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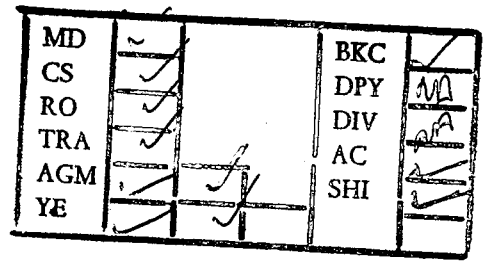
MODISTONE LIMITED



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Modistone

67TH ANNUAL REPORT 1997 - 98

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BOARD OF DIRECTORS

Directors	MR. KRISHAN BHAGWAN GUPTA MR. DAMODAR PRASAD DANI MR. BUSI BABU RAO MR. KAPIL DEV GUPTA MR. RAM SAMHAR DUBEY
President	MR. SATISH KUMAR MODI
Secretary	MR. NARESH KUMAR JAIN
Auditors	M/S. FORD, RHODES, PARKS & CO.
Bankers	STATE BANK OF BIKANER & JAIPUR STATE BANK OF PATIALA STATE BANK OF INDIA STATE BANK OF INDORE CANARA BANK PUNJAB NATIONAL BANK CITIBANK N.A.
Solicitors	CRAWFORD BAYLEY & CO. MUMBAI
Advocates	J.B. DADACHANJI & CO., NEW DELHI
Registered Office & Factory	HAY BUNDER ROAD MUMBAI - 400 033.
Corporate Office	4-7/C, DDA SHOPPING CENTRE NEW FRIENDS COLONY NEW DELHI - 110 065.
Share Transfer Office	SYSTEMS DEPARTMENT MODISTONE LTD. MODIPURAM - 250 110 MEERUT (U.P.)

Due to prohibitive cost of paper and printing, copies of Annual Report will not be distributed at the Annual General Meeting.

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NOTICE

NOTICE is hereby given that the **67th Annual General Meeting** of the Shareholders of Modistone Limited will be held at Patkar Hall, 1, N. Thackersey Road, New Marine Lines, Mumbai - 400 020 on Wednesday, the 24th March, 1999 at 4.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 1998 and the Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors.
2. To appoint a Director in place of Mr. B. Baburao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. D.P. Dani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By order of the Board,

New Delhi, the 30th January, 1999 N.K. JAIN
Registered Office: *Company Secretary*
Hay Bunder Road
Mumbai - 400 033

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NOTES:

1. A MEMBER, ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 16th March, 1999 to Wednesday, the 24the March, 1999 (both days inclusive).
4. Members are requested to notify promptly any change in their addresses to the Systems Deptt., Modistone Ltd., Modipuram - 250 110, Meerut (U.P.).
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Secretary of the Company atleast 7 (seven) days before the date of the meeting, so that the information required may be made available at the meeting.

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DIRECTORS' REPORT

Your Directors present the 67th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th September, 1998.

FINANCIAL RESULTS

(Rs. in lacs)

	For the year ended 30.09.1998 (12 Months)	For the year ended 30.09.1997 (18 Months)
Turnover/other Income	**8,00**	247,50
Gross Profit/(Loss)	**(9,66)**	(43,71)
Depreciation	**2,43**	3,76
Profit/(Loss) before tax	**(12,09)**	(47,47)
Provisions for Excise Duty	**2,00**	—
Right issue expenses written off	**13**	20
Net Profit/(Loss) for the year	**(14,22)**	(47,67)
ADD: Balance brought forward from previous year	**(70,70)**	(23,03)
Balance Profit/(Loss)	**(84,92)**	(70,70)

The losses incurred by the Company during the period are due to the lock out in the Company's Plant at Mumbai and various other Offices and Godowns.

STATUS WITH BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)

The Board of Directors in its meeting held on 30th January, 1998 had decided to make a reference to the BIFR under Section 15 of the Sick Industrial Companies (Special Provisons) Act, 1985 (SICA). Accordingly the Company had made a reference to BIFR on 13.02.1998 and the company was declared a "Sick Industrial Company" by BIFR on 15th April, 1998 and The Industrial Finance Corporation of India Ltd. (IFCI) was appointed as the Operating Agency under Section 17(3) of SICA to examine the viability and submit its report on revival of the Company. The Company was directed to submit a viable rehabilitation proposal under RBI guidelines and the Operating Agency was directed to examine the same and submit its Report after holding a joint meeting. The Company has submitted a draft rehabilitation proposal to IFCI on 5th November, 1998 with a copy to BIFR. BIFR in its hearing held on 21st January, 1999 has directed IFCI to hold a joint meeting on 8th February, 1999 in this regard and submit its report to BIFR thereafter.

INDUSTRIAL RELATIONS

The lock out declared by the Company at its Factory premises at Sewree, Central Office, Mumbai District Office and Godown vide the lock out notice dated 22nd September, 1997 which became effective from 8th October, 1997 and the lock out declared in various other Offices and Godowns on different dates in October 1997 is continuing. The various legal proceedings initiated consequent upon the aforesaid declaration of lock out are pending in different Courts and the Company is defending the same.

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FIXED DEPOSITS

Out of the total deposits earlier collected from the shareholders and the public, a sum of Rs. 31,000/- from 11 depositors still remain unclaimed as on 30th September, 1998.

DIRECTORS

Mr. V.K. Modi, Dr. B.K. Modi, M/s. Alok Modi, Dilip Modi, D.K. Goswami, R.P. Goyal and Sanjiwan Sahni have resigned from the Board of Directors since the last Annual General Meeting. Yours Directors place on record their sincere appreciation and gratitude for the services rendered by the aforesaid Directors.

The Board has appointed M/s. K.D. Gupta and R.S. Dubey, as Directors of the Company to fill the casual vacancies caused due to the resignations of Mr. V.K. Modi and Dr. B.K. Modi, respectively.

Mr. B.Baburao and Mr. D.P. Dani are liable to retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

The statement under Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report is enclosed. None of the employees mentioned in the enclosed statement is a relative of any Director or Manager of the Company.

AUDITORS

Ford, Rhodes, Parks & Company who are Auditors of your Company, retire at this Annual General Meeting and being eligible, offer themselves for re-appointment. A Certificate in terms of Section 224(1B) of the Companies Act, 1956 has been received from them.

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AUDITORS' REPORT

The notes on the statement of accounts referred to in the report of the Auditors have been suitably explained by way of notes to the Accounts.

TAX AUDIT

Your Company has re-appointed M/s. Thakur & Company as Auditors for submitting Tax Audit Report in terms of Section 44AB of the Income-Tax Act, 1961 for the financial year ended March 31, 1999.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The details have been furnished in the Annexure to this report.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation to various Central and State Government Authorities, Financial Institutions and Banks for the valuable guidance and assistance. Your Directors also gratefully acknowledge the support extended by the suppliers and the shareholders.

By Order of the Board

K.B. Gupta
Director & Chairman of the Meeting

Place : New Delhi
Date : 30th January, 1999

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ANNEXURE

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) CONSERVATION OF ENERGY

Since Factory is under lock out during the period, there is no conservation of Energy activity carried out by the Company.

FORM A

(a) Power and Fuel consumption

	Period ended 30.09.1998 (12 Months)	Period ended 30.09.1997 (18 Months)
1. Electricity		
(a) Purchased Unit (Kwh)	Nil	2,74,91,296
Total Amount (Rs. in Lacs)	Nil	1,002.29
Rate Per Unit (Rs.)	–	3.65
(b) Own Generation		
(i) Thro' Diesel Generator (Kwh)	69,700	4,41,200
Unit Per Litre of Diesel Oil	3.47	3.10
Cost per Unit (Rs.)	3.17	2.90
(ii) Thro' Steam Turbine/Generator Units (Kwh)	N.A.	N.A.
(c) Total Electricity (Kwh)	69,700	2,79,32,496
2. Coal (specify quantity and where used)		
Quantity (Tonnes)	N.A.	N.A.
Total Cost (Rs. in Lacs)	N.A.	N.A.
Avg. Rate (Rs. per litre)	N.A.	N.A.
3. Furnance Oil/LSHS		
Quantity (K./Ltrs.)	Nil	10,313
Total Cost (Rs. in Lacs)	Nil	512.86
Avg. Rate (Rs. per litre)	Nil	4.97
4. Others		
Consumption per unit of production		
Electricity (Kwh/Tonne)	Nil	1,580
Furnance Oil (Ltrs./Tonne)	Nil	593
Coal	N.A.	N.A.
Others	N.A.	N.A.

(B) TECHNOLOGY ABSORPTION

FORM B

RESEARCH AND DEVELOPMENT (R & D)

1. **Specific areas in which R&D carried out by the Company :**

   Since Factory is under lock out during the period, there is no R&D activity carried out by the Company.

2. **Benefits derived as a result of the above R & D.**

   No benefits have been derived since factory has been under lock out during the period.

3. **Future Plan of Action :**

   A Rehabilitation proposal has been submitted to IFCI/BIFR for their consideration and approval.

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4. **Expenditure on Research & Development**

(Rs.)

		1997-98 (Oct.-Sept.) (12 months)	1996-97 (Apr.-Sept.) (18 months)
a)	Capital Expenditure	**Nil**	Nil
b)	Manpower Cost	**Nil**	33,38,682
c)	1. Competitiors' Tyre Testing	**Nil**	Nil
	2. Other expenses	**Nil**	54,491
	3. Co.'s Tyres, Tubes & Flaps for Analysis & Development	**Nil**	7,41,469
	4. Tyres tested on BOFS Machine	**Nil**	6,92,601
	Total Cost	**Nil**	53,27,243
d)	Total R&D Expenditure as percentage to turnover	—	0.22

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Not applicable as we do not have foreign collaboration on date.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) ACTIVITIES RELATING TO EXPORTS:
INITIATIVES TAKEN TO INCREASE EXPORTS:
DEVELOPMENT OF NEW EXPORT MARKETS FOR PRODUCTS AND SERVICES AND EXPORT PLANS:
The Company has not made any export of tyres/tubes since the factory has been under lock out during the period.

(b) Total Foreign Exchange earned and used

(Rs. in Lacs)

	Period ended 30.9.98 (12 months)		Period ended 30.9.97 (18 months)
Foreign Exchange earned	**Nil**		500.34
Foreign Exchange used			
CIF Value of Imports	**Nil**	726.30	
Foreign Travel, Commission etc.	**14.47**	87.34	813.64

By Order of the Board

K.B. Gupta
Director & Chairman of the Meeting

Place : New Delhi
Date : 30th January, 1999

ANNEXURE TO DIRECTORS' REPORT

STATEMENT UNDER SECTION 217(2A) READWITH THE COMPANIES (PARTICULARS OF EMPLOYEES), RULES, 1975 ATTACHED TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH SEPT' 1998

Employees' Name, Designation, Qualifications, Date of Service, Exp. Yrs., Gross Remun., Year of Birth, Previous Employer and Designation

A. EMPLOYED FOR THE FULL YEAR Braggs L.J., Director (Manufacturing), B.Sc., 07.05.62, 36, 515592, 1940, – B. EMPLOYED FOR PART OF THE YEAR Bali S.K., Marketing Manager, M.Sc. (Chemistry), 01.09.76, 26, 295379, 1950, Alembic Chemical Works, Medical Representative, Jain N.K., Company Secretary, B.Sc., LL.B., DCL, F.C.S., 20.09.83, 25, 438851, 1953, Shriram Fertz. & Chem. Dy Manager, Mathur Deepak, Gen Manager Commercial, B.Sc., LL.B., MBA, 05.09.83, 19, 369369, 1956, JK Synthetics Ltd., Asstt, Sales Officer, Shah J.G., Gen Manager Commercial, B.S. Mech Engg., 12.07.82, 32, 283305, 1943, Union Carbide Mgr Materials & Ind. Engg., Suri Pratap, Manager Technical, B.Sc., 01.06.83, 35, 230819, 1940, Good Year India Ltd., Senior Compounder

NOTE : Remuneration above includes Salary, Wages, Allowances, Medical, Bonus, Contribution to Provident Fund and Other Funds and Perquisities Valued in Accordance with I.T. Rules.

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