



**Modi Rubber Limited**

---

**32ND ANNUAL REPORT 2003-2004**



# THE COMPANY

## BOARD OF DIRECTORS

**Ram K. Gupta**  
CHAIRMAN  
(NOMINEE OF UTI)

**Vinay Kumar Modi**

**Bhupendra Kumar Modi (Dr.)**

**Ravindra Loonkar**  
(NOMINEE OF IFCI)

**Prem Chand Gupta**  
(NOMINEE OF LIC)

**Sanjeev Kumar Chanana**  
(NOMINEE OF GIC)

**REGISTERED OFFICE**  
Modinagar-201 204  
District Ghaziabad (Uttar Pradesh)  
Tel : (01232) 242360

**HEAD OFFICE**  
4/7C, DDA Shopping Center  
New Friends Colony  
New Delhi-110 065  
Tel. : (011) 26848416-17

**WORKS**  
**Modipuram-250 110**  
District Meerut (Uttar Pradesh)  
**Modinagar-201 204**  
District Ghaziabad (Uttar Pradesh)

**Partapur**  
District Meerut (Uttar Pradesh)

**BANKERS**  
State Bank of India  
Punjab National Bank  
Citibank N.A.  
State Bank of Patiala  
Hongkong & Shanghai Banking Corp. Ltd.  
Standard Chartered Bank  
State Bank of Travancore  
Punjab & Sind Bank

**STATUTORY AUDITORS**  
**Messrs Prabhat Jain & Co.**  
Chartered Accountants  
B-61, Flatted Factory Complex,  
Jhandewalan, New Delhi-110055

**TRANSFER AGENTS & REGISTRARS**  
**FOR SHARES & FIXED DEPOSITS**  
**Messrs MAS Services (P) Ltd.**  
AB-4, Safadarjung Enclave  
New Delhi-110 029  
Tel. : (011) 26104142

**CHIEF GENERAL MANAGER**  
(Finance & Accounts)- Head Office  
**Krishan Bhagwan Gupta**

**DIRECTOR (Finance & Accounts)-Plant**  
**Dinesh Agarwal**

**DEPUTY COMPANY SECRETARY**  
**Sudesh Bhardwaj**

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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 **32nd Annual General Meeting (AGM)** of Modi Rubber Limited shall be held on Tuesday, 28.09.2004 at 11.30 AM at Auditorium, Dayawati Modi Public School, Modinagar to transact the following business:

## ORDINARY BUSINESS

1. To consider, receive and adopt the Audited Profit & Loss Account for the accounting year ended 31.03.2004 and the Balance Sheet as at 31.03.2004 and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Shri VK Modi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Dr.BK Modi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modifications, the following as a Special Resolution.

**"RESOLVED THAT** pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Prabhat Jain & Co., Chartered Accountants, New Delhi, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.1.50 lacs (Rs.One Lac Fifty Thousand Only) (inclusive of all taxes, incidentals, travel and other expenses incurred by them) and such other remuneration as may be decided to be paid to them by the Board of Directors (or Committee thereof) during the year.

By order of the Board,  
for **MODI RUBBER LIMITED,**

Place : Modinagar  
Date : August 31, 2004

**S Bhardwaj**  
Dy.Company Secretary

## NOTES:

1. Explanatory Statement in respect of Item No. 4 of the Notice as required under Section 173(2) of the Companies Act, 1956, is annexed herewith.
2. Shri V K Modi, Director retiring by rotation in the forthcoming AGM and being eligible offering himself for re-appointment as proposed against Item No.2 of the Notice and his brother Dr.BK Modi may be considered to be interested or concerned in the proposed resolution.
3. Dr.B K Modi, Director retiring by rotation in the forthcoming AGM and being eligible offering himself for re-appointment as proposed against Item No.3 of the Notice and his brother Shri VK Modi may be considered to be interested or concerned in the proposed resolution.
4. The Register of Members (Equity Shares of Rs.10/- each) and Share Transfer Books of the Company relevant thereto shall remain closed from 23.09.2004 to 28.09.2004(both days inclusive).
5. Pursuant to the provisions of Sections 205 A read with Section 205C of the Companies Act, 1956, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company is required to be transferred to Investor Education and Protection Fund (IEPF) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Accordingly, the Company has transferred to IEPF all Unclaimed or Unpaid Dividends in respect of the financial year(s) 1995-96 and 1996-97.
6. 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 and the proxy(ies) need not be Member(s) of the Company.
7. The proxy form(s) duly completed and signed should reach the Company's Registered Office at Modinagar atleast 48 hours before the time fixed for the meeting.
8. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their requests at the Registered Office and/or 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.

9. Members/Shareholders/Fixed Depositors are requested to correspond directly with our Transfer Agents and Registrars for Share & Fixed Deposits (as mentioned in the Annual Report) for any matter concerned or related to shares and fixed deposits. It would save time and help us in expediting the matters.

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

### ITEM 4

As the Members are aware that the appointment of the Statutory Auditors which was one of the item for consideration for the Shareholders at their previous AGM held on 12-04-2004 as mentioned at Item No.4 of the said Notice (under the Ordinary Business) the proposed appointment of Statutory Auditors could not get the required approval by the Shareholders. Hence M/s. Singhi & Company, Chartered Accountants, New Delhi ceased to be the Statutory Auditors of the Company at the conclusion of 31<sup>st</sup> AGM on 12.04.2004.

Accordingly, as required under Section 224(4) of the Companies Act, 1956 a Notice to this effect was given to the Regional Director, Northern Region, Company Law Board, Kanpur on 13.04.2004.

In response of the Company's notice and in exercise of the powers vested in the Central Government under Section 224(3) of the Companies Act, 1956, read with Notification No.GSR 288(E) dated 31.05.1991 of the Department of Company Affairs, the Regional Director, Department of Company Affairs, Northern Region, Kanpur has vide his letter dated 07.06.2004 appointed M/s. Prabhat Jain & Co., Chartered Accountants, B-61, Flatted Factory Complex, Jhandewalan, New Delhi-110 055 as Statutory Auditors of the Company till the conclusion of the next Annual General Meeting, on a remuneration of Rs.1,50,000/- (Rupees One Lac Fifty Thousand Only) (inclusive of the service tax payable as per applicable rates from time to time and reimbursement of travelling and other out of pocket expenses actually incurred by them in connection with statutory audit.)

In view of the above, the Board of Directors of the Company had at its meeting held on 31.08.2004, subject to the approval of the Shareholders at their ensuing Annual General Meeting, recommended the appointment of M/s. Prabhat Jain & Co., Chartered Accountants as Statutory Auditors of the Company to hold the office as Statutory Auditors from the conclusion of the ensuing Annual General Meeting to the conclusion of the next Annual General Meeting.

Accordingly, it is proposed to appoint M/s. Prabhat Jain & Co. Chartered Accountants as the Statutory Auditors, to hold office from the conclusion of the ensuing Annual General Meeting of the Company until the conclusion of the next Annual General Meeting of the Company on payment of a remuneration of Rs.1.50 lacs (Rs. One Lac Fifty Thousand Only) (inclusive of all taxes, incidentals, travel and other expenses incurred by them) and such other remuneration as may be decided to be paid to them by the Board of Directors (or Committee thereof) during the year.

Besides this, since the Financial Institutions hold more than 25% shareholding in the equity capital of the Company, pursuant to the provisions of Section 224A(1) of the Companies Act, 1956, the Statutory Auditors of the Company are required to be appointed by a Special Resolution.

Hence, the resolution as mentioned at Item No.4 of the accompanying Notice is proposed.

None of the Directors of the Company may be considered to be interested or concerned in the proposed resolution.

## INSPECTION OF DOCUMENTS

Copies of Memorandum & Articles of Association of the Company and all material documents referred to in the Explanatory Statement will be open for inspection by the members, at the Registered Office of the Company, during business hours, on all working days, including the date/day of the Annual General Meeting.

# DIRECTORS' REPORT

The Directors hereby present the 32<sup>nd</sup> Annual Report together with the Audited Statement of Accounts of your Company for the accounting year ended 31<sup>st</sup> March, 2004. Members will observe from the Company's financials enclosed, that due to continuous closures of its plants, the Company could not earn any revenue but has sustained further losses and defaulted in meeting commitments.

Efforts to re-commence operations at the plants of the Company at Modipuram, Modinagar and Partapur which remained suspended since August, 2001 have not succeeded yet. Besides this, various sales depots/offices of the Company continue closed. Discussion with leading tyre manufacturers by the Promoter Directors are under negotiation to work out some possible arrangement to start production of the tyre undertaking of the Company.

## REGISTRATION OF REFERENCE WITH BIFR

The Members are aware that under Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) the Company had made a reference dated 04.02.2004 to Board For Industrial Financial And Reconstruction (BIFR) which has been registered as case No.153 of 2004 on 17.03.2004.

The Hon'ble High Court of Allahabad in the matter of Company petition No.1 of 2002 Madura Coats Ltd. & Ors. Vs. Modi Rubber Ltd. had passed Order dated 12.03.2004 for winding up of the Company and an Official Liquidator at Allahabad High Court was appointed as Liquidator of the Company.

In view of the aforesaid reference with BIFR, the Company filed an appeal against the aforesaid winding up Order, which has been allowed by the Division Bench of the Allahabad High Court on 20.05.2004 and the impugnant order of the learned Judge dated 12.03.2004 has been quashed and it is directed that the winding up proceedings before the learned Company Judge shall remain in abeyance till the disposal of the proceedings before the authorities under the Sick Industrial/Companies Act(s). Meanwhile, the Company is in process of finalisation/submission of a rehabilitation/restructuring scheme to BIFR for its consideration and approval.

## BOARD OF DIRECTORS

Shri VK Modi and Dr.BK Modi, Directors retire by rotation at the Annual General Meeting and being eligible offer themselves for re-election.

## LISTING OF EQUITY SHARES

The Securities of the Company are listed on the Uttar Pradesh Stock Exchange Association Ltd., Kanpur, The Delhi Stock Exchange Association Ltd., New Delhi, National Stock Exchange of India Ltd., Mumbai and The Stock Exchange, Mumbai. For the year under review the Company has not paid listing fee to any Stock Exchange(s). However, on account of alleged non compliance of certain listing requirements, trading in its securities remain suspended since November, 2002.

## DEMATERIALISATION OF SHARES

In terms of the agreement(s) entered into with M/s. National Securities Depository Limited (NSDL), Central Depository Services India Ltd. (CDSL) and its Registrar & Share Transfer Agent M/s. Mas Services Pvt. Ltd., pursuant to SEBI's circular, as a facility to the equity shareholders, the Company has arranged for dematerialisation of its equity shares. Accordingly, members have option/discretion to have their shares in DEMAT form. Presently, 69.28% of the paid up capital is in dematerialised form.

## SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, Annual Reports together with audited accounts of the wholly owned subsidiary Companies of the Company viz. Superior Investment (India) Ltd. and Spin Investment (India) Ltd. for the accounting year(s) ended 31.03.2004 are attached hereto. However, the annual accounts of Modistone Ltd. for the accounting year ended 31.03.2004 are not available as an Order for winding up of Modistone Ltd. has been passed by the Hon'ble High Court of Bombay, and an Official Liquidator is appointed on 25.07.2002.

## FIXED DEPOSITS

The Company has not made any default in repayment of deposits or part thereof or any interest thereupon (including small depositors, within the meaning of Section 58AA of the Companies Act, 1956, (as amended) and all deposits due upto 31.03.2004 have been paid.

## AUDITORS

Pursuant to an Order dated 07.06.2004 issued by the Regional Director, Company Law Board, Kanpur M/s.Prabhat Jain & Co., Chartered Accountants, New Delhi was appointed as Statutory Auditors of the Company to hold office till the conclusion of the ensuing Annual General Meeting of the Company.

The Auditors in their Report have referred to Note No.1 of Schedule 3, Note No. 3 of Schedule 5 and Note Nos. 3 to 11, 14, 16 to 18, 23, 26, 27 of Schedule 13. The notes as referred by the Auditors have been duly elaborated in their Auditors' Report/Notes on Accounts which, in the opinion of the Board of Directors, are self explanatory and may be treated as information/explanation by the Board as contemplated under Section 217(3) of the Companies Act, 1956.

M/s.Vaish & Associates, Chartered Accountants as Tax Auditors have submitted a Tax Audit Report in terms of Section 44AB of the Income-tax Act, 1961 for the financial year ended 31.03.2003.

Due to closure of the plants effective from August, 2001 appointment of Cost Auditor from the years ended 30.09.2001 onwards could not be effected and shall be taken up if and when production activities recommenced.

Pursuant to the provisions of Section 292A of the Companies Act, 1956, (as amended), read with Clause 49 of the Listing Agreement, the Board of Directors of the Company has constituted an Audit Committee comprising of six members including four independent Director(s) and Finance Director (when in position) as its member. The Committee have requisite powers and authority as provided under the aforesaid provisions to act in accordance with the terms of reference specified/to be specified by the Board of Directors from time to time, and met twice during the year under report.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies (Amendment) Act, 2000, (as amended), subject to comments in para 2 hereinabove, the Directors of your Company declare as under

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; as referred in sub Section (3 C) of Section 211 of the Companies Act, 1956.
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair

**ANNEXURE-A**

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 Company has taken all possible care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities. The same has been certified by the auditors in their annexure to audit report stating therein that no serious discrepancies between the book records and physical quantity have been noticed.
- (iv) that the annual accounts have been prepared on a going concern basis.

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Since the plants of the Company were not in operation during the year, pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, (as amended) the Company is not required to furnish information relating to energy conservation, technology absorption. However, the details of foreign exchange earnings and outgo during the year under review is annexed at Annexure-A.

### **CORPORATE GOVERNANCE**

A Report on Corporate Governance together with the Auditor's Certificate thereon regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is annexed (Annexure B) and forms part of this report.

### **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standard 21 on Consolidated Financial Statements read with Accounting Standards AS-23 on accounting for investments and associates, attached herewith are Consolidated Financial Statements prepared on the basis of audited accounts received from the subsidiary companies, as approved by their respective Board(s); these form part of this Annual Report and Accounts.

### **PERSONNEL**

For the period under review, no employee's particulars are required to be given under the provisions of Section 217(2A) of the Companies Act, 1956.

### **ACKNOWLEDGEMENT**

The Directors would like to express their grateful appreciation for the assistance and co-operations received from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review. The Directors also wish to take on record their appreciation for the committed services of the executives, staff and workers of the Company.

For and on behalf of the Board

Place : New Delhi  
Date : August 31, 2004

Ram K Gupta  
Chairman

### **Energy Conservation & Technology Absorption Foreign Exchange Earnings & Outgo [pursuant to Section 217(1)(e) of the Companies Act, 1956]**

As the Members are aware, the plant operations remained suspended during the accounting year ended 31.03.2004. Accordingly, no significant measures could be taken for Energy Conservation and Technology Absorption. However, the details of Power and Fuel Consumption and Consumption per unit of production for the previous period are as under:

#### **FORM A**

<b>PARTICULARS</b>	<b>2003-2004</b>	<b>2001-2003</b>
<b>(A) POWER &amp; FUEL CONSUMPTION</b>		
(1) Electricity		
(a) Purchased Units	-	17,33,990
Total amount (Rs./lacs)	-	430.68
*Rate/Unit (Rs.)	-	24.84*
(b) Own Generation		
Units	98,758	3,65,461
Total amount (Rs./lacs)	2.32	18.22
Units/Ltr of D.Oil	6.48	3.15
Cost/Unit (Rs.)	2.35	4.98
Total Electricity (a+b)	98,758	20,99,451
(2) Coal consumed		
Quantity (MT)	-	540.467
Amount (Rs./lacs)	-	11.09
Rate/MT (Rs.)	-	2051.58
(3) Furnace Oil		
Quantity (KL)	-	-
Amount (Rs./lacs)	-	-
Average Rate (Rs.)	-	-
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Production weight (MT)	-	826
Electricity (Unit/MT)	-	2541.71
Coal (MT Coal/MT)	-	0.65
Furnace Oil (Ltrs./MT)	-	-
*Rate is high due to levy of minimum charges in many months without actual consumption.		
<b>Expenditure on R&amp;D</b>		
R & D Expenses	<b>2003-2004</b>	<b>2001-2003</b>
	(Rs./Lacs)	(Rs./Lacs)
a) Capital	-	-
b) Recurring	-	0.79
<b>Total</b>	-	<b>0.79</b>
%age of turnover	-	0.05
<b>Foreign Exchange Earnings And Outgo</b>		
Others	4.10	-
<b>Total</b>	<b>4.10</b>	-



**ANNEXURE B****REPORT ON CORPORATE GOVERNANCE**

A detailed Report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below. Unless otherwise specified the information incorporated in this Report are related to the Accounting Year ended 31.03.2004.

**1. 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 its shareholders and other key stakeholders. Your Company continues to follow procedures and practices in conformity with the Code of Corporate Governance outlined in the Listing Agreement.

**1. BOARD OF DIRECTORS****COMPOSITION AND CATEGORY OF THE BOARD – AS ON 31.8.2004.**

The Board of Directors presently consists of six directors of which four are Nominee Directors of Financial/Investing Institutions and other two Promoter Directors. The directors have varied experience in diverse areas of industrial and business management and are leading professionals in their respective fields, other details are given hereunder:

Category	Name of the Directors
Chairman	Shri Ram K Gupta (Nominee Director of UTI)
Promoter Directors	Shri Vinay Kumar Modi Vice Chairman & Director Dr. Bhupendra Kumar Modi Director
Nominee Directors	Shri Prem Chand Gupta (Nominee of LIC) Shri R Loonkar (Nominee of IFCI) Shri Sanjeev Kumar Chanana (Nominee of GIC)

**Dates and number of Board Meetings**

During the accounting year ended 31.03.2004, five meetings of the Board of Directors were held on

- . 15.05.2003
- . 14.08.2003
- . 24.11.2003
- . 06.12.2003
- . 21.02.2004

The intervening period between the Board Meetings was well within the maximum time gap of four months as prescribed in Clause 49.

The details of attending the Board/Annual General Meeting(s) during the year by each Director was as under:

Name/Designation of Director	Category	No. of positions held in other Companies #			No. of Board Meetings attended	Attendance at last AGM
		Board		Committee		
		Pub.	Priv.			
Shri Ram K Gupta Chairman	Non Executive	05	01	02	04	Yes
Nominee Director of UTI						
Shri Vinay Kumar Modi Vice Chairman & Director	Promoter Director	04	04	05	04	Yes
Dr. Bhupendra Kumar Modi Director	Promoter Director	01	03	03	-	Yes
Shri Ravindra Loonkar Nominee Director of IFCI	Non Executive	03	-	03	04	No
Shri Prem Chand Gupta Nominee Director of LIC	Non Executive	02	-	01	04	Yes
Shri SK Chanana Nominee Director of GIC	Non Executive	03	01	01	03	Yes

# As per declaration received/available from the directors this includes directorships held in Public & Private Limited Companies & subsidiaries of Public Ltd. companies but excludes directorships held in overseas Companies and mutual funds.

None of the directors is a member of more than ten Committees or is the Chairman of more than five Committees across all the companies in which they are directors.

**3. AUDIT COMMITTEE (As on 31.08.2004)**

The Board of Directors of the Company had re-constituted its Audit Committee on 12.02.2003. The Audit Committee comprises six directors [including two promoter directors] viz. Shri Ram K Gupta, Shri VK Modi, Dr. BK Modi, Shri R Loonkar, Shri PC Gupta and Shri SK Chanana as its Members. Shri Ram K Gupta, Chairman of the Board of Directors is also Chairman of the Audit Committee.

Pursuant to the provisions of Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreements the terms of reference stipulated by the Board to the Audit Committee are as follows :-

The Audit Committee has authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.

- . Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information;
- . Recommending appointment and removal of external auditors and fixing of their fees;
- . Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements; and
- . Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures, techniques and other regulatory requirements.

Shri S Bhardwaj the Dy. Company Secretary acts as Secretary of the Committee.

The Meetings of the Audit Committee were attended by the Head of Finance & Accounts and other respective functional Heads. The Members had discussions with the Statutory Auditors during the Meetings of the Committee at the time of considering the annual accounts of the Company by the Board. The annual audited financials of the Company were reviewed by the Audit Committee before consideration and approval by the Board of Directors. The Committee reviewed the internal control systems and



conduct of the Internal Audit.

Because of the closure of operations of the Company since August, 2001 an Internal Auditor could not be appointed and therefore, the Committee was not in a position to review their Reports on Internal Control System. Also, it sufficed to meet twice on 02.12.2003 and 06.12.2003. The meetings as against the minimum requirements of four meetings were attended as under:

Name of the Members	Designation	No. of meetings attended
Shri Ram K Gupta	Chairman	2
Shri VK Modi	Member	2
Dr. BK Modi	Member	-
Shri R Loonkar	Member	2
Shri Prem Chand Gupta	Member	2
Shri SK Chanana	Member	2

#### 4. Remuneration Committee

As on date the Company do not have any Managing/whole-time Director(s). As and when the Board of Directors will consider it necessary requisite steps to constitute a Remuneration Committee will be taken in due course.

#### Payment of remuneration/sitting fee to the Directors

Remuneration/Sitting fee paid to directors during the year ended 31.03.2004 under review is given below : (in Rs.)

Name of Director	Sitting fee	Commission
Shri Ram K Gupta, Chairman		
Nominee Director of UTI	12000	0
Shri Ravindra Loonkar**		
Nominee Director of IFCI	12000	0
Shri Prem Chand Gupta		
Nominee Director of LIC	12000	0
Shri Sanjeev Kumar Chanana **		
Nominee Director of GIC	10000	0

\*\*In accordance with the communication received from IFCI Ltd. and GIC the sitting fees payable to Shri R Loonkar and Shri SK Chanana, Nominee Director(s) of IFCI and GIC respectively were paid to IFCI and GIC directly.

#### 5. Shareholders'/Investors Transfer/Grievance Committee

The Company has a Share Transfer Committee (STC) consisting of following Directors viz. Shri VK Modi and Dr. BK Modi as Members, which take care of the responsibility of Shareholders'/Investors Transfer/Grievance Committee also. During the year ended 31.03.2004 the Company had nine meetings which were attended by the Members of the Committee. Shri S Bhardwaj, the Dy. Company Secretary acts as Secretary of the Committee.

- The Committee approves transfer/transmission of shares/debentures issued by the Company, issue of duplicate certificates and certificates after split/consolidation/replacement.
- The Committee looks into the redressal of shareholders' and investors' complaints like transfer of shares/debentures, demat of shares, non-receipt of balance sheet, dividend and interest etc.
- Shri S Bhardwaj, the Dy. Company Secretary had been designated as the Compliance Officer
- During the year under review ended 31.03.2004 as per Certificate dated 09.08.2004 submitted by M/s. Mas Services Pvt. Ltd. the Registrar & Share Transfer Agent of the Company as on date there is no investor grievance which could not be attended more than 30 days. Details of investors complaints received during the year under review are as follows.

Nature of Complaint	Received	Disposed	Pending
Change of address	21	21	Nil
Process of Duplicate	04	04	Nil
Non receipt of shares	09	09	Nil
Non receipt of dividend	04	04	Nil
Non receipt of annual report	03	03	Nil
Others	57	57	Nil
Non receipt of demat credit	06	06	Nil
<b>Total</b>	<b>104</b>	<b>104</b>	<b>Nil</b>

#### 6. General Body Meetings (AGMs)

The last three AGMs were held as under :-

Year	Venue	Date	Time
2001-2003	Dayawati Modi Public School, Modinagar	12.04.2004	11.00 A.M
2000-2001	Dayawati Modi Public School, Modinagar	15.05.2003	11.00 AM
1999-2000	Dayawati Modi Public School, Modinagar	26.03.2001	4.00 PM

Due to delay in finalisation/audit of accounts for the year(s) 2000-2001 and 2001-2003 the Company could not comply with the requirements of holding its Annual General Meeting(s) within the prescribed time permitted under Sections 166/210 of the Companies Act, 1956. Necessary application seeking condonation of default is being lodged with the Regional Director, Department of Company Affairs, Northern Region, Kanpur, (U.P.).

#### Postal Ballot

Not Applicable

#### 7. Disclosures

**I 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.**

Various services rendered	Rs.1.54 lacs
Various services received	Rs.2.57 lacs

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

#### i) Subsidiaries :

a) Modistone Limited (In liquidation) Official Liquidator has taken charge of the Company w.e.f. 25.7.2002 i.e. the date of appointment of Official Liquidator by Bombay High Court. The company had provided Corporate Guarantee of Rs. 354 lacs to a Bank.

b) Superior Investment (India) Limited

c) Spin Investment (India) Limited

#### ii) Key Management Personnel :

Mr. Vinay Kumar Modi (As Managing Director till 28.03.2002)  
Dr. Bhupendra Kumar Modi (As Managing Director till 28.03.2002)

(No remuneration to key personnel during the year) The following transactions were carried out with related parties in the ordinary course of business during the period :

#### Subsidiaries Rs. lacs

a. Expenses incurred by Spin Inv. (India) Ltd. on behalf of MRL :	222.99
b. Reimbursement to Spin Inv. (India) Ltd. by MRL	82.30
c. Advance taken from Superior Inv. (India) Ltd. for incurring expenses:	143.00
d. Advance returned to Superior Investment (India) Ltd.	1.00
e. Payables at the year end as on 31.03.2004	653.89
* Salary to Managing/Executive Directors	Nil
* Sitting fee paid to Non Executive Directors	Rs. 46000/-

**B. Associates**

- i) Expenses incurred by MRL on behalf of GGL 1.56  
 ii) Receivables at the year end as on 31.03.2004 0.38

**II 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.**

Pursuant to Clause 41 of the Listing Agreement the Company is required to publish un-audited Quarterly Working Results/ Quarterly Limited Review of un-audited Accounts within a month from the date of closure of the quarter and/or two months of the half year. The last of such un-audited Results relating to quarter ending 30.06.2001 were approved by the Board on 31.07.2001 and published in newspapers on 03.08.2001 thereafter, due to closure of its operational activities the Company is still to comply with the aforesaid provisions.

As reported earlier, during the year 2002 pursuant to an Order dated 26.03.2002 under Rule 5(1) of SEBI (Procedure for holding inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 a penalty of Rs.2.00 lac was imposed by the SEBI on the Company on account of delay in filing of requisite information under Sub Regulation 2 & 4 of Regulation 6 and Sub Regulation 3 of Regulation 8, which was paid by the Company on 17.07.2002.

**8. Means of Communication**

All information about the Company is generally sent to the Stock Exchange(s) and the Company regularly updates the media and investor community about material developments.

Quarterly/six monthly results, as soon as finalised, are furnished to the concerned Stock Exchange(s) by fax followed by confirmation copies thereof and are normally published in The Pioneer (national daily) and Vir Arjun (regional language) newspapers in normal course except as mentioned in 7(ii) above.

The Company is not having any web-site.

**9. Management**

Management Discussion & Analysis Report is annexed hereto and forms part of the Annual Report (Annexure B-1).

**10. General Shareholder Information**

- a) Registered Office** Modi Rubber Ltd.,  
Modinagar - 201 204  
District Ghaziabad (U.P.)
- b) Annual General Meeting (ensuing)**  
 Date September 28, 2004  
 Time 11.30 A.M  
 Venue Auditorium, Dayawati,  
Modi Public School,  
Modi Nagar, U.P
- c) Date(s) of Books Closure** 23rd Sept. to  
28th Sept., 2004  
(both days inclusive)
- d) Financial Calendar** 01.04.2003 to 31.03.2004 (12 months)
- e) Dividend payment** Nil

**f) Listing at Stock Exchanges**

Delhi Stock Exchange Association Ltd.  
DSE House  
3/1 Asaf Ali Raod  
New Delhi 110 002  
Ph.011-23292417-23  
Fax 011-23292341

The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Tower  
1<sup>st</sup> Floor, Dalal Street  
Mumbai 400 001  
Ph. 022-22723030, 27217171  
Fax 022-22723353

National Stock Exchange of India Ltd  
Exchange Plaza  
Bandra Kurla Complex  
Bandra (E)  
Mumbai 400 051  
Ph.022-26598100-14  
Fax 022-26598237-38  
E mail [cmist@nse.co.in](mailto:cmist@nse.co.in)

The Uttar Pradesh Stock Exchange  
Association Ltd.  
Padam Towers  
14/113, Civil Lines  
Kanpur 208 001  
Ph.0512-2533115, 229315,  
2293174 & 2535219  
Fax 0512-2533175 & 2535220  
E mail [upse@lw1.vsnl.net.in](mailto:upse@lw1.vsnl.net.in)

For the year under review, the Company has not paid listing fees to any Stock exchange(s).

Pursuant to the approval accorded by the Members at their 30th Annual General Meeting, the Company is in the process of getting its securities delisted from Delhi, Mumbai and UP Stock Exchange(s). The securities shall continued to be listed and available for trading on the National Stock Exchange of India Ltd

<b>g) Stock Code</b>	Bombay Stock Exchange	500890
	National Stock Exchange	MODIRUBBER
	Delhi Stock Exchange	0033
	UP Stock Exchange	Z-495

**h) Demat ISIN Nos.** INE832A01018

in NSDL & CDSL

**i) Stock Market Data**

Since the securities of the Company remained suspended in the Stock Exchange(s) since November, 2002 information relating to MRL share price are not available. However, the NSE & BSE Sensex(s) based on share prices as on 31<sup>st</sup> March., 2004 are as under.

MONTH		SENSEX NSE		SENSEX BSE	
		HIGH	LOW	HIGH	LOW
APRIL	2003	1033.45	920.00	3215.24	2924.03
MAY	2003	1013.85	930.80	3180.75	2942.78
JUNE	2003	1141.30	1004.70	3607.13	3181.97
JULY	2003	1198.50	1089.30	3792.61	3554.13
AUG.	2003	1365.80	1180.30	4244.73	3741.66
SEPT.	2003	1430.70	1290.55	4453.24	4134.15
OCT.	2003	1574.10	1407.95	4930.53	4455.08
NOV.	2003	1630.25	1509.15	5097.84	4771.23
DEC.	2003	1914.40	1615.70	5838.96	5131.54
JAN.	2004	2014.65	1771.10	6194.11	5593.74
FEB.	2004	1935.80	1755.65	6035.80	5567.12
MARCH	2004	1898.70	1669.70	5935.19	5365.40

**j) Registrar and Transfer Agents** Mas Services Pvt. Ltd.  
(Share transfer and communication  
regarding share certificates,  
Dividends and change of address)  
AB-4 Safdarjung Enclave  
New Delhi 110 029  
Phone 011- 26104142  
E-mail : [masserv@gas01.vsnl.net.in](mailto:masserv@gas01.vsnl.net.in)  
Fax No. 011 - 26181081





### k) Share Transfer System

All share transfers which are received in physical form are processed and subject to the documents being valid and complete in all respects are approved by the Share Transfer Committee which meets at regular intervals. As per SEBI guidelines, the Company has offered the facility of transfer cum demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP has on the option letter generates a demat request and sends the same to the Company along with the option letter issued by the Company. On receipt of the same, the Share Transfer Agent dematerialises the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the Company will dispatch the share certificates after 15 days from the date of such option letter. However, in terms of SEBI Circular dated 10.02.2004 the Registrar & Share Transfer Agent of the Company have discontinued the practice of sending the Option Letter for dematerialisation subsequent to transfer.

### l) Distribution of Shareholding

The following is the distribution of shareholding of equity shares of the Company as on '31<sup>st</sup> March., 2004

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% shareholding
1 - 5000	14108	94.75	1509970	6.03
5001 - 10000	518	3.48	369275	1.47
10001 - 20000	169	1.14	232061	0.93
20001 - 30000	31	0.21	77794	0.31
30001 - 40000	6	0.04	20209	0.08
40001 - 50000	6	0.04	27800	0.11
50001 - 100000	15	0.10	97383	0.39
100001 and above	35	0.24	22706040	90.68
<b>TOTAL</b>	<b>14888</b>	<b>100.00</b>	<b>25040532</b>	<b>100.00</b>

### m) Category of Shareholders as on 31.03.2004

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of shareholding
Promoters & their Asso. (including shares held by Modipon under Escrow Account by Karvy)	20	0.13	10185284	40.68
Promoter Company	1	0.00	800000	3.19
Financial Institutions & Insurance Companies (including LIC shares under litigation with Karvy under Escrow Account)	9	0.06	1107961	44.25
Banks	16	0.11	3098	0.01
Mutual Funds	2	0.01	1250	0.00
Foreign Investing Institutions	3	0.02	228631	0.91
Bodies Corporate	193	1.31	613949	2.45
NR/OCBs	26	0.18	116212	0.47
Indian Public	14615	98.16	2012457	8.04
Shares in Transit (NSDL+CDSL)	3	0.02	590	0.00
<b>Total</b>	<b>14888</b>	<b>100.00</b>	<b>25040532</b>	<b>100.00</b>

### n) Dematerialisation of Shares and Liquidity

Over 69.23% of the outstanding shares have been dematerialised upto 31.03.2004. Trading in Equity Shares of the Company is permitted only in dematerialised form with effect from 24<sup>th</sup> October, 2000 as per notification issued by SEBI. The equity shares of the Company are mostly traded at Mumbai and National Stock Exchanges. However, on account of alleged non compliance of certain listing requirements by the Company, trading in its securities remained suspended in the Stock Exchanges since November, 2002.

### o) Transfer of unclaimed amounts of dividend to Investor Education & Protection Fund

Pursuant to the provisions of Section 205C of the Companies Act, 1956 and the Investor Education & Protection Fund (Awareness and Protection of Investor) Rules, 2001 the Company has since transferred a sum of Rs.10.45 lacs to the Investor Protection and Education Fund relating to the dividends remained unclaimed/unpaid since 1996 and 1997 which could not be earlier transferred in the absence of handing over of relevant records by the previous Registrar to the existing Registrar & Share Transfer Agent of the Company.

### p) Outstanding GDR/Warrants and Convertible Bonds, Conversion

The Company has not issued any GDR/Warrants/ Convertible bonds.

### q) Plant Locations

1. Modipuram Distt. Meerut (U.P.)
2. Modinagar Distt. Ghaziabad (U.P.).
3. Partapur Distt. Meerut (U.P.)

### r) Address for Correspondence

For transfer/dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company

Mas Services Pvt. Ltd.,  
AB-4 Safdarjung Enclave  
New Delhi - 110 029.  
Phone : 011 - 26104142  
E-mail : [masserv@glasdl01.vsnl.net](mailto:masserv@glasdl01.vsnl.net)  
Fax No. 011 - 26181081

### Any query on Annual Report

**Secretarial Department,**  
Modi Rubber Ltd.,  
4-7C, DDA Shopping Centre  
New Friends Colony,  
New Delhi - 110 065  
Phone 011 - 26848416, 26848417  
Fax No.011 - 26837530

The non-mandatory requirements are not being complied with for the present.

### COMPLIANCE

A Certificate dated 31.08.2004 obtained from the Statutory Auditors, M/s. Prabhat Jain & Co., forms part of this Annual Report and the same is given herein:

**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 31.03.2004, 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, except as mention in point No.3 & 7(II) of the Annexure B on Corporate Governance, as the Company still require to comply with the provisions.

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

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

For PRABHAT JAIN & CO.

Prabhat Jain  
Partner

Place : New Delhi  
Date : August 31, 2004

Chartered Accountants

**ANNEXURE B-1**

**MANAGEMENT ANALYSIS REPORT**

The Tyre Industry in India is dominated by Indian manufacturers. However, the top three tyre manufacturers of the world have presence in India. One of the multinational Company is manufacturing only non-truck tyres as he dominates in Radial tyres only, world's largest Company, as was predicted earlier, has made an entry into India through JV with an Indian Company. Thus all the leading players of the world tyre industry have some presence in the country.

The radialisation of the market is increasing. The passenger tyre market is almost 95% radial. This has happened because of new generation vehicles being manufactured in the country. The Truck Tyre market is also expected to use more radial tyres in coming years. The vehicle manufacturers are in the process of bringing in new models with improved suspension and power steering which will pave the way for the use of Radial tyres. Improved road network, particularly the East-West as well North-South corridor of NH1 will further provide impetus to radialisation.

Our country is well placed in the International market of tyres exports are likely to increase in the years ahead. The increase in radial tyre production and participation of top MNCs will help in boosting export of tyres.

The domestic market has been good during the year. The replacement demand as well institutional sale showed appreciable growth. The vehicle production as well as sale has an upward trend which has further pushed up tyre sale.

Import of tyres, particularly from China is a threat to the industry. Tyres coming from China are low priced and hence are able to cut into lower end of the market nevertheless.

Immediate future of the market looks promising though 4-5% growth is likely to be maintained in the long run.