

THE COMPANY

BOARD OF DIRECTORS

Vinay Kumar Modi
Chairman

Alok Modi
Managing Director

K S Bains
Director

Sanjiwan Sahni
Director

Neeraj Sharma
Director

Sanjeev Kumar Bajpai
Head – Legal & Company Secretary

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

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

WORKS
Modinagar-201 204
District Ghaziabad (Uttar Pradesh)

BANKER
Yes Bank Ltd

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

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

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

NOTICE

Notice is hereby given that the 40th Annual General Meeting of Modi Rubber Limited shall be held on Monday, September 30th, 2013 at 11.30 AM at Auditorium, Dayawati Modi Public School, Modinagar to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and Profit & Loss Account for the period ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanjiwan Sahni who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Neeraj Sharma who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s PDM & Co., Chartered Accountants, New Delhi, the retiring Auditors of the Company as Auditors, who shall hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize Board of Directors to fix their remuneration plus out of pocket expenses if any.

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

Place: New Delhi
Date: August 13, 2013

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

Notes:

1. The Register of Members and Share Transfer Books of the Company shall remain closed from 21.09.2013 to 30.09.2013 (both days inclusive).
2. **A member, entitled to attend and vote at the Meeting, is entitled to appoint one or more proxies to attend and vote instead of himself/ her self and the proxy(ies) need not be the Member(s) of the Company. The proxy form(s) duly completed and signed should reach the Company's Registered Office at Modinagar at-least 48 hours before the time fixed for the meeting.**
3. Members desirous of obtaining any information concerning the Accounts of the Company are requested to send their request at the 4/7C DDA Shopping Centre New Friends Colony, New Delhi-110 025 Head Office of the Company atleast seven days before the date of the Meeting, so that the information required may be made available at the Meeting.

INSPECTION OF DOCUMENTS

All material documents referred to in the Notice will be kept open for inspection by the members, at the Registered Office of the Company, from 11AM to 1 PM on all working days from 21.09.2013 to 30.09.2013 upto the date of the AGM.

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

Place: New Delhi
Date: August 13, 2013

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



DIRECTORS' REPORT

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

IMPLEMENTATION STATUS OF BIFR SCHEME

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

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

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

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

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

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

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

FINANCIAL RESULTS

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

BOARD OF DIRECTORS

Mr. Arvind Nath Seth resigned from the Board of Directors of the Company with effective from 17th December 2012. Mr. Sanjiwan Sahni & Mr. Neeraj Sharma directors of the Company are liable due to retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment. The Chairman and Managing Director are non retiring directors in terms of the Articles of Association.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; The same has been certified by the auditors in their annexure to audit report stating therein that no serious discrepancies between the book records and physical quantity have been noticed.
- (iv) that the directors had prepared the annual accounts on a going concern basis..

AUDITORS

M/s.PDM & Co. Chartered Accountants, New Delhi, shall be retire as Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Auditors' observations in their Report have been elaborately dealt with in the Auditors' Report / Notes on Accounts. The same are self explanatory and do not need any more information/explanation.

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

SUBSIDIARY COMPANIES

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

STATUTORY DISCLOSURES

During the period under review, there was no employee for the purpose of Section 217(2A) of the Act. Since there was no production, there is no information required to be given for energy conservation, technology absorption, fuel consumption etc. u/s 217 (1) (e) of the Act. Information about foreign exchange earnings and outgo is 43.09 Lacs during the year under review.

CORPORATE GOVERNANCE

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

CONSOLIDATED FINANCIAL STATEMENTS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : New Delhi
Date : August 13, 2013

Vinay Kumar Modi
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT ---

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

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

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

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

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



R EPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

1. CODE OF CONDUCT

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

2. BOARD OF DIRECTORS

The Composition of the Board of Directors of Company as on 31.03.2013 is as follows:-

Name of Directors	Status i.e. Promoters, Executive, Non Executive, Independent, Nominee of Financial Institutions	Number of Board Meetings of the Company		Number of Membership in other Boards or other Committees as a Member or Chairperson		Whether attended the last AGM
		Held during the year	Attended during the year	Board	Committee	
Shri Vinay Kumar Modi	Promoter / Non- Executive	07	07	02	01	Yes
Shri Alok Modi	Promoter / Executive	07	07	02	00	Yes
Shri K S Bains	Independent / Non Executive	07	07	00	00	Yes
Shri Sanjiwan Sahni	Independent / Non Executive	07	06	00	00	No
Shri Neeraj Sharma	Independent / Non Executive	07	04	00	00	No

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

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

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

Share holding of Non Executive Directors

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

3. AUDIT COMMITTEE

The constituted Audit Committee has the terms and roles as specified in Clause 49 of the Listing Agreement / Section 292A of the Companies Act, 1956. Audit Committee consists of the following members Shri KS Bains as Chairman of the Committee, Shri Vinay Kumar Modi and Shri Sanjiwan Sahni as Members.

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

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

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

4. REMUNERATION OF DIRECTORS

There has been no occasion for consideration of payment of remuneration to any Director during the year. As and when necessary, Board will constitute a Remuneration Committee. There is no stock option scheme of the Company for any Director (whole time / non whole time). No remuneration is paid to Managing / Whole Time Director, except the sitting fees paid to independent non executive directors for attending Board / Committee meetings during the period under review.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has a Share Transfer Committee (STC) which looks after Shareholders / Investors' complaints & grievances, and holds its meetings as and when necessary. The Committee consists of Shri V K Modi, Shri Alok Modi and Shri Sanjiwan Sahni as Chairman. Company Secretary acts as secretary of the Committee and also compliance officer of the Company. The Board has delegated the authority for registration of shares upto 1000 to Company Secretary and from 1001 to 5000 to Managing Director. Shares over and above 5000 are approved by the STC. During the accounting period under review, 133 complaints were received by the Company / Registrar and Share Transfer Agents from shareholders. All these complaints have since been redressed. There were no share transfer pending for registration as on 31st March, 2013.

6. DIRECTORS

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

7. GENERAL BODY MEETINGS

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

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

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

8. DISCLOSURES

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

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

I	Subsidiaries:	% Holdings
a)	Modistone Limited (in liquidation) Official Liquidator has taken possession of the Company w.e.f. 25.07.2002- from the date of appointment of official Liquidator by Bombay High Court.	55.32
b)	Superior Investment (India) Limited	100.00
c)	Spin Investment (India) Limited	100.00
Associates:		
i)	Man Diesel India Limited (Ceased to be Associate w.e.f. 02/04/2012)	Nil
ii)	Gujarat Guardian Limited (GGL)	21.24

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

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

Key Management Personnel:

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

• Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.
None

9. MEANS OF COMMUNICATION

Quarterly / Annual Financial Results of the Company are normally published in The Pioneer (English) and Vir Arjun / Hari Bhoomi (Hindi) newspapers. The requisite information as required under the Listing Agreement is sent to the Stock Exchanges through fax / speed post / e-mail / courier etc. Company's Web-site is www.modirubberlimited.com.

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

10. GENERAL INFORMATION

Date, time and venue of the Annual General Meeting	: Monday, September 30, 2013 at 11.30 A.M. Auditorium, Dayawati Modi Public School, Modinagar-201 204
Book Closure	: 21.09.2013- 30.09.2013 (both days inclusive)
Financial Calendar	: October 01, 2011 to March 31, 2013
Dividend payment date	: Nil
Listing on Stock Exchanges	: The Bombay Stock Exchange Ltd. (BSE) The National Stock Exchange of India Ltd. (NSE)
Stock code	: MODIRUBBER (NSE) MODIRUBB (BSE) / 500890
Listing fees	: Duly paid for 2013 -14
Stock Market Data	: Bombay Stock Exchange of India (BSE)



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

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

Registrar and Transfer Agents : Mas Services Ltd.
T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020
Phone : 26387281/82/83, Fax: 26387384
email: mas_serv@yahoo.com website : www.masserv.com

Share Transfer System

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

Distribution of Shareholding

The following is the distribution pattern of shareholding of equity shares of the Company as on 31.03.2013:

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

Shareholding pattern as on 31.03.2013

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

Dematerialization of Shares and Liquidity

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

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

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

Plant Location : Modi Tyre Factory, Modinagar, Dist. Ghaziabad (U.P).

o) Address for Correspondence : Mas Services Ltd.,
for transfer/dematerialization T-34, 2nd Floor, Okhla Industrial Area,
of shares, and any other query Phase - II, New Delhi - 110 020
Phone:- 26387281/82/83 - Fax:- 26387384
email:- mas_serv@yahoo.com
website : www.masserv.com

Any query on Annual Report : Secretarial Department,
Modi Rubber Ltd.,
4-7C, DDA Shopping Centre, New Friends Colony, New Delhi-110 025,
Phone: 011-26848416, 26848417 Fax: 011-26837530

Non Mandatory requirements

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

CEO / CFO CERTIFICATION

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

For and on behalf of the Board

Place: New Delhi
Date: August 13, 2013

(Alok Modi)
Managing Director

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

To the Members of
Modi Rubber Ltd.

We have examined the compliance of conditions of corporate governance by Modi Rubber Ltd. for the accounting period ended 31.03.2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

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

(Prabhat Jain)
Partner
Membership No. 86756

Place: New Delhi
Date: 13.08.2013



AUDITORS' REPORT

Report of the Auditors to the Shareholders

1. We have audited the attached Balance Sheet of Modi Rubber Limited as at 31st March 2013, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the period ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that :-
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Statement of Profit and Loss, Balance Sheet and Cash Flow Statement comply with the requirements of the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; and;
 - v) On the basis of the written representations received from the directors on 31st March, 2013 and taken on record by the Board of Directors, we report that none of the Director as at 31st March, 2013 is disqualified from being appointed as director of the company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, we further report that subject to:-
 - i) Serial No. 5 of Note No. 25 regarding non availability of information of unpaid balances to Micro, Small and Medium Enterprises;
 - ii) Serial No. 10 of Note No. 25 regarding non ascertainment of value of intangible assets and value of impairment loss on Assets as per AS 26 & 28 respectively;the total impact of which, is presently not ascertainable, the said

accounts read with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- i) in the case of Balance Sheet, of the state of the Company's affairs as at 31st March, 2013;
- ii) in the case of Statement of Profit and Loss, of the Profit of the Company for the period ended on that date; and;
- iii) in the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

For P D M and Company
Chartered Accountants
(Firm's Reg. No. 007966N)

CA. Prabhat Jain
Partner

Place: New Delhi

Date: 28.05.2013

(M. No. 086756)

ANNEXURE TO THE AUDITORS' REPORT

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

- i) a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - b) The fixed assets (except the assets which the company has no access) have been physically verified by the management at the period end. No material discrepancy has been noticed on such verification.
 - c) In our opinion and according to the information and explanation given to us the Company has not disposed off a substantial part of its fixed assets during the period.
- ii) a) Physical verification of the inventories of the company has been conducted at reasonable intervals. However in some cases, physical verification has not been conducted due to non-access of the inventory.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The company has maintained proper records of inventories. As explained to us, material discrepancies noticed on physical verification of inventories as compared to book records have been properly dealt with in the books of accounts.
- iii) a) The Company has not granted any secured/unsecured loan to any party listed in the register maintained under section 301 of the Companies Act, 1956.
 - b) The Company has taken interest free unsecured loans from two companies listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount of loans taken during the year was Rs. 530 lacs and the balance outstanding as at 31st March, 2013 is Rs. 220 lacs.
 - c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans granted/taken are not prima facie prejudicial to the interest of the company.
 - d) Such loans outstanding at the period end are at call and have not been recalled during the period.

- iv) In our opinion and according to the information and explanations provided to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. We have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system during the course of audit.
- v) a) As per information and explanations provided to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.
- b) As per information and explanations provided to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any public deposits. Therefore provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the directions issued by Reserve Bank of India are not applicable and therefore not commented upon.
- vii) As informed to us, the company has an internal audit system

commensurate with its size and nature of its business. However, due to suspension of operations, there is no designated team for internal audit.

- viii) The Central Government has prescribed maintenance of Cost Records under clause (d) of sub-section (1) of Section 209(1) (d) of the Act. However no Cost Records are maintained due to the suspension of manufacturing operations.
- ix) (a) The company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except amounts of Rs. 86.90 lacs due to Sales Tax Authorities and Rs. 232.16 lacs payable to gratuity trust as at the last day of the financial year concerned for a period of more than six months from the date they become payable.
- (b) According to information and explanations given to us, the dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute and the forum where the dispute is pending, are as under :-

S. No.	Name of the Statute	State	Amount Rs. Lacs	Forum Where Dispute is pending	Period Which It Relates to
I	EXCISE/DGFT LIABILITY				
1	Central Excise Act, 1944	Central Excise Act, 1944	1,653.97	High Court and Appellate Tribunals	1992-2002
2	Foreign Trade Development and Regulation Act, 1992	Delhi	200.00	Additional DGFT Commissioner (A)	1995-1996
II	SALES TAX LIABILITY				
1	U.P Trade/VAT Act	Uttar Pradesh	1077.04	Tribunal, Add. Comm.(A), D.C. (A)	1977-2002
2	Bihar Finance Act	Bihar	374.85	Jt. Comm. (A)	1990-2002
3	Delhi ST Act	Delhi	337.08	D.C. (A)	1976-2002
4	Maharashtra ST Act	Mumbai	790.52	D.C. (A)	1975-2002
5	W.B State Act	Kolkatta	131.17	D.C. (A)	1975-2002
6	Jharkand ST Act	Jamshedpur	65.42	D.C. (A)	2000-2002
7	Jharkand ST Act	Ranchi	27.96	D.C. (A)	2000-2002
8	A.P GST Act	Andhra Pradesh	95.58	Comm. (A)	1999-2002
9	Haryana CST Act	Haryana	63.05	Jt. Comm. (A)	1999-2003
10	J & K ST Act	Jammu & Kashmir	42.33	D.C. (A)	2001-2002
11	M.P Comm. Tax Act	Madhya Pradesh	134.40	D.C. (A)	1993-2002
12	Uttaranchal ST Act	Uttaranchal (Haldwani)	20.29	Jt. Comm. (A)	2000-2002
13	Pondicherry ST Act	Puducherry	0.73	D.C. (A)	1999-2000

- x) There are no accumulated losses at the end of the financial year. The Company has not incurred any Cash Loss during the year and immediately preceding financial year.
- xi) In our opinion and according to informations and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or debenture holders.
- xii) As informed to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not carrying on the business of Chit Fund, Nidhi or Mutual Benefits Fund / Societies.
- xiv) The Company is not dealing or trading in Shares, Securities and other Investments.
- xv) The Company has not given any guarantee for loan taken by others from banks or financial institutions.
- xvi) The Company has not taken any term loans during the financial year.

- xvii) The Company has not raised any loans during the period.
- xviii) The Company has neither issued any fresh share capital nor made any preferential allotment during the period.
- xix) The Company has not issued any debenture during the period.
- xx) The Company has not raised any money by way of Public Issue during the period.
- xxi) As informed by the company, no case of any fraud on or by the Company has been noticed or reported during the period.

For P D M and Company
Chartered Accountants
(Firm's Reg. No. 007966N)

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

Place: New Delhi
Date: 28.05.2013