39.52	Jt. Comm. (A)	2000-2002
17	Pondicherry ST Act	Pondicherry	2.34	D.C. (A)	1999-2000
18	UP Trade Tax Act/CST	Uttar Pradesh	3,435.58	Addl. Comm. (A)	1977-2001

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

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

Date : 18.09.2010
Place : New Delhi

CA. PRABHAT JAIN
Partner
M.No. 86756

BALANCE SHEET

AS AT 31ST MARCH, 2010

DESCRIPTION	SCHEDULE	As at 31.03.2010 Rs. lacs	As at 31.03.2009 Rs. lacs
SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	1	2504.05	2504.05
b. Share Application Money - Pending Allotment		700.00	700.00
c. Reserves & Surplus	2	5801.58	5801.58
		9005.63	9005.63
2. Loan Funds			
a. Secured Loans	3	0.00	675.00
b. Unsecured Loans	4	6002.51	6583.71
		6002.51	7258.71
	TOTAL	15008.14	16264.34
APPLICATIONS OF FUNDS			
1. Fixed Assets			
a. Gross Block	5	9592.16	9522.73
b. Less: Depreciation		7880.39	7614.48
c. Net Block		1711.77	1908.25
2. Investments			
	6	9869.47	9869.47
3. Current Assets, Loans & Advances			
a. Inventories	7	417.04	1760.21
b. Cash & Bank Balances		418.82	1066.27
c. Loans & Advances		3193.60	3342.06
		4029.46	6168.54
Less : Current Liabilities & Provisions			
a. Liabilities	8	3119.10	4517.18
b. Provisions		4.25	31.20
		3123.35	4548.38
Net Current Assets/(Liabilities)		906.11	1620.16
4. Profit & Loss Account			
		2520.79	2866.46
	TOTAL	15008.14	16264.34
Accounting Policies, Contingent Liabilities and Notes	13		

Date : 18.09.2010	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 & Managing Director	Alok Modi Sanjiwan Sahni K.S. Bains Directors	Kamal Gupta Head – Finance & Accounts S.K. Bajpai Head – Legal & Company Secretary
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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

DESCRIPTION	SCHEDULE	Year ended 31.03.2010 Rs.lacs	Year ended 31.03.2009 Rs.lacs
INCOME			
Sales & Other Income	9	3603.43	4284.62
		3603.43	4284.62
EXPENDITURE			
Materials Cost	10	2127.79	136.35
Expenses	11	904.40	617.88
Financing Charges	12	14.39	402.47
Depreciation		206.88	211.83
		3253.46	1368.53
Profit before Tax		349.97	2916.09
PROVISION FOR TAXATION			
Wealth Tax		4.30	4.00
Fringe Benefit Tax		0.00	6.50
Net Profit after Tax		345.67	2905.59
Transfer from Debenture Redemption Reserve		0.00	29.00
Balance (Loss) brought forward from previous year		(2866.46)	(5801.05)
Balance being (Loss) carried to Balance Sheet		(2520.79)	(2866.46)
Basic and Diluted Earning Per Share (in Rupees)		1.38	11.60
Accounting Policies,Contingent Liabilities and Notes	13		

As per our Report Attached
For P D M & Co.
(Firm Registration No. 07966N)
Chartered Accountants
CA. Prabhat Jain
Date : 18.09.2010
Place : New Delhi

V.K. Modi
Chairman &
Managing Director
M.No. 86756

Alok Modi
Sanjiwan Sahni
K.S. Bains
Directors

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

SHARE CAPITAL SCHEDULE-1

DESCRIPTION	As at	As at
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
Authorised		
50000000 Equity Shares of Rs.10 each	5000.00	5000.00
200000 11% Cumulative Redeemable Preference Shares of Rs.100 each	200.00	200.00
TOTAL	5200.00	5200.00
Issued, Subscribed and Paid-up		
25040532 Equity Shares of Rs.10 Each Paid up in Cash	2504.05	2504.05
TOTAL	2504.05	2504.05

RESERVES & SURPLUS SCHEDULE-2

DESCRIPTION	As at	As at
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
Capital Reserve : (On Forfeiture/re-issue of Debentures)	19.26	19.26
Share Premium Account As per last account	5782.32	5782.32
TOTAL	5801.58	5801.58

SECURED LOANS SCHEDULE-3

DESCRIPTION	As at	As at
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
Loans and Advances from Banks	0.00	675.00
TOTAL	0.00	675.00

UNSECURED LOANS SCHEDULE-4

DESCRIPTION	As at	As at
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
Dealers' Security Deposits	62.19	79.37
Inter Corporate Deposits*	150.00	150.00
Subsidiary Companies**	5790.32	6354.34
TOTAL	6002.51	6583.71

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

** Interest free



FIXED ASSETS SCHEDULE - 5

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Original Cost as at 01.04.2009	Additions during the year	Adjustments/* Deductions during the year	Total Cost as at 31.03.2010	Upto 31.03.2009	For the year	Adjustment/* Deductions	Upto 31.03.2010	As At 31.03.2010	As At 31.03.2009
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
Land	326.33	0.00	-4.11	330.44	0.00	0.00	0.00	0.00	330.44	326.33
Buildings	3342.46	0.00	-52.61	3395.07	2402.52	53.14	-59.68	2515.34	879.73	939.94
Plant & Machinery	3591.45	0.00	0.00	3591.45	3055.21	136.00	0.00	3191.21	400.24	536.24
Furniture, Office Equipments & Electrical Installations etc.	2035.41	13.48	0.77	2048.12	1936.50	15.99	0.65	1951.84	96.28	98.91
Patent & Trade Marks	0.08	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.08	0.08
Vehicles	227.00	0.00	0.00	227.00	220.25	1.75	0.00	222.00	5.00	6.75
This year	9522.73	13.48	-55.95	9592.16	7614.48	206.88	-59.03	7880.39	1711.77	1908.25
Previous year	9644.14	6.50	127.91	9522.73	7493.62	211.82	90.96	7614.48	1908.25	2150.52

NOTES:

- (Gross Block)
Rs.Lacs
- Land includes :-
- Leasehold 127.53
 - Building Includes :-
- On leasehold basis 739.34
- Alongwith cost of land on which depreciation charged on total cost 12.52
- For which conveyance deed is yet to be executed (15, Friends colony west, New Delhi) 98.73
- Alongwith other assets at Bombay, possession of which (except one floor) is with the company as per court decision, transfer of title of property is pending decision of court 165.00
* Includes reversal of Assets previously transferred.

INVESTMENTS SCHEDULE - 6

DESCRIPTION	As at 31.03.2010		As at 31.03.2009
	Rs. lacs	Rs. lacs	Rs. lacs
LONG TERM INVESTMENTS			
(In Equity Shares of Companies- Fully paid up)			
No. of Shares Quoted			
A. Trade Investments			
1,14,75,000	Modistone Limited * of Rs. 10 each	2137.50	2137.50
	Less : Provision for diminution in value of shares	(2137.50)	(2137.50)
B. Other Investments			
19,79,998	Lords Chloro Alkali Limited of Rs. 10 each	198.00	198.00
	Less : Provision for diminution in value of shares	(178.20)	(178.20)
12,50,000	Spark Plug Ltd. of Rs. 10 each	125.00	125.00
	Less : Provision for diminution in value of shares	(125.00)	(125.00)
7,08,563	Bihar Sponge Iron Ltd. of Rs. 10 each	70.86	70.86
	SUB TOTAL	90.66	90.66
Unquoted			
32,00,000	Man Diesel India Ltd. of Rs. 10 each	320.00	320.00
3,33,50,000	Gujarat Guardian Ltd. of Rs. 10 each	3335.00	3335.00
31,37,000	Xerox India Ltd. of Rs. 10 each	459.30	459.30
29,915	Superior Investment (India) Ltd. ** of Rs. 100 each	29.92	29.92
29,915	Spin Investment (India) Ltd. ** of Rs. 100 each	29.92	29.92
5,60,46,680	Modi Tyre Company (P) Ltd. ** of Rs.10 each	5604.67	5604.67
	SUB TOTAL	9778.81	9778.81
	TOTAL OF INVESTMENTS	9869.47	9869.47
	Aggregate market value of quoted Investments	70.93	38.19

* Subsidiary Company

** Wholly owned Subsidiary Company

CURRENT ASSETS, LOANS & ADVANCES SCHEDULE - 7

DESCRIPTION	As at		
	31.03.2010	31.03.2009	
	Rs. lacs	Rs. lacs	Rs. lacs
CURRENT ASSETS			
a. Inventories (as taken, valued and certified by the management) (including in transit)			
Stores, Spare Parts and loose tools		215.17	215.17
Raw Materials		96.66	1257.25
Finished Goods		72.92	72.92
Goods-in-process		30.31	212.89
Scrap & Wastage		1.98	1.98
TOTAL		417.04	1760.21
b. Cash and Bank Balances			
Cash balance on hand		8.89	54.78
Balances with Scheduled Banks			
In Current Accounts		55.37	524.12
In Fixed Deposit/Margin Money Accounts		354.56	486.42
In Savings Account (Employees' Security)		0.00	0.95
TOTAL		418.82	1066.27
c. Loans & advances (unsecured, considered good unless otherwise specified)			
Loans			
Lords Chloro Alkali Limited	10.00		140.17
Less : Provision for doubtful Loan	0.00	10.00	(127.96)
Modi Spg. & Wvg. Mills Limited (Note 3)		460.31	460.31
Advances recoverable in cash or in kind or for value to be received and / or adjusted			
Staff	36.48		111.20
Others*	1475.24		1482.04
Sales Tax paid under protest/recoverable	54.79		146.11
Deposit with Government Deptt & Others	43.44		91.07
Balances with Customs, Excise, Port Trust etc.	1033.17		1081.15
	2643.12		
Less:Provision for doubtful advances	(7.46)	2635.66	(163.92)
Income-tax paid		87.63	98.48
Wealth-tax paid		0.00	4.94
Fringe Benefit tax paid		0.00	18.47
TOTAL		3193.60	3342.06

* Includes amount due to Wholly Owned Subsidiary, Modi Tyres Company Pvt. Ltd. Rs. 1063.15 lacs (Previous Year Rs. 792.70 lacs.)

CURRENT LIABILITIES & PROVISIONS SCHEDULE - 8

DESCRIPTION	As at	
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
a. Current Liabilities		
Sundry Creditors (Note 5a & b)	1985.01	2319.21
Provision for unascertainable future Liabilities	0.00	318.17
Advance against sale of Property	0.00	454.76
Other Liabilities	1134.09	1425.04
TOTAL	3119.10	4517.18
b. Provisions		
Wealth tax	4.25	9.70
Fringe Benefit tax	0.00	21.50
TOTAL	4.25	31.20



SALES AND OTHER INCOME SCHEDULE - 9

DESCRIPTION	Year ended		
	31.03.2010	31.03.2009	
	Rs. lacs	Rs. lacs	Rs. lacs
Sales less returns (Gross)		1301.49	192.48
Less: Excise duty		0.00	20.03
	"A"	1301.49	172.45
Other Income			
Interest received on:			
Deposits, Loans and Advances (Gross)		24.90	124.95
(Tax deducted at source Rs.3.27 Lacs)			
Investments		0.00	0.65
Dividend received		338.07	11.01
Excess Liabilities/Provisions/Sundry Balances/ Written back (Net)		0.00	866.20
Profit on sale of Investments		0.00	745.74
Profit/sale of Assets		1841.29	2230.96
Miscellaneous sales/income :			
Excise Duty Refund		0.00	102.30
Rent and other Income		97.68	30.36
(Tax deducted at source Rs. 4.82 Lacs)			
	"B"	2301.94	4112.17
TOTAL (A+B)		3603.43	4284.62

MATERIALS COST SCHEDULE - 10

DESCRIPTION	Year ended		
	31.03.2010	31.03.2009	
	Rs.lacs	Rs.lacs	Rs.lacs
Raw Materials Consumed/Sold			
Opening Stock*	1257.25		1261.02
Add : Warehouse charges	784.62		0.00
Add : Purchases	0.00		0.00
	2041.87		1261.02
Less: Stock transferred/sold	0.00		3.77
Closing Stock	96.66		1257.25
		1945.21	0.00
Opening Stock:			
Finished Goods	72.92		196.39
Goods-in-process**	212.89		216.51
Scrap & Wastage	1.98		11.24
	287.79		424.14
Less : Closing Stock			
Finished Goods	72.92		72.92
Goods-in-process	30.31		212.89
Scrap & Wastage	1.98		1.98
	105.21		287.79
Decrease in Stock		182.58	136.35
TOTAL		2127.79	136.35

* Opening stock is being re-instated by Rs.689.37 lacs to bring it to the original cost.

** Opening stock is being re-instated by Rs. 136.93 lacs to bring it to the original cost.

EXPENSES SCHEDULE- 11

DESCRIPTION	Year ended		
	31.03.2010	31.03.2009	
	Rs.lacs	Rs.lacs	Rs.lacs
Rent		20.61	12.47
Repairs & Maintenance:			
Plant & Machinery	0.73		1.58
Buildings	37.39		21.81
Others	18.90	57.02	9.75
Salaries, Wages, etc.		102.78	70.67
Contribution to Family Pension and Provident Fund		3.57	3.92
Rates & Taxes		11.12	13.23
Insurance Charges		4.01	3.60
Auditors' Remuneration:			
Audit Fee	2.00		1.65
For Certificates etc.	1.78		2.34
For Other matters	0.00		1.40
For Expenses	0.50	4.28	0.50
Travelling & Conveyance		49.10	80.71
Electricity Consumed		17.59	25.12
Legal & Professional Charges		403.56	271.21
Repairs & Maintenance to Vehicles		3.29	2.66
Telephone & Postage Expenses		6.39	11.98
Sundry Balances Written off (Net)		138.52	0.00
Provision for Doubtful Loans & Advances		4.35	0.00
Directors' Sitting Fee		1.80	2.75
Miscellaneous Expenses		76.41	80.53
TOTAL		904.40	617.88

FINANCING CHARGES SCHEDULE- 12

DESCRIPTION	Year ended		
	31.03.2010	31.03.2009	
	Rs.lacs	Rs.lacs	Rs.lacs
Interest on:			
Debentures & Other Fixed Loans	0.00		3.04
Others	13.86	13.86	398.99
Bank Charges etc.		0.53	0.44
TOTAL		14.39	402.47

ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES SCHEDULE -13

A. ACCOUNTING POLICIES

1. Method of Accounting

Company generally maintains its accounts on accrual basis, except in case of certain items of Income/ Expenditure where recovery/payment is uncertain. Accordingly, estimated benefits against exports remaining to be utilised / liability for duty free raw materials excess utilised as at the end of the year has been accounted for in arriving at the consumption of raw materials.

2. Inventory Valuation

- (a) Stores, Spares Parts and Loose Tools
- (b) Raw Materials
- (c) Finished Goods
- (d) Goods-in-process
- (e) Scrap and Wastage

At weighted average cost.

At weighted average cost

Lower of Cost or net realisable value.

Lower of Cost or net realisable value.

At estimated selling price.

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



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

B. CONTINGENT LIABILITIES

	As at 31.03.2010 Rs. Lacs.	As at 31.03.2009 Rs. Lacs.
1. Guarantees (Unconfirmed)	11555.46	813.61
2. Sales Tax Matters	2221.30	3205.26
3. Excise / Customs Matters	1657.90	1631.92
4. Others	337.06	NIL

C. NOTES

- 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 and excess liabilities were written off from the Books of accounts of company with effect from cut off date in terms of the SS08 for giving true and fair view of financial health of the company assuming/ considering relief & concessions as directed by the Learned BIFR would be given / accepted/ considered by all the concerned parties as per rehabilitation scheme sanctioned by the Learned BIFR.
BIFR vide its order dated 23.02.2010 discharged the company from the purview of SICA/ BIFR upon turning networth positive as at 31.03.2009, with the direction that the unimplemented provisions 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. Appeals against the said discharge order of BIFR has been filed and are pending in the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) for adjudication. Whereas, in fact some of the authorities / parties have not accepted terms of settlement and relief & concessions as provided in SS08.
- Land & Building at Modi Tyre Factory (MTF), Modinagar is on perpetual lease taken from Modi Export Processors Ltd. (MEPL) which has been liquidated by the order of Hon'ble Allahabad High Court. Pursuant to Allahabad High Court Order possession of the MTF is with the Official Liquidator of MEPL. Company has taken appropriate legal recourse for getting possession back of MTF from Official Liquidator for carrying out industrial activities in terms of BIFR Order dated 21.04.2008. After possession, MTL shall carryout repair work to make MTF functional at the earliest. In view of the above, operation at MTF plant, however, continue to remain suspended.
- Amount due from Modi Spinning & Weaving Mills Company Ltd. (MSWML) (Rs. 460.31 lacs Net) includes Rs. 349.61 lacs appropriated by Punjab National Bank in the year 1992-93 towards the outstanding loan and interest payable by MSWML. The company has filed a suit against MSWML for recovery of amount which is pending before the Delhi High Court for adjudication.
- No provision for taxation for the year ended 31st March 2010 is required to be made since there is no taxable income due to unabsorbed depreciation and brought forward losses.
 - Provision for Wealth Tax is computed in accordance with the provision of the Wealth Tax Act, 1957.
 - In terms of Accounting Standard (AS-22) on accounting for Taxation of Income issued by the Institute of Chartered Accountants of India, the Company has not recognised the Deferred Tax Assets/Liability due to uncertainty of future profitability.
- Sundry creditors include Rs. 136.62 lacs (20% of Rs. 683.10 lacs as per settlement terms defined in BIFR SS08) towards lease rent payable to M/s Modi Exports Processors Ltd.(MEPL) for the period January, 2002 to September, 2007. Further no liability towards lease rent has been provided after September, 2007 since the premises are sealed by the Official Liquidator of MEPL.
 - Sundry creditors also include Rs. 82.04 lacs payable to M/s Madura Coats Limited, Rs. 186.42 lacs to M/s Continental Carbons Limited and Rs. 23.91 lacs to M/s Oriental Carbon and Chemicals Limited totaling to Rs. 292.37 lacs (being 30% of Rs. 974.58 lacs) as per settlement term stated in BIFR SS-08.
- Expenses and claims relating to previous year adjusted in respective accounts not separately shown are Rs. 14.09 lacs [previous year Rs.1.36 lacs].

SCHEDULE -13 (Contd)

7. The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act, has not been given.
8. The balances of the suppliers, customers & advances etc. are subject to confirmation / reconciliation.
9. Earning per Share :
- | | 2009-10 | 2008-09 |
|-------------------------------|----------|----------|
| Profit after Tax (Rs. Lacs) | 345.68 | 2905.59 |
| Basic number of equity shares | 25040532 | 25040532 |
| Basic earning per share (Rs.) | 1.38 | 11.60 |
10. The Company's operations comprise only one segment i.e. Automobile Tyres, Tubes & Flaps and therefore there is no other business/ geographical segments to be reported as required under Accounting Standard (AS-17) of The Institute of Chartered Accountants of India.
11. Related Parties Disclosures in accordance with Accounting Standard (AS – 18) of The Institute of Chartered Accountants of India.

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

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

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

A) Subsidiaries	Rs. Lacs
i) Transfer of Assets /Liabilities (Net) to Spin Investment (India) Ltd.	564.00
ii) Payable at the year end	5543.21
B) i) Expenses incurred by MRL on behalf of Modi Tyres Co Pvt. Ltd	239.55
ii) Expenses incurred by MTCPL on behalf of MRL	108.35
iii) Transfer of Assets /Liabilities (Net)	139.25
iv) Receivable at the year end	1063.15
C) i) Expenses incurred by MRL on behalf of Superior Investment (India) Limited	0.03
ii) Payable at the year end	247.10
D) Associates:	
i) Expenses incurred by MRL on behalf of GGL	10.78
ii) Receivable at the year end	1.91

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

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

Contribution for Employees Benefit :

Defined Contribution Plans

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

Provident Fund :

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

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

	2009-10 Rs. in lacs
(a) Contribution to Provident Fund	2.73
(b) Contribution to Employee Pension Scheme 1995	0.84

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.



SCHEDULE -13 (Contd)

Defined Benefit
Obligation (Gratuity)
31 March, 2010
Rs. lacs

A. The amounts (In Rs.) recognised in the balance sheet are as follows:		
Present value of funded obligations		22.30
Fair value of plan assets		22.30
Present value of unfunded obligations		1.19
Unrecognised past service cost		Nil
Unrecognised Actuarial loss		Nil
Net liability (Asset)		1.19
Amounts in the balance sheet:		
Liabilities		23.49
Assets		22.30
Net liability (Asset)		1.19
B. The amounts (In Rs.) recognised in the statement of profit and loss are as follows:		
Current service cost		1.07
Interest on obligation (21.72* 7.25%)		1.57
Expected return on plan assets		(1.94)
Net actuarial losses (gains) recognised in year ended		2.11
Past service cost		Nil
Losses (gains) on curtailments and settlement		Nil
Total, included in employee benefit expense		2.81
C. Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:		
Opening Defined Benefit Obligation 1-4-2009		21.72
Service cost for the year		1.07
Interest cost for the year 21.72*7.25%		1.57
Actuarial losses (gains)		0.26
Losses (gains) on curtailments		Nil
Liabilities extinguished on settlements		Nil
Liabilities assumed in an amalgamation in the nature of purchase		Nil
Exchange differences on foreign plans		Nil
Benefits paid		(1.13)
Closing defined benefit obligation 31-03-2010		23.49
D. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:		
Opening fair value of plan assets as on 01-04-2009		23.34
Expected return on mean fund (22.78*8.5%)		1.94
Actuarial gains and (losses)		(1.84)
Assets distributed on settlements		Nil
Contributions by employer		Nil
Assets acquired in an amalgamation in the nature of purchase		Nil
Exchange differences on foreign plans		Nil
FDR and Central Government Securities earmarked for payment of gratuity		Nil
Benefits paid		(1.14)
Closing balance of fair value of plan assets as on 31-03-2010		22.30
E. The major categories of plan assets as a percentage of total plan assets are as follows:		
FDR and Central Government Securities		100%
Deposits with Banks		0%
High quality corporate bonds		0%
Equity shares of listed companies		0%
Property		0%
Policy of insurance		0%

SCHEDULE -13 (Contd)

F. Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):		
Discount rate as on 31-3-2010		7.25%
Expected return on plan assets at 31-3-2010		8.50%
Proportion of employees opting for early retirement		Nil
Annual increase in Salary costs		5.25%
G. Gratuity Benefit		
Amount for the current period are as follows:		
Defined Benefit Obligation as at 31-03-2010		23.49
Plan assets		22.30
Surplus / (deficit)		(1.19)
Experience adjustments on plan liabilities		0.26
Experience adjustments on plan assets		(1.85)

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

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

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

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

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

FINISHED GOODS

Class of Goods		Installed* Capacity Per Year	Opening	Production#	Sales/Trf. Quantity** Amount (Rs.)	Closing
		(in lacs)	(in lacs)		(in lacs)	(in lacs)
MANUFACTURED GOODS						
Automobile Tyres						
	Nos.	12.16	0.21	-	-	0.21
	Rs.	-	57.52	-	-	57.52
	Nos.	(12.16)	(0.24)	-	(0.03)	(0.21)
	Rs.	-	(133.92)	-	(128.22)	(57.52)
Automobile Tubes	Nos.	24.20	0.87	-	-	0.87
	Rs.	-	15.40	-	-	15.40
	Nos.	(24.20)	(0.94)	-	(0.07)	(0.87)
	Rs.	-	(47.79)	-	(29.56)	(15.40)
Automobile Flaps	Nos.	-	-	-	-	-
	Rs.	-	-	-	-	-
	Nos.	-	(0.08)	-	(0.08)	-
	Rs.	-	(2.78)	-	(2.78)	-
				*** Purchases		
TRADING GOODS						
Automobile Tyres	Nos.	-	-	-	-	-
	Rs.	-	-	-	-	-
	Nos.	-	(0.04)	-	(0.04)	-
	Rs.	-	(11.18)	-	(11.18)	-
Automobile Tubes	Nos.	-	-	-	-	-
	Rs.	-	-	-	-	-
	Nos.	-	(0.005)	-	(0.005)	-
	Rs.	-	(0.55)	-	(0.55)	-
Automobile Flaps	Nos.	-	-	-	-	-
	Rs.	-	-	-	-	-
	Nos.	-	(0.01)	-	(0.01)	-
	Rs.	-	(0.17)	-	(0.17)	-

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

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

* As certified by the management.

** Balancing figure/stock adjustment.

*** Net of purchase return.

Including conversion from outside.



SCHEDULE -13 (Contd)

CONSUMPTION OF RAW MATERIALS

S. No.	ITEM	YEAR ENDED 31/03/2010				YEAR ENDED 31/03/2009			
		Imported		Indigenous		Imported		Indigenous	
		Qty. (Kgs)	Amount (in Lacs)	Qty. (Kgs)	Amount (in Lacs)	Qty. (Kgs)	Amount (in Lacs)	Qty. (Kgs)	Amount (in Lacs)
1	Raw Materials								
1	Natural Rubber	304,000	257.87	195,809	52.31	-	-	-	-
2	Synthetic Rubber	602,411	471.01	152,447	73.66	-	-	-	-
3	Carbon Black	24,000	17.95	179,564	64.66	-	-	-	-
4	Nylon fabric	315,792	406.78	99,932	160.18	-	-	-	-
5	Rubber Chemicals	28,993	36.34	467,133	207.05	-	-	-	-
6	Misc. & Others	-	20.97	-	176.43	-	-	-	-
	TOTAL		1,210.92		734.29				

15. Information pursuant to Notification GSR-386 (E) dated 15th May 1995.

I. Registration Details

Registration No.: 3392

State Code : 20

Balance Sheet Date

31.03.2010

Rs. in lacs

II. Capital raised during the year

Public Issue

NIL

Bonus Issue

NIL

Right Issue

NIL

Private Placement

NIL

III. Position of Mobilisation and Deployment of Funds

Total Liabilities

15008.14

Total Assets

15008.14

Sources of Funds

Paid up Capital

2504.05

Share Application Money

700.00

Reserves & Surplus

5801.58

Secured Loans

675.00

Unsecured Loans

6002.51

Applications of Funds

Net Fixed Assets

1711.77

Investments

9868.47

Net Current Assets

906.11

Accumulated Losses

2520.79

Performance of Company

Turnover/Other Income

3603.43

Total Expenditure

3253.46

Profit/(Loss) Before Tax

349.97

Profit/(Loss) After Tax

345.67

Earning per Share (Rupees)

1.38

Dividend Rate %

NIL

Generic Names of Principal Products/Services of Company

(As per monetary terms)

Item Code No. (ITC Code)

Product Description

40112000

Automobile Tyres

40131002

Automobile Tubes

40129004

Automobile Flaps

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

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

As per our Report Attached

For P D M & Co.

(Firm Registration No. 07966N)

Chartered Accountants

CA. Prabhat Jain

Partner

M.No. 86756

V.K. Modi

Chairman &

Managing Director

Alok Modi

Sanjiwan Sahn

K.S. Bains

Directors

Kamal Gupta

Head – Finance & Accounts

S.K. Bajpai

Head – Legal &

Company Secretary

Date : 18.09.2010

Place : New Delhi

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010		2008-2009		
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
A. Cash Flow from operating activities					
Net Profit before tax and extraordinary items		349.97		2,916.09	
Add: Adjustments for:					
Depreciation	206.88			211.83	
Interest Paid	(13.86)			402.08	
Interest Received	(24.90)			(125.60)	
Net(Profit)/Loss on Assets sold/discarded	(1,841.29)			(2,230.96)	
Provision made for doubtful debts and advances	4.35			-	
Balances /Provisions not required Written back/off (Net)	138.52			(1,275.23)	
Dividend/Income received from units	(338.07)	(1,868.37)		(11.01)	(3,028.89)
Operating profit before working capital changes		(1,518.40)			(112.80)
Adjustments for:					
(Increase)/Decrease in Trade and other receivables	1,889.52			653.97	
Increase/(Decrease) in Trade payable	(1,365.28)			(2,446.13)	
		524.24		(1,792.16)	
Cash generated from operations before tax		(994.16)		(1,904.96)	
Add : Taxes (paid)/refund		-		(8.09)	
Net cash generated from operating activities			(994.16)		(1,913.05)
B. Cash flow from investing activities:					
Interest received		-		32.65	
Dividend received		338.07		11.01	
Additions to Fixed assets		(13.48)		(6.50)	
Proceeds from sale of Fixed assets		1,263.19		2,267.90	
Proceeds from sale of Investments		-		551.13	
Investments made during the year		-		(1,037.50)	
Net cash generated from investing activities			1,587.78		1,818.69
C. Cash Flow from financing activities:					
Increase/(Decrease) in Borrowings		(1,254.93)		476.09	
Share Application Money received		-		700.00	
Interest paid		13.86		(402.03)	
Net cash used in financing activities			(1,241.07)		774.06
Net increase/(decrease) in cash and cash equivalent(A+B+C)			(647.45)		679.70
Cash and cash equivalents as at the beginning of the year			1,066.27		1132.31
Cash and cash equivalents as at the end of the year			418.82		1812.01

NOTES: 1. Cash and Cash equivalents includes.

Cash , Cheques in hand and remittance in transit.	8.89	54.78
Balance with Banks.	409.93	1011.49
TOTAL	418.82	1066.27

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

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

Date : 18.09.2010
Place : New Delhi



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

1. Name of the Subsidiary Companies	Modi Tyres Company Private Limited	Superior Investment (India) Ltd.	Spin Investment (India) Ltd.	Modistone Ltd.*
2. Number of shares held in the Subsidiary Companies	5,60,46,680 Equity Shares of Rs. 10/- each fully paid	29,915 Equity Shares of Rs. 100/- each fully paid	29,915 Equity Shares of Rs. 100/- each fully paid	1,14,75,000 Equity Shares of Rs. 10/- each fully paid
3. Percentage of holding in the Subsidiary Companies	100%	100%	100%	55.32%
4. Financial year ended	31.03.2010	31.03.2010	31.03.2010	-
5. Profits/(Losses) of the subsidiary Companies for their financial year so far as they concern the members of Modi Rubber Limited which have not been dealt within the accounts of Modi Rubber Limited for the year ended 31.03.2010	Rs./ Lacs	Rs./ Lacs	Rs./ Lacs	Rs./ Lacs *
For the year	(2460.15)	(0.22)	(11.46)	--
For the Previous year	(1164.66)	(0.65)	3800.28	--
6. The net aggregate of Profit/(Losses) of the Subsidiary Companies which have been dealt within the accounts of Modi Rubber Limited for the year ended 31.03.2010				
For the year	N . A .	N . A .	N . A .	N . A .
For the Previous year	N . A .	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 &
Managing Director

Alok Modi
Sanjiwan Sahni
K.S. Bains
Directors

Kamal Gupta
Head – Finance & Accounts

S.K. Bajpai
Head – Legal &
Company Secretary

Date : 18.09.2010
Place : New Delhi

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 26th Directors' Report together with the Audited Statement of Accounts of the Company for the Accounting Year ended 31st March, 2010

WORKING RESULTS

During the year under review, Company incurred loss of Rs 0.22 Lacs (Previous year loss of Rs 0.65 Lacs).

DIRECTORS

Shri Mahesh Prasad Tyagi, Director retires by rotation and, being eligible, offers himself for re-appointment.

FIXED DEPOSITS

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

STATUTORY DISCLOSURES

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

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

AUDITORS

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

Auditors' observations, if any, in their Report are self explanatory and do not need any further comment.

COMPLIANCE CERTIFICATE

Compliance Certificate to Section 383A of the Companies Act, 1956 is attached as Annexure 1.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place: New Delhi
Dated: 30.08.2010

Director Director

COMPLIANCE CERTIFICATE

Annexure 1

CIN of the Company : U65993DL1981PLC012512
Nominal Capital of the Company : Rs. 1,00,00,000/-
Paid up Capital of the Company : Rs. 29,91,500/-

To,
The Members,
M/s Superior Investment India Limited,
4-7C, DDA Shopping Centre, New Friends Colony,
New Delhi - 110 065

I have examined the registers, records, books and papers of M/s Superior Investment India Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its Directors and officers, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, NCT of Delhi & Haryana.
3. The Company being a Public Limited Company, no comments with regard to the number of members is required.
4. The Board of Directors duly met 5 times on 08.05.2009, 08.06.2009, 20.08.2009, 15.12.2009 and 15.03.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has not closed its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31.03.2009 was held on 29.09.2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extraordinary general meeting was held during the year.
8. As explained to me/us that the Company has not advanced any loan to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. As explained to me/us that the Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicated share certificates during the financial year.
13. That:
 - a) There was no allotment / transfer / transmission of shares during the financial year under review.
 - b) The Company has not deposited any amount in separate bank account as no dividend was declared during the financial year.
 - c) The Company was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
 - d) The Company was not required to transfer any amount in Investor Education and Protection fund.
 - e) The Company has complied with requirement of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted. The appointment of nominee director has been duly made. There was no appointment of alternate director and/or directors to fill casual vacancy except re-appointment of directors retiring by rotation.
15. The Company has not appointed any managing director / whole time director manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The directors have made disclosure of interest in other Companies / firms pursuant to section 299 of the Act.
19. The Company has not issued any shares, debentures or other securities during the financial year under review in accordance with the provisions of Act.
20. The Company has not bought back any of its shares during the financial year.
21. The Company has not issued any preference shares since its inception.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits falling within the purview of section 58A & 58AA of the Act during the financial year.
24. The Company has not made any borrowings during the financial year under review under the provisions of the Section 293(1)(d) of the Companies Act, 1956.
25. The Company has granted unsecured loans to one Company covered under the reg-

AUDITORS' REPORT

The Share Holders
 Superior Investments India. Ltd, Delhi
 We have audited the attached Balance Sheet of Superior Investments India Ltd. as at 31st March 2010 and the Profit & Loss Account for the year ended on that date annexed thereto. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion proper books of accounts as required by the law have been kept by the company so far as its appears from our examination of the books;
3. The balance sheet and Profit & Loss Account dealt with by this report are in agreement with such books of accounts;
4. In our opinion, the balance sheet and profit & Loss account dealt with by this report comply with the accounting standards, referred to in sec. 211 (3C) of the companies act 1956.
5. On the basis of representations received from the Directors of the company, we report that, no director is disqualified as on 31-3-2010 from being appointed as a director of the company under the clause (g) of sub section (1) of section 274 of the companies act 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. In the case of balance sheet, of the state of affairs of the Company as at 31st March 2010; and
 - ii. In the case of Profit & Loss Account, of the Loss for the year ended on that date

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

- i) a. The Company does not have any fixed assets therefore this clause is not applicable.
- ii) a. The company does not have any inventory, therefore this clause is not applicable..
- iii) a. The company has given unsecured loan to one company covered under register maintained under section 301 of the Companies Act, 1956. The loan outstanding at the year end was Rs. 247.10 Lacs and the maximum balance during the year was Rs. 247.13 Lacs.
 - a. According to the information and explanation given to us, interest has not been charged and the terms and conditions have not been settled, the loan has been given to the holding company therefore we are unable to comment whether the terms are prejudicial to the interest of the company.
 - b. The repayment of principal and interest wherever applicable has been regular during the year.
 - c. There is no over due amount hence no steps are required to be taken by the company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) a. The transactions that need to be entered into the register in pursuance of section 301 of the Act have been so entered.
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Company Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The company has not accepted any deposit from the public during the year.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) The maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 are not required for the company.
- ix) a) The Company is regular in depositing the undisputed statutory dues including Income tax and any other statutory dues with the appropriate authorities.
 - a) According to the information and explanations given to us, no undisputed amounts payable in respect of afore mentioned dues were in arrears, as 31st March 2010 for a period of more than six months from the date they became payable. According to the information and explanations given to us, there are no statutory dues that have not been deposited on account of dispute.
- x) The company does not has any accumulated losses but has incurred a cash loss of Rs. 0.06/- Lacs during the financial year covered by our audit.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks. As there are no debentures, the question of repayment does not arise.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) We are informed that the Company has not any given guarantees for loans taken by others from banks or financial institutions. Therefore, clause 4(xv) of the companies (Auditor's Report) order, 2003 is not applicable to the company.
- xvi) The company has not obtained any term loan during the year and therefore, clause 4(xvi) of the companies (Auditor's Report) order, 2003 is not applicable to the company.
- xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment. No Long-term funds have been used to finance short-term assets except permanent working capital. The company has not raise any funds on short-term basis or long-term basis during the year and therefore clause 4(xvii) of the companies (Auditor's Report) order, 2003 is not applicable to the company.
- xviii) The company has not issued any debentures during the year and therefore clauses 4(xviii) of the companies (Auditor's Report) order, 2003 is not applicable.
- xix) The company has not raised money by public issue during the year and therefore clause 4(xix) of the companies (Auditor's Report) order, 2003 is not applicable.
- xx) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

As per our Report of Even Date
 For and on Behalf of For Nahta Jain & Associates
 Chartered Accountants F.R.N. 106801W
 (GAURAV NAHTA) Partner

Place : New Delhi
 Date : 30.08.2010

ister maintained under section 301 of the Companies act, 1956. The loan outstanding at the year end was Rs. 247.10 Lacs and the maximum balance during the year was Rs.247.13 Lacs/- . Necessary entries have been made in the register kept for the purpose. However the Company has not given any guarantee or provided securities to other bodies corporate.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the financial year.
31. It has been explained to me / us that the company has not received any show cause notice initiating prosecution / imposing fines or penalties against / upon the company or any of its directors for alleged offences under the act during the financial year under review.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted any provident fund u/s 418 of the Act. The provisions of section 418 are not applicable.

FOR MANOJ PAREEK & ASSOCIATES
 COMPANIES SECRETARIES
 (Manoj Pareek)
 C.P. No.

Place: New Delhi
 Date: August 30, 2010

ANNEXURE TO THE COMPLAINE CERTIFICATE

Annexure A

REGISTERS AS MAINTAINED BY SUPERIOR INVESTMENT INDIA LIMITED

Serial no.	Statutory Registers	Sections
1.	Register of Members	150
2.	Registers of Directors	303
3.	Registers of Director Shareholdings	307
4.	Minutes Books of the Board Meetings	193
5.	Minutes Books of the AGM & EGM	193
6.	Register of Contracts	301

OTHER REGISTERS

Serial no.	Name of Registers
1.	Register of Loan and Investment
2.	Register of Share Application Money & Allotment
3.	Register of Transfer of Shares
4.	Register of Fixed Assets

Annexure B

The Company has filed the following documents with the Registrar of Companies during the financial year ended March 31, 2010.

Sr. No	Form No.	U/s	For	Date of Filing	Whether filed within pre-scribe time (Yes / No)	If delay in filing whether requisite add. fees paid (Yes/ No)
1	Annual Return Form 20 B	159	A.G.M	13.11.2009	Yes	No
2	Compliance Certificate	383A	For F.Y ending 31.03.2009	02.11.2009	No	Yes
3.	Balance Sheet Form	220	For F.Y ending 31.03.2009	03.11.2009	No	Yes
4.	Form 32		Appointment of Director	18.05.2009	Yes	No

BALANCE SHEET
AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010 (Rs. Lacs)	As at 31.03.2009 (Rs. Lacs)
I SOURCE OF FUNDS			
Shareholders's Funds			
Share Capital	1	29.92	29.92
Reserves & Surplus	2	262.60	262.82
Total		292.52	292.74
II APPLICATION OF FUNDS			
Investments			
	3	26.05	26.05
Current Assets, Loans and Advances			
	4		
Cash and Bank Balances		0.48	0.51
Sundry Debtors		-	0.24
Loans and Advances		266.10	266.13
		266.58	266.88
Less : Current Liabilities & Provisions			
	5		
Current Liabilities		0.11	0.19
Provisions		-	-
		0.11	0.19
Net Current Assets		266.47	266.69
Total		292.52	292.74
Accounting policies and notes to Accounts	6		

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010

	For the Year Ended 31.03.2010 (Rs. Lacs)	For the Year Ended 31.03.2009 (Rs. Lacs)
INCOME		
Dividend Received	0.26	0.22
Excess Provision Written Back	0.08	0.00
Total	0.34	0.22
EXPENDITURE		
Audit Fee	0.11	0.11
Director's Sitting Fee & Expenses	0.00	0.27
Filing fee	0.06	0.21
Legal & Professional charges	0.12	0.26
Bank charges	0.01	0.01
Charges General	0.02	0.01
Debit Balance Written off	0.24	0.00
Total	0.56	0.87
Profit/(Loss) before Taxation	(0.22)	(0.65)
Provision for Taxation	0.00	0.00
Profit/(Loss) after Taxation	(0.22)	(0.65)
Surplus brought forward from previous year	(0.68)	(0.03)
Balance Carried to Balance Sheet	(0.90)	(0.68)
Accounting policies and notes to Accounts	6	

As per our report attached

for NAHTA JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 106801W

GAURAV NAHTA
Partner
M. No. 116735

VIJAY GUPTA
Director

M.P. TYAGI
Director

SANJIWAN SAHNI
Chairman

New Delhi
Date : 30.08.2010

SCHEDULES ATTACHED TO AND FORMING PART OF ACCOUNTS

	As At 31.03.2010 (Rs. Lacs)	As At 31.03.2009 (Rs. Lacs)
SCHEDULE 1 - SHARE CAPITAL		
Authorised Capital		
80000 Equity shares of Rs. 100/- each	80.00	80.00
20000 11% Redeemable Preference Shares of Rs. 100/- each	20.00	20.00
	<u>100.00</u>	<u>100.00</u>
Issued, Subscribed and Paid up		
29915 Equity Shares of Rs. 100/- each Fully Paid up (Entire Equity Shares are held by holding company)	29.92	29.92
TOTAL	<u>29.92</u>	<u>29.92</u>

	As At 31.03.2010 (Rs. Lacs)	As At 31.03.2009 (Rs. Lacs)
SCHEDULE 2 - RESERVES & SURPLUS		
General Reserves	263.50	263.50
Profit & Loss Account	(0.90)	(0.68)
TOTAL	<u>262.60</u>	<u>262.82</u>

	As At 31.03.2010 (Rs. Lacs)	As At 31.03.2009 (Rs. Lacs)
SCHEDULE 3 - INVESTMENTS		
LONG TERM INVESTMENTS		
In Shares of Companies		
QUOTED		
880 Equity Shares of Housing Development Finance Corpn. Ltd. of (880) Rs. 10/- each fully paid up	0.06	0.06
UNQUOTED		
96000 Equity Shares of Modi Carpets Ltd. (96000) of Rs. 10/- each fully paid up.	6.19	6.19
95000 Equity Shares of Xerox Modicorp Ltd. (95000) of Rs. 10/- each fully paid up.	9.50	9.50
9000 Equity Shares of Licensintorg Co. (I) Pvt. Ltd. of Rs. 100/- each (9000) fully paid up.	9.00	9.00
11550 Equity Shares of Kesha Processors Ltd. (Formerly known as Chic Creation (I) Ltd.) of Rs. 10/- each fully paid up.	1.05	1.05

	As At 31.03.2010 (Rs. Lacs)	As At 31.03.2009 (Rs. Lacs)
CURRENT INVESTMENTS		
In Units of mutual funds		
QUOTED		
2500 Units of Prudential ICICI Technology (2500) Fund of Rs. 10/- each fully paid up.	0.25	0.25
TOTAL	<u>26.05</u>	<u>26.05</u>
Aggregate Book Value of quoted investments	0.31	0.31
Aggregate Market Value of quoted investments	23.91	12.42
Aggregate Book Value of unquoted investments	25.74	25.74

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

SCHEDULE 4 - CURRENT ASSETS, LOANS AND ADVANCES

	As At 31.03.2010 (Rs. Lacs)	As At 31.03.2009 (Rs. Lacs)
CURRENT ASSETS		
Cash & Bank Balances		
Balance with Scheduled Bank in Current Account	0.48	0.51
TOTAL	<u>0.48</u>	<u>0.51</u>
SUNDRY DEBTORS		
(Considered Good)		
Outstanding for less than six months	-	0.24
TOTAL	<u>-</u>	<u>0.24</u>
Loans and Advances		
Modi Rubber Limited	247.10	247.13
Other advances	19.00	19.00
TOTAL	<u>266.10</u>	<u>266.13</u>

	As At 31.03.2010 (Rs. Lacs)	As At 31.03.2009 (Rs. Lacs)
SCHEDULE 5 - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Expenses Payable	0.11	0.19
TOTAL	<u>0.11</u>	<u>0.19</u>
Provisions		
Provision for Taxation	-	-
TOTAL	<u>-</u>	<u>-</u>

**SCHEDULE - 6
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

A. Accounting Policies :

1. Basis of accounting

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

2. Investments

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

3. Revenue recognition

Income and expenditure are recognized on accrual basis.

4. Taxes on Income

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

Superior Investment (India) Ltd.

B. Notes to Accounts

- The Company jointly with Spin Investment (India) Limited stood as guarantor to State Bank of Hyderabad (SBH) for credit facilities sanctioned to MBM Limited (in liquidation). Due to non payment of dues, SBH brought DRT order dated 25.9.1999 for the recovery of Rs. 106.39 lacs with pendent elite and future interest @ 19.38% p.a. As against the said order, the Company made one time full and final settlement of its share with SBH and paid Rs. 50.28 lacs. which was appearing as advance in the books. Looking at present state of affairs of MBM Limited (in liquidation) its recovery appears doubtful, hence the said advance has been written off to the extend of 75% and balance 25% is appearing in the books of account.
- The Company has not recognized any deferred tax assets/ liabilities in the books of account due to uncertainty of future profitability.
- Application for registration u/s 45 1 a of the RBI Act, 1934 (2 of 1934) was made on 08.08.1997 and communication from RBI is still awaited.
- The Company is a Deemed Limited Company u/s 43A of the Companies Act. 1956. However, section 43a is not applicable after the commencement of companies (amendment) Act, 2000 i.e. 13.12.2000. Consequently, the company has to inform to Registrar of companies that it has become Private Limited Company. Necessary action is being taken to comply with above requirement.
- Disclosures in respect of related parties as defined in Accounting Standard 18 (AS-18) of the Institute of Chartered Accountants of India, with whom transactions have taken place during the year are given below:-

(a) Holding Co.	Modi Rubber Limited
Following transactions were carried out with the related parties in the ordinary course of business:	
Particulars	Holding Co.
Repayment of unsecured loan	Rs. 3000/-
Receivable at the year end	Rs. 24710113/-
The particulars given above have been identified on the basis of information available with the company.	

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

I Registration Details	
Registration No.	12512 State Code 55
Balance Sheet Date	31 03 10
II Capital Raised during the year (Amount in Rs. Thousands)	
Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL
III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)	
Total Liabilities	Total Assets
29252	29252
Sources of Funds	Reserves and Surplus
Paid up Capital	26260
2992	
Secured Loans	Unsecured Loans
NIL	NIL
Application of Funds	Investments
Net Fixed Assets	2605
NIL	
Net Current Assets	Misc. Expenditure
26647	NIL
Accumulated Losses	
NIL	
IV Performance of Company (Amount in Rs. Thousands)	
Turnover/Income	Total Expenditure
34	56
+/- Profit/Loss before Tax	+/- Profit/Loss After Tax
-22	-22
Earning per Share in Rs. 100 each in Rs.	Dividend Rate %
NIL	NIL
V Generic Names of Three Principal Products/Services of Company (As per monetary terms)	
Not applicable since it is an investment company	

As per our report attached

for NAHTA JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 106801W

CA GAURAV NAHTA
Partner
M. No. 116735

VIJAY GUPTA
Director

M.P. TYAGI
Director

SANJIWAN SAHNI
Chairman

New Delhi
Date : 30.08.2010

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 27th Directors' Report together with the Audited Statement of Accounts of the Company for the Accounting Year ended 31st March, 2010.

FINANCIAL RESULTS

During the year under review, Company earned Loss of Rs. 11.46 Lacs (Previous year profit Rs. 4312.21 Lacs) before provision for taxation. Your Directors, do not recommend any dividend.

DIRECTORS

Shri Madangopal Mal Singhvi, Director retires by rotation and, being eligible, offers himself for re-appointment.

FIXED DEPOSITS

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

STATUTORY DISCLOSURES

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

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

AUDITORS

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

Auditors' observations, if any, in their Report are self explanatory and do not need any further comment.

COMPLIANCE CERTIFICATE

Compliance Certificate to Section 383A of the Companies Act, 1956 is attached as Annexure 1.

ACKNOWLEDGEMENT

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

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

Place : New Delhi
Date : September 10, 2010

Director Director

COMPLIANCE CERTIFICATE

Annexure 1

CIN of the Company : U74899DL1982PLC013733
Nominal Capital of the Company : Rs. 1,00,00,000/-
Paid up Capital of the Company : Rs. 29,91,500/-

To,
The Members, M/s Spin Investment India Limited,
6-7C, DDA Shopping Centre, New Friends Colony, New Delhi - 110 065
I have examined the registers, records, books and papers of M/s Spin Investment India Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its Directors and officers, I certify that in respect of the aforesaid financial year:

- The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
- The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, NCT of Delhi & Haryana.
- The Company being a Public Limited Company, no comments with regard to the number of members is required.
- The Board of Directors duly met Four times on 26.05.2009, 20.08.2009, 11.12.2009 and 10.03.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The company has not closed its Register of Members during the financial year.
- The annual general meeting for the financial year ended on 31.03.2009 was held on 29.09.2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- No extraordinary general meeting was held during the year.
- As explained to me/us that the Company has not advanced any loan to its directors and/or persons or firms or companies referred in the section 295 of the Act.
- As explained to me/us that the Company has not entered into any contracts falling within the purview of section 297 of the Act.
- The company has made necessary entries in the register maintained under section 301 of the Act.
- As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
- The Company has not issued any duplicate share certificates during the financial year.
- That:
 - There was no allotment / transfer / transmission of shares during the financial year under review.
 - The Company has not deposited any amount in separate bank account as no dividend was declared during the financial year.
 - The Company was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
 - The Company was not required to transfer any amount in Investor Education and Protection fund.
 - The Company has complied with requirement of Section 217 of the Act.
- The Board of Directors of the company is duly constituted. The appointment of additional director has been duly made. There was no appointment of alternate director and/or directors to fill casual vacancy except reappointment of directors retiring by rotation.
- The Company has not appointed any managing director / whole time director manager during the financial year.
- The Company has not appointed any sole selling agents during the financial year.
- The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
- The directors have made disclosure of interest in other Companies / firms pursuant to section 299 of the Act.
- The Company has not issued any shares, debentures or other securities during the financial year under review in accordance with the provisions of Act.
- The Company has not bought back any of its shares during the financial year.
- The Company has not issued any preference shares since its inception.
- There were no transactions necessitating the company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
- The Company has not invited / accepted any deposits falling within the purview of section 58A & 58AA of the Act during the financial year.
- The Company has not made any borrowings during the financial year under review under the provisions of the Section 293(1)(d) of the Companies Act, 1956.
- The Company has granted unsecured loans to one Company covered in the register maintained under section 301 of the Companies act, 1956 of which Loans of Rs. 554321383.46/- were outstanding at the year end. The maximum amount of loan granted to the said company during the year was Rs. 610721383.46

- lacs/- However the Company has not given any guarantee or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
 27. The Company has not altered the provisions of the memorandum with respect to objects of the company during the year under scrutiny.
 28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
 29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
 30. The company has not altered its articles of association during the financial year.
 31. It has been explained to me / us that the company has not received any show cause notice initiating prosecution / imposing fines or penalties against / upon the company or any of its directors for alleged offences under the act during the financial year under review.
 32. The Company has not received any money as security from its employees during the financial year.
 33. The Company has not constituted any provident fund u/s 418 of the Act. The provisions of section 418 are not applicable.

FOR MANOJ PAREEK & ASSOCIATES
COMPANIES SECRETARIES

Place: New Delhi
Date: September 10, 2010

Manoj Pareek
C.P. No. 8910

ANNEXURE TO THE COMPLAINE CERTIFICATE

Serial no.	Statutory Registers	Sections
1.	Register of Members	150
2.	Registers of Directors	303
3.	Registers of Director Shareholdings	307
4.	Minutes Books of the Board Meetings	193
5.	Minutes Books of the AGM & EGM	193
6.	Register of Contracts	301

OTHER REGISTERS

Serial no.	Name of Registers
1.	Register of Loan and Investment
2.	Register of Share Application Money & Allotment
3.	Register of Transfer of Shares
4.	Register of Fixed Assets

Annexure B

The Company has filed the following documents with the Registrar of Companies during the financial year ended March 31, 2010.

Sr. No	Form No.	U/s	For	Date of Filing	Whether filed within pre-scribe time (Yes / No)	If delay in filing whether requisite add. fees paid (Yes/ No)
1	Annual Return Form 20 B	159	A.G.M	11.11.2009	Yes	No
2	Compliance Certificate	383A	For F.Y ending 31.03.2009	02.11.2009	No	Yes
3.	Balance Sheet Form	220	For F.Y ending 31.03.2009	03.11.2009	No	Yes
4.	Form 32	260 / 303(2)	Appointment of Additional Director	14.10.2009	No	Yes
5.	Form 32	303(2)	Cessation of Director	14.10.2009	No	Yes
6.	Form 32	257 / 303(2)	Appointment of Director (Change of designation)	31.10.2009	No	Yes

AUDITORS' REPORT

The Share Holders

Spin Investments India Ltd, Delhi

We have audited the attached Balance Sheet of Spin Investments India Ltd. as at 31st March 2010 and the Profit & Loss Account for the year ended on that date annexed thereto. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

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

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion proper books of accounts as required by the law have been kept by the company so far as its appears from our examination of the books;
3. The balance sheet and Profit & Loss Account dealt with by this report are in agreement with such books of accounts;
4. In our opinion, the balance sheet and Profit & Loss account dealt with by this report comply with the accounting standards, referred to in sec. 211 (3C) of the companies act 1956.
5. On the basis of representations received from the Directors of the company, we report that, no director is disqualified as on 31-3-2010 from being appointed as a director of the company under the clause (g) of sub section (1) of section 274 of the companies act 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. In the case of balance sheet, of the state of affairs of the Company as at 31st March 2010; and
 - ii. In the case of Profit & Loss Account, of the Loss for the year ended on that date

As per our Report of Even Date
For and on Behalf of
For Nahta Jain & Associates
Chartered Accountants
F.R.N. 106801W
(GAURAV NAHTA)
Partner
M. No. (116735)

Place : New Delhi
Date : 10/09/2010

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

- i) a. The Company does not have any fixed assets therefore this clause is not applicable.
- ii) a. The Company does not have any inventory, therefore this clause is not applicable.
- iii) a. The Company has granted unsecured loan to one company covered in the register maintained under section 301 of the Companies Act, 1956, of which loans of Rs. 554321383.46/- were outstanding in the year end. The maximum amount of loan granted to the said company during the year was Rs. 610721383.46/-.
- b. According to the information and explanation given to us, interest has not been charged and the terms and conditions have not been settled, the loan has been given to the holding company therefore, we are unable to comment whether the terms are prejudicial to the interest of the company.
- c. The repayment of principal and interest wherever applicable has been regular during the year.
- d. The Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained u/s 301 of the companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) a. The transactions that need to be entered into the register in pursuance of section 301 of the Act have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Company Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The company has not accepted any deposit from the public during the year.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) The maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 are not required for the company.
- ix) a) According to the records examined by us the Company is regular in depositing the undisputed statutory dues including Income tax, provident fund, investor Education, Sales Tax, Wealth Tax etc. and any other statutory dues with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of afore mentioned dues were in arrears, as at 31st March 2010 for a period of more than six months from the date they became payable. According to the information and explanations given to us, there are no statutory dues of Income tax, provident fund, Investor Education, Sales Tax, Wealth Tax etc. that have not been deposited on account of dispute.
- x) The company does not has any accumulated losses but has incurred a cash loss of Rs.11,45,643.52/- Lacs during the financial year covered by our audit.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks. As there are no debentures, the question of repayment does not arise.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) We are informed that the Company has not any given guarantees for loans taken by others from banks or financial institutions. Therefore, clause 4(xv) of the companies (Auditor's Report) order, 2003 is not applicable to the company.
- xvi) The company has not obtained any term loan during the year and therefore, clause 4(xvi) of the companies (Auditor's Report) order, 2003 is not applicable to the company.
- xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment. No Long-term funds have been used to finance short-term assets except permanent working capital.
- xviii) The company has not issued any debentures during the year and therefore clause 4(xviii) of the companies (Auditor's Report) order, 2003 is not applicable.
- ix) The company has not raised money by public issue during the year and therefore clause 4(xix) of the companies (Auditor's Report) order, 2003 is not applicable.
- xx) According to the information and explanations give to us, no fraud on or by the company has been noticed or reported during the course of our audit.

As per our Report of Even Date
For and on Behalf of
For Nahta Jain & Associates
Chartered Accountants
F.R.N. 106801W
(GAURAV NAHTA)
Partner
M. No. (116735)

Place : New Delhi
Date : 10/09/2010

BALANCE SHEET

AS AT 31ST MARCH, 2010

As at 31.03.2009 Rs. Lacs	LIABILITIES	As at 31.03.2010 Rs. Lacs	As at 31.03.2009 Rs. Lacs	ASSETS	As at 31.03.2010 Rs. Lacs
	SHARE CAPITAL AUTHORISED		0.01	INVESTMENTS (As per Annexure-1)	0.01
80.00	80,000 Equity Shares of Rs.100/- each	80.00		CURRENT ASSETS, LOANS & ADVANCES	
20.00	20,000 11% Redeemable Preference Shares of Rs.100/- each	20.00		A) CURRENT ASSETS	
100.00		100.00	6.00	Bank Balance with Scheduled Banks in :	
			0.25	Fixed Deposits	0.00
			2.51	Cash in hand	0.00
				Current Account	1.92
	ISSUED, SUBSCRIBED & PAID UP			B) LOANS & ADVANCES (Unsecured Considered good)	
29.92	29,915 Equity Shares of Rs.100/- each fully Paid Up (Entire Equity Capital is held by Holding Company)	29.92	6107.21	- Modi Rubber Ltd.	5543.21
			73.85	- Advance Income Tax/TDS	636.61
			0.03	- Security Deposit	0.03
			0.05	- Interest Accrued But Not Due	0.00
			0.06	Amount Recoverable	0.00
	RESERVES & SURPLUS				
639.66	General Reserve 639.66				
4941.29	Profit & Loss A/c. 4929.83	5569.49			
	CURRENT LIABILITIES & PROVISIONS				
2.83	Sundry Creditors	6.41			
575.05	Provision For Taxation	575.05			
0.69	Provision For - FBT	0.69			
0.53	Other Liabilities	0.22			
6189.97	TOTAL	6181.78	6189.97	TOTAL	6181.78

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

As per our Report attached
for Nahta Jain & Associates
Chartered Accountants
FRN-106801W

GAURAV NAHTA
PARTNER (M. NO. 116735)

Place : New Delhi
Date : 10.09.2010

KAMAL GUPTA
Director

R.K. AGARWAL
Director

P **ROFIT & LOSS ACCOUNT**
FOR THE YEAR ENDED 31ST MARCH, 2010

Previous Year Rs. Lacs	EXPENDITURE	Amount Rs. Lacs	Previous Year Rs. Lacs	INCOME	Amount Rs. Lacs
3.89	Salary	3.56	0.88	Interest	0.10
2.89	Car expenses	2.89		(TDS Rs. .01 Lacs (Previous Year Rs. 0.15 Lacs)	
0.30	Telephone expenses	0.32			
	Auditors' remuneration :		4338.99	Profit on Sale of Investments	0.00
0.17	Audit Fee	0.17			
0.25	Directors' sitting fee	0.00			
0.03	Directors' Expenses	0.00			
2.21	General Expenses	0.27			
0.04	Bank Charges	0.04			
17.78	Legal/Professional Expenses	4.31			
0.10	Interest Paid on FBT	0.00			
4312.21	Balance (Loss) carried down	(11.46)			
4339.87	TOTAL	0.10	4339.87	TOTAL	0.10
0.53	Provision for - FBT	0.00	4312.21	Balance (Loss) Brought down	(11.46)
511.40	Provision for taxation (Net)	0.00	1141.01	Balance (Profit) Brought forward from previous year	4941.29
4941.29	Balance (Profit) Carried to Balance Sheet	4929.83			
5453.22	TOTAL	4929.83	5453.22	TOTAL	4929.83

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

As per our Report attached
for Nahta Jain & Associates
Chartered Accountants
FRN-106801W

GAURAV NAHTA
PARTNER (M. NO. 116735)

Place : New Delhi
Date : 10.09.2010

KAMAL GUPTA
Director

R.K. AGARWAL
Director

**INVESTMENTS
ANNEXURE-I**

DESCRIPTION	As at March 31, 2010 Rs. Lacs	As at March 31, 2009 Rs. Lacs
Long Term Investments		
Unquoted		
10 Equity Shares of Indo Euro Industries Ltd. (10) of Rs. 10/- each fully paid up	0.01	0.01
TOTAL	0.01	0.01

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

Aggregate book value of unquoted investments . 0.01 0.01

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

Accounting Policies:

1 Basis of accounting:

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

2 Investments

Long-term investments are stated at cost.

3 Revenue recognition

Income and expenditure are recognised on accrual basis.

Notes to accounts:

- On completion of assessment for assessment years 2003-04 and 2006-07 the assessing officer raised demand of Rs. 3,54,224/- and Rs. 2,23,306/-, respectively. The company has paid entire amount of demand for assessment year 2003-04 and Rs. 2,10,000/- for assessment year 2006-07. Appeal for A. Y. 2006-07 has been decided against the company by the CIT(A) The company has filed appeal before the Hon'ble ITAT Delhi which is still pending. As advised, no provision for tax has been made in the books of accounts at this stage. The provision if any, will be made on disposal of appeal by the Appellate Authority / Court.
- Previous year figures have been regrouped/ rearranged wherever necessary so as to make them comparable with those of the Current year.
- Disclosures in respect of related parties as defined in Accounting Standard 18 (AS-18) of the Institute of Chartered Accountants of India, with whom transactions have taken place during the year are given below:-
(a) Holding Co. Modi Rubber Limited
Following transactions were carried out with the related parties in the ordinary course of business:

Particulars	Holding Co.
Repayment of unsecured loan	Rs. 56400000/-
Receivable at the year end	Rs. 554321383/-

The particulars given above have been identified on the basis of information available with the company.

As per our Report attached
for Nahta Jain & Associates
Chartered Accountants
FRN-106801W

**GAURAV NAHTA
PARTNER (M. NO. 116735)**

Place : New Delhi
Date : 10.09.2010

**KAMAL GUPTA
Director**

**R.K. AGARWAL
Director**

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

I Registration Details

Registration No. 13733 State Code 55

Balance Sheet Date 31 03 2010

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

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

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

Total Liabilities 618178	Total Assets 618178
-----------------------------	------------------------

Sources of Funds

Paid up Capital 2992	Reserves and Surplus 556949
Secured Loans NIL	Unsecured Loans NIL

Application of Funds

Net Fixed Assets NIL	Investments 1
Net Current Assets 559940	Misc. Expenditure NIL
Accumulated Losses NIL	

IV Performance of Company (Amount in Rs. Thousands)

Turnover 10	Total Expenditure 1156
+ - Profit/Loss Before Tax -1146	+ - Profit/Loss After Tax -1146
Earning per Share in Rs. -	Dividend Rate % -

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

Not applicable since it is an Investment Company

DIRECTORS' REPORT

The Members,
Modi Tyres Company Private Limited, NEW DELHI

Your Directors present the audited financial results for the year ended on 31st March, 2010 as under:

	31.03.2010	(Rs. in 000)	31.03.2009
Total sales & other income	3908324	0.00	
Less: Excise duty	291984	0.00	
Net sales & other income	3676340	0.00	
Less: Total Expenditure excluding Finance charges & depreciation	3738357	108205	
Profit/(Loss) before Finance charges & depreciation	(62017)	(108205)	
Less: i) Finance charges	122784	-	
ii) Depreciation	61214	6559	
Profit/ Loss before Tax	(246015)	(114764)	
Less: Provision for tax	0.00	0.00	
- Fringe benefit tax (FBT)		592	
- Prior year FBT		1110	
Profit / loss after tax	(246015)	(116466)	

WORKING RESULTS AND FUTURE OUTLOOK

During the year under review Company has recorded domestic sales of Rs. 30,560.66 lacs and export sales Rs. 7554.11 lacs. During the year under review your company has reported a Loss after tax of Rs. 2460.15 lacs as compared of Rs. 1164.66 lacs in the previous year. Plant has a capacity of producing 95,000 tyres per month whereas presently Company is producing 60,000 tyres per month approx. It is expected during the current year company will achieve 90 - 95% plant rated capacity. Your company has been making all out efforts to strengthen distribution and selling net work and to have maximum products in its portfolio to cater needs of its Customers. Presently your company has 110 CFAs and 1400 Dealers. During the current year, it is expected to reach 200 CFAs and 2500 dealers. Your company has developed a new tyre 'Mier' to expand product portfolio which is expected to hit market some time in the month of Nov / Dec 2010. The company has successfully gone live on SAP in its production for uniformity in products and inventory, distribution and accounting for effective and better control. Your Board of Directors are also pleased to report that your company has successfully renewed technology and "Continental" brand use agreements with Continental Aktiengesellschaft, Germany. Board of Directors are pleased to report that product is very well accepted in the market by the customers and future of your company coupled with the expected GDP growth of over 8-9% looks very optimistic. However, high volatility in the prices of raw materials in particular natural rubber presently being witnessed will pose a challenge to your company to meet.

DIRECTORS

Shri Prithvi Raj Khanna shall retire at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

FIXED DEPOSITS

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

STATUTORY DISCLOSURES

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

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

Information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1938, is given in Annexure - I forming part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

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

- that in preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation for material departure, if applicable
- that the directors 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 profit and loss of the company for that period.
- 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, except to the extent mentioned in the enclosed financial statements.
- that the directors have prepared the annual accounts on a going concern basis.

AUDITORS

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

The Company being in its first year of production encountered lots of challenges including implementation of SAP, refurbishment of Plants etc. During the year there was no internal audit. However the company has an outside concurrent auditor appointed by the bank, engaged in evaluating and verifying the company financial activities and helps in maintaining effective managerial control.

ACKNOWLEDGEMENT

Your directors place on record their sincere thanks to the Bankers, Customers, suppliers, dealers, employees, workers and the Central and State governments etc. for their valuable contribution and support. Your directors also wish to place on record its deep appreciation to Continental and Modi Rubber and its management for their continued support and contribution in all spheres of operations.

On behalf of the Board of Directors

Place : New Delhi
Date : 18.09.2010

(Vinay Kumar Modi)
Chairman

Annexure - I

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

(i) Conservation of Energy & Technical Absorption

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

PARTICULARS	2009-2010	2008-09
(A) Power & Fuel Consumption		
(1) Electricity		
(a) Purchased Units kwh	31809680.00	2280012.00
Total amount (Rs.Lac)	1333.44	121.13
Rate / Unit (Rs.)	4.19	5.31
(b) Own generation		
Units kwh	2553598.00	678295.00
Total amount (Rs.lac)	233.15	69.06
Units / liter of Diesel oil	3.16	2.95
Cost / unit (Rs.)	9.13	10.18
Total Electricity (a+b)	34363278.00	2958307
(2) Coal consumed		
Quantity (MT)	20810.00	480.00
Amount (Rs.Lac)	1058.76	14.40
Rate / MT (Rs.)	5088.00	3000.00
(3) Furnace Oil		
Quantity (KL)	586.05	3.00
Amount (Rs.Lac)	138.05	0.84
Average Rate (Rs.)	23556.00	28.00
(B) Consumption / unit of Production		
Production Wt. (MT)	26341.00	NIL
Power - KWH / MT	1305.00	NIL
Coal - Kgs / Mt	790.00	NIL
Furnace Oil - Ltr / Mt	22.00	NIL

(ii) Foreign exchange earnings and outgo

(a) Activities relating to Exports and export plans :

The Company has been exporting Truck Tyres to neighboring countries and is making continues efforts to increase the volumes.

(b) (i) **Total foreign exchange used during the year**
During the year the Company has made expenditure of Rs 3.24 crores in foreign currency on account of Technical know how fees.

(ii) **Total foreign exchange earned during the year**
During the year the Company has earned Rs 75.54 crores in foreign currency on account of FOB Value of Imports.

AUDITORS' REPORT

To the Members of
Modi Tyres Company Private Limited

We have audited the attached Balance Sheet of Modi Tyres Company Private Limited ('the Company'), as at 31 March 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

- we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards prescribed by Companies (Accounting Standards) Rules, 2006, to the extent applicable;
- on the basis of written representations received from the Directors of the Company as on 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010 from being appointed as a Director in terms of clause (g) of

- sub-section (1) of Section 274 of the Companies Act, 1956; and
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010;
- (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B S R & Company
Chartered Accountants
Registration no. 128032W
Vikram Advani
Partner
Membership No: 091765

Place: Gurgaon
Date: 29 September 2010

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with the same, the Company has, during the year, verified a portion of its fixed assets. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) According to information and explanation given to us, fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. According to the information and explanation provided to us, no material discrepancies were noted on such verification.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly paragraph 4(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets. In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the sale of goods. As informed to us, the Company does not provide any services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given 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) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of rupees five lakhs are for the Company's specialised requirements and for which suitable alternative sources are not available to obtain comparable quotations. Hence, it is not possible for us to comment whether above 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 deposits from the public.
- (vii) The Company does not have an internal audit system.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Customs duty, Excise duty, Cess, Service tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. Undisputed statutory dues of Provident Fund, Employees' State Insurance, Sales-tax and income tax have generally been regularly deposited with the appropriate authorities, though there have been slight delays in few cases. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund and Wealth tax.
- There were no dues on account of cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income tax, Customs duty, Sales tax, Excise duty, Cess and Service tax which have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company has been registered for less than five years. Accordingly paragraph 4(x) of the Order is not applicable.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding debentures or any due to from any financial institution during the year.
- (xii) According to the information and explanations given 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) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has used funds raised on short term basis, to the extent of Rs.456,046,022 for long term purposes.
- (xviii) The Company has not made any preferential allotment of shares during the year to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Company
Chartered Accountants
Registration no. 128032W
Vikram Advani
Partner

Place: Gurgaon
Date: 29 September 2010

Membership No: 091765

BALANCESHEET
AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Sources of funds			
Shareholders' funds			
Share capital	1	560,466,800	560,466,800
Loan funds			
Secured loans	2	1,000,866,237	14,768,716
Total		1,561,333,037	575,235,516
Application of funds			
Fixed assets			
Gross block	3	655,467,360	100,016,374
Less : Accumulated depreciation		67,772,601	6,558,719
Net block		587,694,759	93,457,655
Capital work in progress		71,259,903	543,597,859
		658,954,662	637,055,514
Current assets, loans and advances			
Inventories	4	913,712,105	85,064,097
Sundry debtors	5	592,695,244	-
Cash and bank balances	6	45,134,551	2,896,035
Loans and advances	7	263,663,622	2,004,089
		1,815,205,522	89,964,221
Less : Current liabilities and provisions			
Current liabilities	8	1,176,519,686	194,550,080
Provisions	9	98,788,526	73,700,150
		1,275,308,212	268,250,230
Net current assets		539,897,310	(178,286,009)
Profit and loss account balance		362,481,065	116,466,011
Total		1,561,333,037	575,235,516
Significant accounting policies and notes to the accounts	15		

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

As per our report attached

For **B S R & Company**
Chartered Accountants
Registration no. : 128032W

Vikram Advani
Partner
Membership no. : 091765

V K Modi
Chairman

Alok Modi
Director

Sunil Sharma
Head - Finance & Accounts

Saroj Kumar Thakur
Company Secretary

Place : Gurgaon
Date : 29.09.2010

P **ROFIT & LOSS ACCOUNT**
FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year ended 31 March 2010 Rs.	Year ended 31 March 2009 Rs.
Income			
Sales	10	3,811,478,126	-
Less: Excise duty		231,984,688	-
Net Sales		3,579,493,438	-
Other income	11	96,846,335	-
		3,676,339,773	-
Expenditure			
Cost of goods sold	12	2,852,955,249	1,787,692
Depreciation	3	61,213,882	6,558,719
Personnel cost	13	329,570,410	68,715,525
Administrative and other expenses	14	555,831,043	37,701,504
Interest to bank and others		122,784,243	-
		3,922,354,827	114,763,440
Loss before tax		(246,015,054)	(114,763,440)
Less: Povision for tax			
- Fringe benefit tax		-	592,241
Prior period fringe benefit tax		-	1,110,330
Loss after tax		(246,015,054)	(116,466,011)
Balance brought forward		(116,466,011)	-
Balance carried to balance sheet		(362,481,065)	(116,466,011)
Basic and diluted earnings/(loss) per share (Face Value of Rs.10) (refer note III(3) of schedule 15)		(4.39)	(2.75)

Significant accounting policies and notes to the accounts 15

The schedules referred to above and notes thereon form an integral part of this profit and loss account

As per our report attached

For **B S R & Company**
Chartered Accountants
Registration no. : 128032W

Vikram Advani
Partner
Membership no. : 091765

V K Modi
Chairman

Alok Modi
Director

Sunil Sharma
Head - Finance & Accounts

Saroj Kumar Thakur
Company Secretary

Place : Gurgaon
Date : 29.09.2010

Modi Tyres Company Pvt. Ltd.

Schedules forming part of the accounts

	As at 31 March 2010 Rs.	As at 31 March 2009 Rs.
Schedule 1		
Share capital		
Authorised		
60,000,000 (previous year 60,000,000) equity shares of Rs. 10 each	<u>600,000,000</u>	<u>600,000,000</u>
Issued, subscribed and paid-up		
56,046,680 (previous year 56,046,680) equity shares of Rs. 10 each fully paid up [56,046,679 (previous year 56,046,679) equity shares of Rs. 10 each fully paid up are held by Modi Rubber Limited, the holding and ultimate company.]	560,466,800	560,466,800
Of the above, 45,661,774 (previous year 45,661,774) equity shares of 10 each were allotted as fully paid up, without payments being received in cash.	<u>560,466,800</u>	<u>560,466,800</u>

Schedule 2

Secured loans

Loan from bank :		
Cash credit facility	995,943,332	-
Other loans :		
Finance lease obligation	4,922,905	14,768,716
	<u>1,000,866,237</u>	<u>14,768,716</u>

Note :

- Cash credit facility from Banks are secured by way of - hypothecation of current assets and immovable Fixed Assets of the Company (exclusive charge by way of equitable mortgage over all the immovable assets of the Company).
 - unconditional and irrevocable corporate guarantee of Modi Rubber Limited, the holding and ultimate company.
 - exclusive charge by way of equitable mortgage over specific fixed assets of Modi Rubber Limited, the holding and ultimate company.
 - pledge of shares of Xerox India Ltd. Owned by Modi Rubber Limited, the holding Company & Superior Investments (India) Limited, fellow subsidiary Company
 - pledge of 30% shares of the Company held by Modi Rubber Limited, the holding and ultimate company.
 - personal guarantee of the directors of the Company.
- Finance Lease obligation is secured by way of hypothecation of the underlying assets. Also refer note III (8) of schedule 15

Schedule 3

Fixed assets

(Amount in rupees)

Description	Gross block			Depreciation				Net block		
	Balance as at 1 April 2009	Additions	Sale/ Deletion	Balance as at 31 March 2010	Balance as at 1 April 2009	Depreciation for the year	Adjustment	Balance as at 31 March 2010	Balance as at 31 March 2010	Balance as at 31 March 2009
Intangible assets										
Software License	31,815,111	42,177,502	-	73,992,613	1,994,942	13,388,754	-	15,383,696	58,608,917	29,820,169
Tangible assets										
Freehold land	8,426,168	-	-	8,426,168	-	-	-	-	8,426,168	8,426,168
Building	34,308,000	21,469,912	1,555,510	54,222,402	1,372,320	1,974,546	-	3,346,866	50,875,536	32,935,680
Plant and machinery	-	484,122,941	-	484,122,941	-	41,103,208	-	41,103,208	443,019,733	-
Furniture and fixtures	6,722,614	-	-	6,722,614	674,796	672,261	-	1,347,057	5,375,557	6,047,818
Office equipment	5,545,137	1,847,154	-	7,392,291	737,868	1,075,483	-	1,813,351	5,578,940	4,807,269
Computers	13,199,344	7,388,987	-	20,588,331	1,778,793	2,999,630	-	4,778,423	15,809,908	11,420,551
Total	<u>100,016,374</u>	<u>557,006,496</u>	<u>1,555,510</u>	<u>655,467,360</u>	<u>6,558,719</u>	<u>61,213,882</u>	<u>-</u>	<u>67,772,601</u>	<u>587,694,759</u>	<u>93,457,655</u>
Previous year	49,286,168	54,058,206	3,328,000	100,016,374	-	6,558,719	-	6,558,719	93,457,655	-

Note: Computers and Plant and machinery include assets having gross value Rs.29,080,000 (previous year Rs. 11,128,000) and net book value of Rs. 24,459,560 (previous year 9,908,615) taken on finance lease. [Refer to note III (8) of schedule 15]

	As at 31 March 2010 Rs.	As at 31 March 2009 Rs.
Schedule 4		
Inventories:		
Raw materials	124,483,364	-
Work in Progress	67,842,330	-
Finished Goods#	578,551,424	-
Stores and Spares	139,908,301	85,064,097
Scrap	2,926,686	-
	<u>913,712,105</u>	<u>85,064,097</u>

Includes Finished goods of Rs.455,305,671 (Previous year Rs. Nil) lying with the third parties."

Schedule 5

Sundry Debtors (considered good)

Debtors outstanding for a period exceeding six months		
- Secured	5,691,597	-
- Unsecured	5,193,138	-
	<u>10,884,735</u>	<u>-</u>
Other debts		
- Secured	46,176,160	-
- Unsecured	535,634,349	-
	<u>581,810,509</u>	<u>-</u>
	<u>592,695,244</u>	<u>-</u>

Schedule 6

Cash and Bank Balances

Cash in hand	130,603	278
Balances with scheduled Banks		
- Current Accounts	16,875,682	2,895,757
- Deposit Accounts**	28,128,266	-
	<u>45,134,551</u>	<u>2,896,035</u>

includes Rs. 11,635,375 (Previous year Rs. Nil) held with banks against margin money.

**includes deposits of Rs.273,000 (previous year Nil) which are pledged with sales tax authorities.

Schedule 7

Loans and advances (Unsecured and considered good)

Advances recoverable in cash or in kind or for value to be received	198,916,341	1,875,111
Interest Accrued but not due	628,367	-
Security Deposits	14,029,200	128,978
Balance with excise authorities	50,015,545	-
Tax deducted at source	74,169	-
	<u>263,663,622</u>	<u>2,004,089</u>

Schedule 8

Current Liabilities

Sundry Creditors

- total outstanding dues to creditors other than micro and small enterprises**	374,606,141	161,397,400
Deposits received from agents and customers	684,950,127	31,614,480
Advance received from customers	52,852,674	-
Interest accrued but not due	311,473	311,473
Other Liabilities#	63,799,271	1,226,727
	<u>1,176,519,686</u>	<u>194,550,080</u>

includes provident payable Rs. 3,274,498 (previous year Rs. 903,372)

** refer note III (1) of schedule 15

Schedules forming part of the accounts

	As at 31 March 2010 Rs.	As at 31 March 2009 Rs.	
Schedule 9			
Provisions			
Provision for gratuity	77,447,791	71,997,579	
Provision for warranty (refer note III (9) of Schedule 15)	21,340,735	-	
Provision for fringe benefit tax [Net of Advance Tax of Rs. 1,702,571 (previous year Rs. Nil)]	-	1,702,571	
	98,788,526	73,700,150	
	Year ended 31 March 2010 Rs.	Year ended 31 March 2009 Rs.	
Schedule 10			
Sales			
Domestic Sale			
- Manufactured goods	2,998,061,091	-	
- Traded goods	58,005,736	-	
Export Sale			
- Manufactured goods	727,111,109	-	
- Traded goods	28,300,190	-	
	3,811,478,126	-	
Schedule 11			
Other Income			
Scrap sale	3,603,683	-	
Interest income	1,366,009	-	
Duty entitlement pass book (DEPB) income	40,699,692	-	
Miscellaneous income [refer note III (18) of Schedule 15]	51,176,951	-	
	96,846,335	-	
Schedule 12			
Cost of goods sold			
Raw materials consumed			
Opening stock	-	-	
Add: Purchases	3,189,274,011	-	
Less: Closing stock	124,483,364	-	
	3,064,790,647	-	
Stores and spares consumed			
Opening stock	85,064,097	66,826,739	
Add: Purchases	103,282,509	19,667,146	
Less: Closing stock	139,908,301	85,064,097	
	48,438,305	1,429,788	
Increase/decrease in stocks			
Opening stock :			
Finished Goods	-	-	
Goods in Process	-	-	
Scrap	-	-	
Less: Closing stock			
Finished goods	578,551,424	-	
Work in process	67,842,330	-	
Scrap	2,926,686	-	
	649,320,440	(649,320,440)	
Purchase of finished goods for resale	70,771,424	-	
Increase/(Decrease) in excise duty on stock of Finished Goods	29,230,025	-	
Power and Fuel	289,045,288	357,904	
Total	2,852,955,249	1,787,692	
Schedule 13			
Personnel cost			
Salaries and wages	301,072,438	64,138,134	
Contribution to provident and other funds	16,972,275	2,089,665	
Staff welfare	11,525,697	2,487,726	
	329,570,410	68,715,525	

Schedules forming part of the accounts

	Year ended 31 March 2010 Rs.	Year ended 31 March 2009 Rs.	
Schedule 14			
Administrative and other expenses			
Repairs and Maintenance:			
- Plant and Machinery	6,450,246	-	
- Building	4,258,162	3,580,878	
- Others	885,606	138,806	3,719,684
Technical know how and brand usage charges	32,067,661	-	
Rates and taxes	2,992,518	4,070,657	
Insurance	3,661,439	-	
Loss on foreign exchange fluctuation (net)	10,551,801	-	
Travelling and conveyance	36,119,395	5,064,963	
Freight and forwarding	110,413,789	-	
Advertisement	42,456,363	353,552	
Selling agent and dealer cost			
- Commission	51,189,829	-	
- Discount	125,500,623	-	
- Interest on deposits	41,460,839	218,151,291	4,760,966
Communication	5,328,571	874,166	
Computer Expenses	16,832,294	-	
Legal and Professional	8,480,642	9,450,383	
Warranty [refer note III (9) of Schedule 15]	21,340,735	-	
Fixed asset written off	-	3,328,000	
Directors sitting fee	46,500	-	
Security charges	5,349,379	2,756,251	
Bank charges	27,957,312	-	
Miscellaneous	2,487,339	3,322,882	
	555,831,043	37,701,504	

I. Background

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

II. Significant Accounting Policies

i) Basis of Preparation of Financial statements

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

ii) Use of Estimates

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

iii) Fixed Assets and capital Work-in-Progress

Tangible fixed assets

Fixed assets are carried at cost of acquisition less accumulated depreciation/amortisation. Cost is inclusive of freight, duties, taxes and any other incidental expenses to bring the assets to their working condition for intended use. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalized.

Intangible fixed assets

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

Capital Work-in-progress

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

- iv) Expenditure during construction period
Expenditure incurred during the period prior to the date when the assets were ready for use, which can be related directly to specific assets or are directly attributable to the construction activities, are capitalized as cost of specific assets. Expenditures which are indirectly related or incidental to construction have been capitalized and are allocated to the fixed assets on a reasonable basis. All other expenditures, which can neither be related directly to the assets nor attributable to construction activities, are charged to the Profit and Loss Account, when incurred.
- v) **Depreciation**
Fixed assets are depreciated over the estimated useful life of the assets, as estimated by the management, on straight line basis at the rates mentioned below which are higher than the rate prescribed under Schedule XIV of the Companies Act, 1956.

Category of assets	Rates (%)
Software	20.00
Building	4.00
Computers and related equipments	16.67
Office equipments	16.67
Plant and Machinery	10.34
Furniture and fixtures	10.00

Depreciation is charged on a pro-rata basis for assets acquired/sold during the year from/to the date of acquisition/sale.

Assets costing upto Rs. 5,000 are fully depreciated in the year of purchase.

- vi) **Impairment**
The carrying amounts of assets are reviewed at each balance sheet date in accordance with Accounting Standard – 28 on 'Impairment of Assets' to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

- vii) **Inventories**
Stores, raw materials and components, work in progress and finished goods are valued at cost or net realisable value, whichever is lower. The cost formula applied for inventories is weighted average or FIFO based on the nature of product and complexity of the production process involved in conversion of the raw material to finished goods. In determining cost of work in progress and finished goods, fixed production overheads are allocated on the basis of normal capacity of production facilities.
Stores, raw materials and components held for use in production of finished goods are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished goods will exceed their net realisable value.
Obsolete, defective and unserviceable stocks are duly provided for, wherever required.

- viii) **Foreign Currency Transactions**
The Company accounts for the effects of changes in foreign exchange rates in accordance with Accounting Standard-11 notified by the Companies (Accounting Standards) Rules, 2006. Transactions in foreign currency are recognised on the basis of the rate of exchange prevailing at the date of the transaction. Exchange differences arising on settlement during the year are recognised in the Profit and Loss Account. Monetary items, denominated in foreign currency, are restated at the exchange rate prevailing at the year end and

the resulting exchange difference recognized in the Profit and loss account.

ix) Revenue Recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership in the goods to the customer. Gross sales are inclusive of excise duty and are net of trade discounts/sales returns/VAT etc.

Interest income is recognised using the time proportion method, based on underlying interest rates.

x) Provisions and Contingencies

A provision arising from claims, litigation, assessment, fines, penalties, etc. is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. When there is a possible obligation or present obligation where the likelihood of an outflow is remote, no disclosure or provision is made.

xi) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

xii) Employee Benefits

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

Defined contribution plans: The employee's provident fund scheme and employees' state insurance fund are defined contribution plans. The Company's contribution paid/payable under these schemes is recognised as an expense in the profit and loss account during the period in which the employee renders the related service

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

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

As per the Payment of Gratuity (Amendment) Act, 2010, the limit set in the Payment of Gratuity Act, 1972 has been recently enhanced from Rs. 350,000 to Rs. 1,000,000 and accordingly the Company has considered the revised limit of Rs 1,000,000 for the purpose of computing the Company's gratuity liability.

xiii) Taxation

Income-tax expense comprises current tax (i.e. the amount of tax for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax

assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

xiv) Finance Lease

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

xv) Warranty cost

Warranty costs are estimated by the management on the basis of a technical evaluation and experience. Provision is made for estimated liability in respect of warranty cost in the year of sale.

xvi) Cash and cash equivalents

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

III. NOTES ON ACCOUNTS

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

2 Auditor's remuneration (excluding service tax).

	For the year ended 31 March 2010	For the year ended 31 March 2009
Statutory audit fees	1,000,000	500,000
Out of pocket expenses	50,000	15,000
	1,050,000	515,000

3 Earnings per share.

	For the year ended 31 March 2010	For the year ended 31 March 2009
Loss after tax	(246,015,054)	(116,466,011)
Weighted average number of equity shares outstanding during the year	56,046,680	42,274,800
Basic and diluted earnings/(loss) per share (face value – Rs. 10 per share)	(4.39)	(2.75)

4 Segment Reporting disclosure

The Company is engaged in the business of manufacturing tyres and related components for heavy vehicles which is a primary segment for the Company which constitutes a single business segment and accordingly disclosure requirements of Accounting Standard 17, "Segment Reporting", prescribed by the Companies (Accounting Standard) Rules 2006 in relation to primary segment are not required to be given.

As the Company exports its products, the secondary segment for the Company is based on the location of its customers. Information on the geographic segment is as follows:

	Year ended 31 March 2010			Year ended 31 March 2009		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment revenue	2,920,928,474	755,411,299	3,676,339,773	-	-	-
Segment assets	2,388,490,903	85,669,281	2,474,160,184	-	-	-
Capital expenditure	84,668,540	-	84,668,540	-	-	-

Segment accounting policies

The accounting principles consistently used in the preparation of the financial statements and consistently applied to record revenue and expenditure in individual segments are as set out in Note II to this schedule on significant accounting policies. The description of segment assets and liabilities and the accounting policies in relation to segment accounting are as under:

a) Segment asset

Segment assets include all operating assets used by a segment and consist principally of fixed assets, capital work in progress, current assets and loans and advances.

b) Segment revenue

Segment revenue has been allocated to both the segments on the basis of specific identification. It includes other income.

5 Related Party disclosure

a) Related parties and nature of related party relationship where control exists.

Description of relationship	Name of related party
Ultimate Holding Company	Modi Rubber Limited
Holding Company	Modi Rubber Limited

b) Other related party and nature of related party relationship with whom transactions have taken place during the year.

Key Managerial Persons:

Vinay Kumar Modi (Director)

Alok Modi (Director)

c) Particulars of related party transaction

Name of party and nature of transactions	For the year ended 31 March 2010	For the year ended 31 March 2009
Ultimate holding Company/Holding Company - Modi Rubber Limited		
Purchase of Raw Materials / Spares	196,469,880	-
Payment made on behalf of the Company	49,064,872	-
Royalty payable	33,753,461	-
Sale of fixed assets	1,555,510	-
Payment made on behalf of Modi Rubber Limited	200,654,938	-
Guarantee is given by the Ultimate holding Company/Holding Company for the cash credit facility availed by the Company.		
Key Managerial Persons		
- Vinay Kumar Modi		
- Alok Modi		
Personal guarantee is given by the directors for the cash credit facility availed by the Company.		
Particulars of balances		
Accounts payable		
Ultimate holding Company/Holding Company - Modi Rubber Limited	1,063,14,521	7,9236,757

6 Employee benefits.

Disclosure in respect of employee benefits under Accounting Standard (AS) – 15 "Employee Benefits" prescribed by the Companies (Accounting Standards) Rules, 2006:

a) **Defined Contribution Plans:** An amount of Rs. 16,972,275 (previous year Rs. 2,089,665) pertaining to employers' contribution to provident fund and employees' state insurance fund is recognised as an expense and included in "Personnel costs" in Schedule 13.

b) Gratuity Plan (Defined benefit plan)

Gratuity is payable to all eligible employees of the Company on superannuation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

The following table sets forth the status of the Gratuity Plan of the Company,

Modi Tyres Company Pvt. Ltd.

and the amounts recognized in the balance sheet and the profit and loss account.

Particulars	As at 31 March 2010	As at 31 March 2009
Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of the year	71,997,579	70,805,768
Interest Cost	5,219,824	5,133,418
Current service cost	6,742,457	755,742
Benefits paid	-	(6,730,510)
Actuarial (gain)/loss	(6,512,069)	2,033,161
Present value of obligation at the end of the year	77,447,791	71,997,579
Changes in the fair value of the Plan assets	-	-
(The Company does not have any Plan assets)		
Actuarial (gain)/ loss		
Actuarial (gain)/ loss for the year – obligation	(6,512,069)	2,033,161
Actuarial (gain)/ loss for the year - plan assets	-	-
Total (gain)/ loss for the year	(6,512,069)	2,033,161
Actuarial (gain)/ loss recognized in the year	(6,512,069)	2,033,161
Unrecognised actuarial (gain)/ loss at the end of year	-	-
Amount recognized in the balance sheet		
Projected benefit obligation at the end of the year	77,447,791	71,997,579
Fair value of the plan assets in the end of the year	-	-
Funded status	-	-
Unrecognised actuarial (gains)/ losses	-	-
Liability recognized in the balance sheet	77,447,791	71,997,579
	Year ended	Year ended
	31 March 2010	31 March 2009
Gratuity cost for the year		
Current service cost	6,742,457	755,742
Past service cost	-	-
Interest cost	5,219,824	5,133,418
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	(6,512,069)	2,033,161
Expenses recognised in the statement of profit and loss	5,450,212	7,922,321
Economic assumptions		
Discount rate	7.75%	7.25%
Expected rate of return on plan assets	-	-
Long term rate of compensation increase	5.25%	5.25%
Demographic assumptions		
Retirement age	58 years	58 years
Mortality table	LIC (1994-96) mortality tables.	LIC (1994-96) mortality tables.
Withdrawal Rates (for current as well as previous year)		
5% at younger ages and reducing to 1% at older age according to the graduated scale.		

Actuarial assumptions

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors. Medical cost trend rates have no impact on actuarial valuation of the above defined benefit plan. Discount rate is based on market yields prevailing on government securities as at 31 March 2010 for the estimated term of the obligations.

7 The Company's foreign currency exposure not hedged is as follows:

	As at 31 March 2010		As At 31 March 2009	
	(in original currency)	(in Rupees)	(in original currency)	(in Rupees)
Debtors receivable				
- USD	1,897,437	85,669,281	-	-
Loans and Advances				
- USD	878,869	39,673,040	-	-
- EURO	13,200	799,392	-	-
Payables				
- USD	400,733	18,089,079	-	-
Advance from customers				
- USD	902,919	40,766,771	-	-

8 Finance LeaseE

The Company had taken certain assets on finance lease. The total minimum lease payment liability as at the Balance sheet date in relation to such assets is Rs. 5,545,853 (previous year Rs.16,637,556). The maturity profile of the finance obligation is as follows:

	As at 31 March 2010		
	Minimum lease payment	Interest included in minimum lease payment	Present value
Payable within one year	5,545,853	622,948	4,922,905
	(11,091,704)	(1,245,894)	(9,845,811)
Payable between one to five years	(5,545,852)	(622,947)	(4,922,905)
Later than 5 years	-	-	-
	(-)	(-)	(-)
Total	5,545,853	622,948	4,922,905
	(16,637,556)	(1,868,840)	(14,768,716)

Note: Previous year numbers are indicated in brackets

9 Provision for warranty

The Company has adopted Accounting Standard 29 'Provisions, Contingent Liabilities & Contingent Assets' as notified by the Companies (Accounting Standards) Rules, 2006:

Name of the provision	Balance as on 1 April 2009	Accrued during the year	Amount utilised during the year	Balance as on 31 March 2010
Provision for warranty	-	21,340,735	-	21,340,735

The Company is liable towards warranty claims made by end users of its products. The year end provision is based on its estimate of the average warranty cost per unit sold during the year. It is estimated that all the above provisions would be fully utilised over the next one year.

10 Deferred tax

In accordance with notified Accounting Standard-22, Accounting for Taxes on Income, the major components of deferred tax are as follows:

Particulars	As at	As at
	31 March 2010	31 March 2009
Deferred tax liabilities		
Difference between written down value of fixed assets as per Income tax Act, 1961 and as per Companies Act, 1956	38,572,751	3,054,249
Finance lease obligation	6,489,588	4,344,067
Total	45,062,339	7,398,315
Deferred tax assets		
Provision for retirement benefits	25,726,220	1,360,916
Provision for warranty	7,088,859	-
Unabsorbed business losses	142,199,791	43,678,124
Total	175,014,870	45,039,040
Deferred tax liabilities/(assets) (net)	129,952,531	37,640,725
Net amount recognized in the financial statements	Nil	Nil

As at 31 March 2010, the Company has significant unabsorbed losses. In view of absence of virtual certainty of availability of sufficient future taxable income, deferred tax asset has been recognised only to the extent of deferred tax liability.

11 Capacities and Production

Particulars	Unit	Installed capacity per annum		Production	
		Year ended 31 March 2010	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2009
Tyres	No.	1,140,000	-	469,350	-
Tubes	No.	1,200,000	-	495,600	-
Flaps	No.	240,000	-	154,876	-

Note: Installed capacities are as certified by the management and have not been verified by the auditors, being a technical matter.

12 Turnover & Stock

Particulars	Production		Purchases		Turnover		Closing stock	
	Year ended 31 March 2009		Year ended 31 March 2010		Year ended 31 March 2010		Year ended 31 March 2010	
	No.	Rs.	No.	Rs.	No.	Rs.	No.	Rs.
Tyres	469,350	NA	-	NA	408,493	3,449,617,338	60,857	489,413,733
Tubes	495,600	NA	-	NA	401,570	284,687,964	94,030	72,596,510
Flaps	154,876	NA	328,560	70,771,424	412,798	77,172,824	70,638	16,541,181
Total						3,811,478,126		578,551,424

Note: Since it is first year of operations, opening stock as at 1 April 2009, production, purchases and turnover for the previous year are Nil and accordingly, not disclosed above.

13 Raw Materials Consumed

Particulars	Year ended 31 March 2010		Year ended 31 March 2009	
	Qty (MT)	Rs.	Qty (MT)	Rs.
Rubber	14,232	1,728,609,701	-	-
Fabric	2,979	586,796,030	-	-
Chemicals	4,137	320,122,295	-	-
Carbon Black	6,267	309,699,356	-	-
Others	*	119,563,265	-	-
Total		3,064,790,647		

* In view of the considerable number of items diverse in size and nature, it is not practicable to furnish quantitative information. Further, no individual item other than those mentioned above exceed 10% of total consumption.

14 Value of imported and indigenous raw materials and components consumed and the percentage of each to the total consumption.

Particulars	Year ended 31 March 2010		Year ended 31 March 2009	
	%	Rs.	%	Rs.
Raw Material				
Imported	5.96	182,598,094	-	-
Indigenous	94.04	2,882,192,553	-	-
Total	100.00	3,064,790,647		
Stores and Spares				
Imported	-	-	-	-
Indigenous	100.00	48,438,305	100.00	1,429,788
Total	100.00	48,438,305	100.00	1,429,788

15 C.I.F. Value of Imports

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Raw Materials	157,099,600	-
Stores and Spares	110,999	-
Capital goods	2,468,760	1,087,567

16 Expenditure in foreign currency

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Technical Know how and Brand usage charges	29,793,143	-
Other expenses	547,383	125,968

17 Earning in foreign currency

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
FOB Value of Exports	755,411,299	-

18 Miscellaneous income includes Rs.50,700,177 pertaining to PLA and CENVAT recoverable that was standing to the credit of Modi Rubber Limited and was transferred to the Company during the year by the office of the Asst. Commissioner, Customs, Central Excise and Service tax Division, Meerut vide letter no. VIII (2) 30/Bonded warehouse/Permission/D-Mrt/07 dated 1 July 2009.

19 Previous year figures have been rearranged/ regrouped, wherever necessary to conform to current year's classification.

Modi Tyres Company Pvt. Ltd.

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

a) Registration Details

Registration No. : U25203DL2008PTC153993 55
 Balance Sheet Date 31 Mar 10
 Date Month Year

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

Public issue	Right issue
Nil	Nil
Bonus issue	Private placement
Nil	Nil

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

Total Liabilities	Total assets
2,836,641	2,836,641

Sources of Funds :

Paid-up Capital	Reserves and surplus
560,467	Nil
Secured Loans	Unsecured loans
1,000,866	Nil
Current liabilities and provisions	
1,275,308	

Application of Funds :

Net Fixed Assets including CWIP	Investments
658,955	Nil
Current assets	Misc. Expenditure
1,815,205	Nil
Deferred Tax Assets (Net)	Accumulated Losses
Nil	362,481

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

Turnover including other income	Total expenditure
3,676,340	3,922,355
Profit before tax	Profit after tax
(246,015)	(246,015)
Earnings per share (in Rs.)	Dividend rate %
(4.39)	Nil

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

Items code No. (ITC code)	40-11-20-90
Product description	Manufacture of tyres and related components for heavy vehicles

As per our report attached

For **B S R & Company**
 Chartered Accountants
 Registration no. : 128032W

Vikram Advani
 Partner
 Membership no. : 091765
 Place : Gurgaon
 Date : 29.09.2010

V K Modi
 Chairman

Alok Modi
 Director

Sunil Sharma
 Head - Finance & Accounts

Saroj Kumar Thakur
 Company Secretary



AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF MODI RUBBER LIMITED

1. We have examined the attached consolidated Balance Sheet of Modi Rubber Limited and its subsidiaries as at 31st March, 2010, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These Financial statements are the responsibility of the 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.24362.54. lacs as at 31st March 2010 and total revenues of Rs. 36763.75 lacs and cash flows amounting to Rs.415.51 lacs for the year ended on that date. These financial statements have been audited by respective auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) - 'Consolidated Financial Statements' and Accounting Standard (AS-23) - 'Accounting for Investments in Associates in Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India.

3. We further report that: -

- i) Note No. 1 regarding non acceptance of terms/reliefs/concessions as per BIFR scheme SS08, by some authorities/parties.
- ii) Note No. 4(c) regarding non-provision of Deferred Tax Asset/ Liability;
- iii) Note No. 7(a) regarding non availability of information of unpaid balances to Micro, Small and Medium Enterprises;
- iv) Note No. 8 regarding non confirmation/ reconciliation of various balances of Suppliers, Customers, Advances etc; and;
- v) Note No. 13 regarding non ascertainment of value of intangible assets and value of impairment loss on Assets as per AS 26 & 28 respectively;

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

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of Modi Rubber Limited and its subsidiaries as at 31st March, 2010;
- b) in the case of Consolidated Profit And Loss Account, of the loss for the year ended on that date; and;
- c) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

Date : 15.10.2010.
Place : New Delhi

CA. PRABHAT JAIN
Partner
M.No. 086756

BALANCE SHEET (CONSOLIDATED)

AS AT 31ST MARCH, 2010

DESCRIPTION	Schedule	As at 31.03.2010 Rs. lacs	As at 31.03.2009 Rs. lacs
SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	1	2504.05	2504.05
b. Share Application Money - Pending Allotment		700.00	700.00
c. Reserves & Surplus	2	6704.74	7614.23
		<u>9908.79</u>	<u>10818.28</u>
2. Loan Funds			
a. Secured Loans	3	10008.66	822.69
b. Unsecured Loans	4	7061.70	229.37
		<u>17070.36</u>	<u>1052.06</u>
TOTAL		<u>26979.15</u>	<u>11870.34</u>
APPLICATIONS OF FUNDS			
1. Fixed Assets			
a. Gross Block	5	16146.83	10522.90
b. Less: Depreciation		8558.12	7680.07
c. Net Block		7588.71	2842.83
d. Capital Work-in-progress		712.60	5435.98
		<u>8301.31</u>	<u>8278.81</u>
2. Investments			
	6	4231.02	4231.02
3. Current Assets, Loans & Advances			
a. Inventories	7	9554.16	2610.85
b. Sundry Debtors		5926.95	0.24
c. Cash & Bank Balances		872.57	1104.50
d. Loans & Advances		5422.73	2662.72
		<u>21776.41</u>	<u>6378.31</u>
Less : Current Liabilities & Provisions			
a. Liabilities	8	6978.39	5673.86
b. Provisions		1567.87	1343.94
		<u>8546.26</u>	<u>7017.80</u>
Net Current Assets/(Liabilities)		13230.15	(639.49)
4. Profit & Loss Account Balance		1216.67	0.00
(As per contra)	TOTAL	<u>26979.15</u>	<u>11870.34</u>
Accounting Policies , Contingent Liabilities and Notes			
	13		

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 & Managing Director	Alok Modi Sanjiwan Sahni K.S. Bains A.N. Seth Neeraj Sharma Directors	Kamal Gupta Head – Finance & Accounts S.K. Bajpai Head – Legal & Company Secretary
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Date : 15.10.2010
Place : New Delhi



PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH, 2010

DESCRIPTION	SCHEDULE	For the Year ended 31.03.2010 Rs.lacs	For the Year ended 31.03.2009 Rs.lacs
INCOME			
Sales & Other Income	9	40367.18	8624.70
		40367.18	8624.70
EXPENDITURE			
Materials Cost	10	27282.51	136.35
Expenses	11	12451.05	1680.67
Financing Charges	12	1936.46	450.23
Depreciation (Note 9)		819.02	277.42
		42489.04	2544.67
Profit/(Loss) before Tax		(2121.86)	6080.03
PROVISION FOR TAXATION			
Provision for Wealth Tax		4.30	4.00
Provision for Taxation		0.00	511.40
Provision for Fringe Benefit Tax - Current Year		0.00	12.95
- Prior period		0.00	11.11
Net Profit/(Loss) after Tax		(2126.16)	5540.57
Transfer from Debenture Redemption Reserve		0.00	29.00
Balance Profit/(Loss) brought forward from previous year		909.49	(4660.08)
Balance being Profit/(Loss) carried to Balance Sheet		(1216.67)	909.49
Basic and Diluted Earning/(Loss) Per Share (In Rupees)		(8.49)	22.13
Accounting Policies, Contingent Liabilities and Notes	13		

Date : 15.10.2010
Place : New Delhi

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 &
Managing Director

Alok Modi
Sanjivani Sahni
K.S. Bains
A.N. Seth
Neeraj Sharma
Directors

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

SHARE CAPITAL SCHEDULE-1

DESCRIPTION	As at	As at
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
Authorised		
50000000 Equity Shares of Rs.10 each	5000.00	5000.00
200000 11% Cumulative Redeemable Preference Shares of Rs.100 each	200.00	200.00
	5200.00	5200.00
Issued, Subscribed and Paid-up		
25040532 Equity Shares of Rs.10 Each Paid up in Cash	2504.05	2504.05
TOTAL	2504.05	2504.05

RESERVES & SURPLUS SCHEDULE-2

DESCRIPTION	As at	As at
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
Capital Reserve : (On Forfeiture/re-issue of Debentures)	19.26	19.26
Share Premium Account As per last account	5782.32	5782.32
General Reserve As per last account	903.16	903.16
Profit & Loss Account As per Account (As per contra)	0.00	909.49
TOTAL	6704.74	7614.23

SECURED LOANS SCHEDULE-3

DESCRIPTION	As at	As at
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
Loan and Advances from Banks		
- Cash Credit Facility#	9959.43	0.00
- Others	0.00	675.00
Other Loans:		
- Finance Lease Obligation	49.23	147.69
TOTAL	10008.66	822.69

Note :

- # Cash credit facility from Banks are secured by way of
- hypothecation of current assets and immovable Fixed Assets of the Company (exclusive charge by way of equitable mortgage over all the immovable assets of the Company).
- unconditional and irrevocable corporate guarantee of Modi Rubber Limited, the holding and ultimate company.
- exclusive charge by way of equitable mortgage over specific fixed assets of Modi Rubber Limited, the holding and ultimate company
- pledge of shares of Xerox India Ltd. owned by Modi Rubber Limited, the holding Company & Superior Investments (India) Limited, fellow subsidiary Company
- pledge of 30% shares of MTCPL held by Modi Rubber Limited, the holding and ultimate company.
- personal guarantee of the directors of the Company.



UNSECURED LOANS SCHEDULE-4

DESCRIPTION	As at	As at
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
From Others		
Dealers' Security Deposits	6911.70	79.37
Inter Corporate Deposits *	150.00	150.00
TOTAL	7061.70	229.37

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

FIXED ASSETS SCHEDULE - 5

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 01.04.2009	Additions during the year	Adjustments/* Deduction	Total Cost as at 31.03.2010	Upto 31.03.2009	For the year	Adjustments/* Deduction	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Intangible assets										
Software License	318.15	421.78	0.00	739.93	19.95	133.89	0.00	153.84	586.09	298.20
Tangible assets										
Land	410.59	0.00	(4.11)	414.70	0.00	0.00	0.00	0.00	414.70	410.59
Buildings	3685.54	214.70	(37.05)	3937.29	2416.24	72.89	(59.68)	2548.81	1388.48	1269.30
Plant & Machinery	3591.45	4841.23	0.00	8432.68	3055.21	547.03	0.00	3602.24	4830.44	536.24
Furniture, Office Equipments & Electrical Installations etc.	2290.08	105.84	0.77	2395.15	1968.42	63.46	0.65	2031.23	363.92	321.67
Patent & Trade Marks	0.08	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.08	0.08
Vehicles	227.00	0.00	0.00	227.00	220.25	1.75	0.00	222.00	5.00	6.75
This year	10522.89	5583.55	(40.39)	16146.83	7680.07	819.02	(59.03)	8558.12	7588.71	2842.83
Previous year	10137.00	547.09	161.19	10522.90	7493.62	277.41	90.96	7680.07	2842.83	2150.52

NOTES:

* Includes reversal of Assets Previously transferred

- Land includes :-
- Leasehold (Gross Block) Rs. Lacs 127.53
- Building Includes :-
- On leasehold basis 739.34
- Alongwith cost of land on which depreciation charged on total cost 12.52
- For which conveyance deed is yet to be executed (15, Friends colony west, New Delhi) 98.73
- Alongwith other assets at Bombay, possession of which (except one floor) is with the company as per court decision, transfer of title of property is pending decision of court 165.00
- Fixed assets include assets having gross value Rs.290.80 Lacs (previous year Rs.111.28 Lacs) and net book value of Rs.244.60 Lacs (previous year 99.09Lacs) taken on finance lease. (Refer Note 15)
- 37% of the total assets are depreciated on reducing balance method basis and remaining 63% on straight-line method basis.

INVESTMENTS SCHEDULE-6

DESCRIPTION		As at 31.03.2010	As at 31.03.2009
LONG TERM INVESTMENTS			
In Equity Shares of Companies- Fully paid up			
No. of Shares			
A. Trade Investments			
Quoted			
1,14,75,000	Modistone Limited of Rs. 10 each	2137.50	0.00
	Less: Provision for diminution in value of shares	(2137.50)	0.00
B. Other Investments			
19,79,998	Lords Chloro Alkali Ltd. of Rs. 10 each	198.00	
	Less: Provision for diminution in value of shares	(178.20)	19.80
12,50,000	Spark Plug Ltd. of Rs. 10 each	125.00	
	Less: Provision for diminution in value of shares	(125.00)	0.00
7,08,563	Bihar Sponge Iron Ltd. of Rs. 10 each		70.86
880	HDFC Ltd. of Rs.10/- each.		0.06
2,500	Units of Prudential ICICI Technology Fund.		0.25
	Total A	90.97	90.97
Unquoted			
32,00,000	Man Diesel India Ltd. of Rs. 10 each	320.00	320.00
3,33,50,000	Gujarat Guardian Ltd. of Rs. 10 each	3335.00	3335.00
32,32,000	Xerox India Limited of Rs.10/- each	468.80	468.80
96,000	Modi Carpets Ltd. of Rs.10/- each.	6.19	6.19
9,000	Equity Shares of Licensintorg Co. (I) Pvt.Ltd. of Rs.100/-each fully paid up.	9.00	9.00
11,000	Kesha Processors Ltd. of Rs.10/- each.	1.05	1.05
10	Inod Euro Industries Ltd. of Rs.10/-each.	0.01	0.01
	Total B	4140.05	4140.05
	TOTAL INVESTMENTS (A + B)	4231.02	4231.02
	Aggregate Market Value of Quoted Investments	94.84	50.61



CURRENT ASSETS, LOANS & ADVANCES SCHEDULE-7

DESCRIPTION	As at	
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
A. CURRENT ASSETS		
a. Inventories (as taken, valued and certified by the management) (including in transit)#		
Stores, Spare Parts and loose tools	1614.25	1065.81
Raw Materials	1341.49	1257.25
Finished Goods##	5858.44	72.92
Goods-in-process	708.73	212.89
Scrap & Wastage	31.25	1.98
	9554.16	2610.85
<p>#95% of the total value of inventories is determined based on lower of cost (weighted average/FIFO) or net realisable value and balance 5% on weighted average method of inventory valuation</p> <p>## Includes Finished goods of Rs.4553.06 Lacs (Previous year Rs. Nil) lying with the third parties</p>		
b. Sundry Debtors		
(i) Debts outstanding for a period exceeding six months		
- Secured	56.92	0.00
- Unsecured	51.93	0.00
(ii) Other debts		
- Secured	461.76	0.00
- Unsecured	5356.34	0.24
	5926.95	0.24
c. Cash and Bank Balances		
Cash, Cheques etc. in hand	10.20	55.03
Balance with Scheduled Banks		
In Current Account	226.53	556.10
In Fixed Deposit/Margin Money Account #**	635.84	492.42
In Savings Account (Employees Security)	0.00	0.95
	872.57	1104.50

includes Rs. 116.35 Lacs (Previous year Rs. Nil) held with banks against margin money.

** includes deposits of Rs.2.73 Lacs (previous year Nil) which are pledged with sales tax authorities.

SCHEDULE-7 (CONTD.)

DESCRIPTION	As at	As at
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
b. Loans & advances		
(unsecured, considered good unless otherwise specified)		
Loans :		
Lords Cholero Alkali Limited	10.00	140.17
Less : Provision for doubtful loans	0.00	(127.96)
Modi Spg. & Wvg. Mills Limited (Note 3)	460.31	460.31
Advances recoverable in cash or in kind or for value to be received and / or adjusted		
Staff	36.48	111.20
Others	2420.31	723.14
Sales Tax paid under protest/recoverable	61.02	150.45
Deposit with Government Deptt. & Others	183.76	92.39
Balances with Customs, Excise, Port Trust etc.	1533.33	1081.15
Less : Provision for doubtful advances	(7.46)	(163.92)
Interest accrued on Investment	0.00	0.05
Income-tax paid	724.98	172.33
Wealth-tax paid	0.00	4.94
Fringe Benefit Tax Paid	0.00	18.47
TOTAL	5422.73	2662.72

**CURRENT LIABILITIES & PROVISIONS
SCHEDULE-8**

DESCRIPTION	As at	As at
	31.03.2010	31.03.2009
	Rs. lacs	Rs. lacs
a. Current Liabilities		
Royalty Payable	337.53	337.53
Sundry Creditors (Note 5 a & b)	4865.33	3137.64
Provision for unascertainable future liabilities	0.00	318.17
Advance against sale of Property	0.00	454.76
Other Liabilities#	1775.53	1425.76
TOTAL	6978.39	5673.86
# includes provident payable Rs. 32.74 Lacs (previous year Rs. 9.03 Lacs)		
b. Provisions		
Gratuity	774.48	719.98
Taxation	575.05	575.05
Wealth tax	4.25	9.70
Warranties (Note 17)	213.40	0.00
Fringe Benefit Tax	0.69	39.21
TOTAL	1567.87	1343.94



SALES AND OTHER INCOME SCHEDULE - 9

DESCRIPTION	For the year ended 31.03.2010	For the year ended 31.03.2009
	Rs. lacs	Rs. lacs
Sales less returns	39416.27	192.48
Less: Excise Duty	2319.85	20.03
	"A"	
	<u>37096.42</u>	<u>172.45</u>
Other Income		
Interest received on:		
Deposits, Loans and Advances (Gross)	38.66	125.83
Investments	0.00	0.65
Dividend received	338.33	11.23
Excess Liabilities/Provisions/Sundry Balances/ Written back (Net)	0.00	866.20
Profit on sale of Investments	0.00	5084.72
Profit on sale of Fixed Assets	1841.29	2230.96
Miscellaneous sales/income :		
Rent & Other Income (Note 16)	1052.48	132.66
	"B"	
	<u>3270.76</u>	<u>8452.25</u>
	TOTAL (A+B)	
	<u>40367.18</u>	<u>8624.70</u>

MATERIALS COST SCHEDULE - 10

DESCRIPTION	For the year ended 31.03.2010	For the year ended 31.03.2009
	Rs.lacs	Rs.lacs
Raw Materials Consumed		
Opening Stock	1257.25	1261.02
Add : Warehouse charges	784.62	0.00
Add : Purchases (Net)	31892.74	0.00
	<u>33934.61</u>	<u>1261.02</u>
Less : Stock transferred /sold	0.00	3.77
Closing Stock	1341.49	1257.25
	<u>32593.12</u>	<u>0.00</u>
Increase/Decrease in Stocks		
Opening Stock:		
Finished Goods	72.92	196.39
Goods-in-process	212.89	216.51
Scrap & Wastage	1.98	11.24
	<u>287.79</u>	<u>424.14</u>
Less : Closing Stock		
Finished Goods	5858.43	72.92
Goods-in-process	708.73	212.89
Scrap & wastage	31.25	1.98
	<u>6598.41</u>	<u>287.79</u>
Decrease/(Increase) in Stock	(6310.62)	136.35
Increase/(Decrease) in Excise duty on Stock of Finished Goods	292.30	0.00
Purchase of Finished Goods and others	707.71	0.00
	TOTAL	
	<u>27282.51</u>	<u>136.35</u>

EXPENSES SCHEDULE- 11

DESCRIPTION	For the year ended	For the year ended
	31.03.2010	31.03.2009
	Rs.lacs	Rs.lacs
Rent	20.61	12.47
Power & fuel	2890.45	3.58
Stores and Spares consumed	484.38	14.30
Repairs & Maintenance:		
Plant & Machinery	65.23	1.58
Buildings	79.97	57.62
Others	196.08	11.14
Salaries, Wages etc.	3235.21	703.67
Contribution to Family Pension, Gratuity & Provident Fund	173.29	64.85
Rates & Taxes	41.05	53.94
Technical Know How and brand Usage charges	320.68	0.00
Insurance charges	40.62	3.60
Auditors' Remuneration		
Audit Fee	12.28	6.93
For Certificates etc.	1.78	2.34
For Other matters	0.00	1.40
For Expenses	1.00	0.65
Travelling & Conveyance	410.29	131.36
Electricity Consumed	17.59	28.60
Legal & Professional Charges	482.30	378.60
Warranty (Note 17)	213.41	0.00
Repair Maintenance to Vehicles	3.29	2.66
Telephone & Postage Expenses	6.71	12.28
Advertisement	424.56	3.53
Communication Expenses	53.29	8.74
Freight & Forwarding	1104.14	0.00
Commission to clearing & Forwarding Agents	511.90	0.00
Discounts	1255.00	0.00
Net Loss on Fixed Assets Sold/Discarded	0.00	33.28
Sundry Balances written Off (Net)	138.68	0.00
Provision for Doubtful debts & advances	4.35	0.00
Director's sitting fee	2.27	3.27
Director's Expenses	0.00	0.02
Miscellaneous Expenses	260.64	140.26
TOTAL	12451.05	1680.67

FINANCING CHARGES SCHEDULE- 12

DESCRIPTION	For the year ended	For the year ended
	31.03.2010	31.03.2009
	Rs.lacs	Rs.lacs
Interest on		
Debentures & Other Fixed Loans	0.00	3.04
Others	1656.31	446.70
Bank Charges etc.	280.15	0.49
TOTAL	1936.46	450.23



CONSOLIDATED ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES SCHEDULE -13

A. BASIS OF PREPARATION

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

B. BASIS OF CONSOLIDATION

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 31.03.2010 which are as under:

Name of the Subsidiary Company	Financial year of the Subsidiary Company	Extent of Holding Company's Interest	Country of Incorporation
i) Spin Investment (India) Ltd.	31st March 2010	100%	India
ii) Superior Investment (India) Ltd.	31st March 2010	100%	India
iii) Modi Tyres Company Pvt.Ltd.	31st March 2010	100%	India

- iv) 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. ACCOUNTING POLICIES

1. **Basis and Method of Accounting** *The financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and comply with the accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, and the provisions of the Companies Act, 1956, to the extent applicable. Company generally maintains its accounts on accrual basis, except in case of certain items of Income/ Expenditure where recovery/payment is uncertain. Accordingly, estimated benefits against exports remaining to be utilised / liability for duty free raw materials excess utilised as at the end of the year has been accounted for in arriving at the consumption of raw materials.*
2. **Use of Estimates**

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

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

At weighted average cost.

At weighted average cost

Lower of Cost or net realisable value

Lower of Cost or net realisable value.

At estimated selling price.

In case of one of the subsidiary company all the inventories are valued at lower of cost (Weighted Average/FIFO) or net realizable value.

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.

Assets costing upto Rs. 5,000 are fully depreciated in the year of purchase.

Depreciation in respect of the fixed assets relating to one of the subsidiary company are depreciated over estimated useful lives of the assets, on straight line basis. Such rates are higher than those stated in Schedule XIV of the Companies Act, 1956 and are stated below:

Category of assets	Rates (%)
Building	4.00
Computers and related equipments	16.67
Plant and Machinery	10.34
Office equipments	16.67
Furniture and fixtures	10.00
Software	20.0

5. Sales/Revenue Recognition

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

Interest income is recognised using the time proportion method, based on underlying interest rates.

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

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

a) Intangible Fixed Assets: Intangible assets represent software licenses, implementation and development thereof. The cost of such assets includes purchase price, licensee fee, import duties, other taxes and any directly attributable expenditure to bring the assets to their working condition for intended use.

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

c) Impairment: The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if there has been a change in the



estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

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

e) Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalized.

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. 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.

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. Gains/ losses arising on account of realization/ settlement of foreign exchange transactions are recognized in the profit and loss account.

10. Provisions and Contingencies

A provision arising from claims, litigation, assessment, fines, penalties, etc. is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. When there is a possible obligation or present obligation where the likelihood of an outflow is remote, no disclosure or provision is made.

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. (No contribution from 1.10.2000).

12. Finance Lease

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

13. Warranty cost

Warranty costs are estimated by the management on the basis of a technical evaluation and experience. Provision is made for estimated liability in respect of warranty cost in the year of sale.

14. Cash and cash equivalents Cash comprises cash in hand and at bank. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.
15. Taxation Income-tax expense comprises current tax (i.e. the amount of tax for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised
16. Earnings Per Share Basic earnings per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

D. CONTINGENT LIABILITIES

	As at 31.03.2010 Rs. Lacs.	As at 31.03.2009 Rs. Lacs.
1. Guarantees (Unconfirmed)	11555.46	813.61
2. Sales Tax Matters	2221.30	3205.26
3. Excise / Customs Matters	1657.90	1631.92
4. Others	337.06	NIL

NOTES

- 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 and excess liabilities were written off from the Books of accounts of company with effect from cut off date in terms of the SS08 for giving true and fair view of financial health of the company assuming/ considering relief & concession 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 provisions 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. Appeals against the said discharge order of BIFR has been filed and are pending in the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) for adjudication. Whereas, in fact some of the authorities / parties have not accepted terms of settlement and relief & concessions as provided in SS08.
- Land & Building at Modi Tyre Factory (MTF), Modinagar is on perpetual lease taken from Modi Export Processors Ltd (MEPL) which has been liquidated by the order of Hon'ble Allahabad High Court. Pursuant to Allahabad High Court Order possession of the MTF is with the Official Liquidator of MEPL. Company has taken appropriate legal recourse for getting possession back of MTF from Official Liquidator for carrying out industrial activities in terms of BIFR Order dated 21.04.2008. After possession, MRL shall undertake repair work to make MTF functional at the earliest. In view of the above, operation at MTF plant, however, continue to remain suspended.
- Amount due from Modi Spinning & Weaving Mills Company Ltd. (MSWML) (Rs. 460.31 lacs Net) includes Rs. 349.61 lac appropriated by Punjab National Bank in the year 1992-93 towards the outstanding loan and interest payable by MSWML. The company has filed a suit against MSWML for recovery of amount which is pending before the Delhi High Court for adjudication.



4. a) Provision for Income Tax is computed in accordance with the provisions of the Income Tax Act, 1961.
b) Provision for Wealth Tax is computed in accordance with the provisions of the Wealth Tax Act, 1957.
c) In terms of Accounting Standard (AS-22) on accounting for Taxation of Income issued by the Institute of Chartered Accountants of India, the Deferred Tax Assets/Liability has not been recognised due to uncertainty of future profitability.
5. a) Sundry creditors include Rs. 136.62 lacs (20% of Rs. 683.10 lacs as per settlement terms defined in BIFR SS08) towards lease rent payable to M/s Modi Exports Processors Ltd.(MEPL) for the period January, 2002 to September, 2007. Further no liability towards lease rent has been provided after September, 2007 since the premises are sealed by the Official Liquidator of MEPL.
b) Sundry creditors also include Rs. 82.04 lacs payable to M/s Madura Coats Limited, Rs. 186.42 lacs to M/s Continental Carbons Limited and Rs. 23.91 lacs to M/s Oriental Carbon and Chemicals Limited totaling to Rs. 292.37 lacs (being 30% of Rs. 974.58 lacs) as per settlement term stated in BIFR SS-08.
6. Expenses and claims relating to previous year adjusted in respective accounts not separately shown are Rs. 1.36 lacs [previous year Rs.14.09 lacs].
7. a) The parent company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act; 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act, has not been given.
b) In case of one of the subsidiary company, based on the information available with the management, there are no dues outstanding to micro, small and medium enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

8. The balances of the suppliers, customers & advances etc. are subject to confirmation / reconciliation.
9. There is a difference in the accounting policy for depreciation on Fixed Assets of the parent company and one of its subsidiary. While preparing the consolidated financial statements, such difference has not been considered. This has resulted in excess charge of depreciation of Rs. 21.42 Lacs in the consolidated financial statements resulting in increase of total loss by the equivalent amount.

10. Earning per Share :	2009-10	2008-09
Profit/(Loss) after Tax (Rs. Lacs)	(2126.16)	5540.57
Basic number of equity shares	25040532	25040532
Basic/Diluted Earning/(Loss) per share (Rs.)	(8.49)	22.13

11. The Company is engaged in the business of manufacturing automotive tyres, tubes and flaps which is a primary segment for the Company which constitutes a single business segment and accordingly disclosure requirements of Accounting Standard 17, "Segment Reporting", prescribed by the Companies (Accounting Standard) Rules 2006 in relation to primary segment are not required to be given.

As one of the subsidiary Company exports its products, the secondary segment for the Company is based on the location of its customers. Information on the geographic segment is as follows:

Rs. Lacs

	Year ended 31 March 2010			Year ended 31 March 2009		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment revenue	32813.07	7554.11	40367.18	8624.76	-	8624.76
Segment assets	33452.05	856.69	34308.74	18,888.14	-	18888.14
Capital expenditure	846.69	-	846.69	-	-	-

Segment accounting policies

The accounting principles consistently used in the preparation of the financial statements and consistently applied to record revenue and expenditure in individual segments are as set out in Note C to this schedule on accounting policies. The description of segment assets and liabilities and the accounting policies in relation to segment accounting are as under:

a) Segment assets

Segment assets include all operating assets used by a segment and consist of property, plant and equipment, intangible assets, capital work in progress, current assets and loans and advances.

b) Segment revenue

Segment revenue has been allocated to both the segments on the basis of sales. It includes other income.

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

A) Subsidiaries:	% Holdings
i) Modistone Limited (in liquidation) Official Liquidator has taken possession of the Company w.e.f. 25.07.2002- the date of appointment of Official Liquidator by Bombay High Court.	55.32
ii) Superior Investment (India) Limited	100.00
iii) Spin Investment (India) Limited	100.00
iv) Modi Tyres Company Pvt Ltd	100.00
Associates :	
i) Man Diesel India Limited (Formerly known as Man B&W Diesel India Limited)	20.00
ii) Gujarat Guardian Limited (GGL)	21.24
B) Key Management Personnel :	
Mr. Vinay Kumar Modi- Managing Director	
Mr. Alok Modi -Director (No remuneration to Key Management Personnel during the year)	
The following transactions were carried out with related parties in the ordinary course of business during the year	
A) Associates:	Rs. Lacs
i) Expenses incurred by MRL on behalf of GGL	10.78
ii) Receivable at the year end	1.91

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

14. The company adopted Accounting Standard 15 (Revised) issued by The Institute of Chartered Accountants of India. Contribution for Employees Benefit:

Defined Contribution Plans

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

Provident Fund :

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

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

	2009-10 Rs. in lacs
(a) Contribution to Provident Fund and ESI	172.45
(b) Contribution to Employee Pension Scheme 1995	0.84

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, superannuation, incapacitation or termination of employment of an amount based on the respective employee's salary and the tenure of employment and then gets the reimbursement from it. Vesting occurs upon completion of five years of service. Liabilities with regards to the Gratuity Plan are determined by actuarial valuation.



Defined Benefit Obligation (Gratuity)

31 March 2010

Rs. Lacs

A.	The amounts (in Rs.) recognised in the balance sheet are as follows:	
	Present value of funded obligations	22.30
	Fair value of plan assets	22.30
	Present value of unfunded obligations	775.67
	Unrecognised past service cost	Nil
	Unrecognised Actuarial loss	Nil
	Net liability (Asset)	775.67
	Amounts in the balance sheet:	
	Liabilities	797.97
	Assets	22.30
	Net liability (Asset)	775.67
B.	The amounts (in Rs.) recognised in the statement of profit and loss are as follows:	
	Current service cost	68.49
	Interest on obligation(741.70*7.25%)	53.77
	Expected return on plan assets	(1.94)
	Net actuarial losses (gains) recognised in year ended	(63.01)
	Past service cost	Nil
	Losses (gains) on curtailments and settlement	Nil
	Total, included in employee benefit expense	57.31
C.	Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:	
	Opening Defined Benefit Obligation 1-4-2009	741.70
	Service cost for the year	68.49
	Interest cost for the year 741.70*7.25%	53.77
	Actuarial losses (gains)	(64.86)
	Losses (gains) on curtailments	Nil
	Liabilities extinguished on settlements	Nil
	Liabilities assumed in an amalgamation in the nature of purchase	Nil
	Exchange differences on foreign plans	Nil
	Benefits paid	(1.13)
	Closing defined benefit obligation 31-03-2010	797.97
D.	Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:	
	Opening fair value of plan assets as on 01/04/2009	23.34
	Expected return on mean fund (22.78*8.5%)	1.94
	Actuarial gains and (losses)	(1.84)
	Assets distributed on settlements	Nil
	Contributions by employer	Nil
	Assets acquired in an amalgamation in the nature of purchase	Nil
	Exchange differences on foreign plans	Nil
	FDR and Central Government Securities earmarked for payment of gratuity	Nil
	Benefits paid	(1.14)
	Closing balance of fair value of plan assets as on 31-03-2010	22.30

E.	The major categories of plan assets as a percentage of total plan assets are as follows:	
	FDR and Central Government Securities	100%
	Deposits with Banks	0%
	High quality corporate bonds	0%
	Equity shares of listed companies	0%
	Property	0%
	Policy of insurance	0%
F.	Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):	
	Discount rate as on 31-3-2010	7.25%/7.75%
	Expected return on plan assets at 31-3-2010	8.50%
	Proportion of employees opting for early retirement	Nil
	Annual increase in Salary costs	5.25%
G.	GRATUITY BENEFIT	
	Amount for the current periods are as follows:	
	Defined Benefit Obligation as at 31-03-2010	797.97
	Plan assets	22.30
	Surplus / (deficit)	(775.67)
	Experience adjustments on plan liabilities	(42.89)
	Experience adjustments on plan assets	(1.85)

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

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

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

15. One of the subsidiary company has during the year taken certain assets on finance lease. The total minimum lease payment liability as at the Balance sheet date in relation to such assets is Rs. 55.46 Lacs (Previous Year Rs. 16.63 Lacs). The maturity profile of the finance obligation is as follows:

Rs. In Lacs

	Minimum lease payments		Interest included in minimum lease payments		Present value
	As at 31 March 2010		For the year ended 31 March 2010		As at 31 March 2010
Payable within one year	55.45	(110.92)	6.22	(12.46)	49.23 (98.46)
Payable between one to five years	-	(55.46)	-	(6.23)	- (49.23)
Later than 5 years	-	(-)	-	(-)	- (-)
Total	55.46	(166.37)	6.23	(18.69)	49.23 (147.69)

16. Miscellaneous income of one of the subsidiary includes Rs. 507 Lacs pertaining to PLA and CENVAT recoverable that was standing to the credit of Modi Rubber Limited and was transferred to the Company during the year by the office of the Asst. Commissioner, Customs, Central Excise and Service tax Division, Meerut vide letter no. VIII (2) 30/Bonded warehouse/Permission/D-Mrt/07 dated 1 July 2009.
17. Provision for warranty
As the Company has adopted Accounting Standard 29 'Provisions, Contingent Liabilities & Contingent Assets' as notified



by the Companies (Accounting Standards) Rules, 2006:

Rs. In Lacs

Name of the provision	Balance as on 1 April 2009	Accrued during the year	Amount utilised during the year	Balance as on 31 March 2010
Provision for warranty	-	213.41	-	213.41

The Company is liable towards warranty claims made by end users of its products. The year end provision is based on its estimate of the average warranty cost per unit sold during the year. It is estimated that all the above provisions would be fully utilised over the next one year.

18. In one of the subsidiary company foreign currency exposure not hedged. Detail is as follows:-

(Amount In Lacs)

	As at 31 March 2010		As At 31 March 2009	
	(in original currency)	(In Rupees)	(in original currency)	(In Rupees)
Debtors receivable				
- USD	18.97	856.69	-	-
Loans and Advances				
- USD	8.79	396.73	-	-
- EURO	0.13	7.99	-	-
Payables				
- USD	4.01	180.89	-	-
Advance from customers				
- USD	9.03	407.66	-	-

19. Superior Investment (India) Limited jointly with Spin Investment (India) Limited (subsidiary companies) stood as guarantor to State Bank of Hyderabad (SBH) for credit facilities sanctioned to MBM Limited (in liquidation). Due to non payment of dues, SBH brought DRT order dated 25.9.1999 for the recovery of Rs. 106.39 lacs with pendent elite and future interest @ 19.38% p.a. As against the said order, the Company made one time full and final settlement of its share with SBH and paid Rs. 50.28 lacs which was appearing as advance in the books. Looking at present state of affairs of MBM Limited (in liquidation) its recovery appears doubtful, hence the said advance has been written off to the extend of 75% and balance 25% is appearing in the books of accounts.
20. Application for registration u/s 45-IA of the RBI Act, 1934 (2 of 1934) was made by Superior Investment (India) Limited on 08.08.1997 and communication from RBI is still awaited.
21. Superior Investment (India) Limited, one of the subsidiary company is a Deemed Limited Company u/s 43A of the Companies Act. 1956. However, section 43A is not applicable after the commencement of Companies (Amendment) Act, 2000 i.e. 13.12.2000. Consequently, the company has to inform to Registrar of Companies that it has become Private Limited Company. Necessary, action is being taken to comply with above requirement.
22. In case of one of the subsidiary company namely Spin Investment (India) Limited, on completion of assessment for assessment years 2003-04 and 2006-07 the assessing officer raised demand of Rs. 3.54 Lacs and Rs. 2.23 Lacs, respectively. The company has paid entire amount of demand for assessment year 2003-04 and Rs. 2.10 Lacs for assessment year 2006-07. Appeal for assessment year 2006-07 has been decided against the company by the CIT(A). The company has filed appeal before the Hon'ble ITAT Delhi which is still pending. As advised, no provision for tax has been made in the books of accounts at this stage. The provision if any, will be made on disposal of appeal by the Appellate Authority/Court.
23. Previous year figures have been regrouped/ rearranged wherever necessary.
24. Schedules 1 to 13 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

As per our Report Attached
For P D M & Co.
(Firm Registration No. 07966N)
Chartered Accountants
CA. Prabhat Jain
Partner
M.No. 86756

V.K. Modi
Chairman &
Managing Director

Alok Modi
Sanjiwan Sahni
K.S. Bains
A.N. Seth
Neeraj Sharma
Directors

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

Date : 15.10.2010
Place : New Delhi

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010		2008-2009		
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
A. Cash Flow from operating activities					
Net Profit/(Loss) before tax and extraordinary items		-2121.86			6080.02
Add: Adjustments for:					
Depreciation	819.02			277.42	
Interest Paid	1213.88			449.79	
Interest Received	-38.56			-126.48	
Profit/(Loss) on sale of Investments	0.00			-5084.72	
Net(Profit)/Loss on Fixed Assets sold/discarded	-1841.29			-2197.68	
Unrealised Loss on Foreign Exchange fluctuations	3.84			0.00	
Provision for Warranty	213.41			0.00	
Provision made for doubtful debts and advances	4.35			0.00	
Balances /Provisions not required Written back/off (Net)	138.68			-1275.23	
Dividend/Income received from units	-338.33			-11.23	
		<u>175.00</u>		<u>-11.23</u>	
Operating profit before working capital changes		-1946.86			-1888.11
Adjustments for:					
(Increase)/Decrease in Inventory	-8286.48			-182.37	
(Increase)/Decrease in Trade and other receivables	-6080.62			-3602.95	
(Increase)/Decrease in Provisions	25.09			40.04	
Decrease in miscellaneous expenditure to the extent not written off	0.00			0.36	
Increase/(Decrease) in Trade payable	8529.45			-1154.90	
		<u>-5812.56</u>		<u>-4899.82</u>	
Cash generated from operations before tax		-7759.42			-6787.93
Add: Taxes (paid)/refund		-580.52			-8.74
Net cash generated from operating activities			-8339.94		-6796.67
B. Cash flow from investing activities:					
Interest received		13.76			33.53
Dividend received		338.33			11.23
Addition to Fixed assets/Work in Progress		-899.34			-1678.94
Proceeds from sale of Fixed Assets		1263.19			2267.90
Proceeds from sale of Investments		0.00			4909.99
Investments made during the year		0.00			-1037.50
Net cash generated from investing activities			715.94		4506.21
C. Cash Flow from financing activities:					
Increase/(Decrease) in Borrowings		8704.50			766.89
Short Term loans taken from financial institutions repaid during the year		-98.46			-143.11
Share Application money received		0.00			700.00
Increase in share Capital		0.00			1037.49
Deposit received from customers		0.00			316.14
Interest paid		-1213.98			-446.62
Net cash used in financing activities			7392.06		2230.79
Net increase/(decrease) in cash and cash equivalent(A+B+C)			-231.94		-59.67
Cash and cash equivalents as at the begining of the year			1104.50		1164.17
Cash and cash equivalents as at the end of the year			872.56		1104.50

NOTES: 1. Cash and Cash equivalents includes:
Cash , Cheques in hand and remittance in transit. 10.20 63.29
Balance with Banks. 862.36 1041.21
872.56 1104.50

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

As per our Report Attached For P D M & Co. (Firm Registration No. 07966N) Chartered Accountants. CA. Prabhat Jain Partner M.No. 86756	V.K. Modi Chairman & Managing Director	Alok Modi Sanjiwan Sahni K.S. Bains A.N. Seth Neeraj Sharma Directors	Kamal Gupta Head – Finance & Accounts S.K. Bajpai Head – Legal & Company Secretary
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Date : 15.10.2010
Place : New Delhi

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 38th Annual General Meeting (AGM) of the Company convened on Saturday, 27th November, 2010 at 03.30 P.M. at Auditorium, Dayawati Modi Public School, Modinagar-201204 (U.P.) and at any adjournment thereof

Signed at this day of 2010

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.)

38TH 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 38TH ANNUAL GENERAL MEETING (AGM) of the Company being held at 03.30 P.M. at Auditorium, Dayawati Modi Public School, Modinagar-201204 (U.P.) on Saturday day, 27th November, 2010.

.....
Member's Signature

Notes :

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

.....
Proxy's Signature

BOOK-POST

If undelivered please return to :

MODI RUBBER LIMITED

4/7C DDA Shopping Centre

New Friends Colony

New Delhi-110025