

MODISTONE LIMITED



68TH ANNUAL REPORT 1998 - 99

BOARD OF DIRECTORS

Directors	MR. KRISHAN BHAGWAN GUPTA MR. RAVINDER LAL AHUJA MRS. USHA VENKATESAN 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.

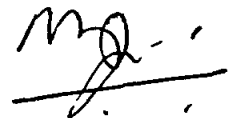
NOTICE

NOTICE is hereby given that the **68th 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 Friday, the 10th March, 2000 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, 1999 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. K.B. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K.D. Gupta, 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,



N.K. JAIN

Company Secretary

New Delhi, the 23rd December, 1999

Registered Office:

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 Wednesday, the 1st March, 2000 to Friday, the 10th March, 2000 (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.

DIRECTORS' REPORT

Your Directors present the 68th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th September, 1999.

FINANCIAL RESULTS

	(Rs. in lacs)	
	For the year ended 30.09.1999	For the year ended 30.09.1998
Turnover/other Income	2,39	8,00
Gross Profit/(Loss)	(4,91)	(9,66)
Depreciation	2,42	2,43
Profit/(Loss) before tax	(7,33)	(12,09)
Provisions for Excise Duty	7	2,00
Right issue expenses written off	13	13
Net Profit/(Loss) for the year	(7,53)	(14,22)
ADD: Balance brought forward from previous year	(84,92)	(70,70)
Balance Profit/(Loss)	(92,45)	(84,92)

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)

Based on the Balance Sheet as on 30.09.1997, the Board of Directors of the Company had decided to make a reference to the Board for Industrial and Financial Reconstruction (BIFR) under Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Accordingly, the Company had made a reference to BIFR and it was declared as "Sick Industrial Company" by BIFR. 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. As directed, the Company has submitted a rehabilitation proposal and a joint meeting has been held in this regard. IFCI has submitted its report to BIFR. In the meanwhile the Company has moved an application before BIFR requesting for extension of cut-off date from 31.12.1998 to 31.03.2000 since it would be impractical to prepare a Scheme with a back dated cut-off date. The liabilities and dues upto 31.03.2000 would be crystallised and funded and the repayment thereof would be provided over the revival period. The Company's above application for extension of cut-off date is pending consideration of BIFR.

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. Various legal proceedings initiated consequent upon the aforesaid declaration of lock out are pending in different Courts and the Company is defending the same.

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, 1999.

DIRECTORS

Mr. B. Babu Rao and Mr. D.P. Dani have resigned from the Board of Directors since the last Annual General Meeting. Your Directors place on record their sincere appreciation and gratitude for the services rendered by them.

The Board has appointed Mrs. Usha Venkatesan and Mr. R.L. Ahuja, as Directors of the Company to fill the casual vacancies caused due to the resignation of Mr. B. Babu Rao and Mr. D.P. Dani.

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

PARTICULARS OF EMPLOYEES

The Company has no employee who was in receipt of remuneration as has been prescribed u/s 217 (2-A) of the Company Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

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.

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, 2000.

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 : 23rd December, 1999

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 30.09.1999 (12 Months)	Period ended 30.09.1998 (12 Months)
1. Electricity		
(a) Purchased Unit (Kwh)	Nil	Nil
Total Amount (Rs. in Lac)	Nil	Nil
Rate Per Unit (Rs.)	—	—
(b) Own Generation		
(i) Thro' Diesel Generator (Kwh)	57.650	69,700
Unit Per Litre of Diesel Oil	3.47	3.47
Cost per Unit (Rs.)	3.17	3.17
(ii) Thro' Steam Turbine/Generator Units (Kwh)	N.A.	N.A.
(c) Total Electricity (Kwh)	57.650	69,700
2. Coal (specify quantity and where used)		
Quantity (Tonnes)	N.A.	N.A.
Total Cost	N.A.	N.A.
Avg. Rate	N.A.	N.A.
3. Furnance Oil/LSHS		
Quantity (K./Ltrs.)	Nil	Nil
Total Cost (Rs. in Lac)	Nil	Nil
Avg. Rate (Rs. per litre)	Nil	Nil
4. Others		
Consumption per unit of production		
Electricity (Kwh/Tonne)	Nil	Nil
Furnance Oil (Ltrs./Tonne)	Nil	Nil
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.

4. Expenditure on Research & Development

	(Rs.)	
	1998-99 (Oct.-Sept.)	1997-98 (Oct.-Sept.)
a) Capital Expenditure	Nil	Nil
b) Manpower Cost	Nil	Nil
c) 1. Competitors' Tyre Testing	Nil	Nil
2. Other expenses	Nil	Nil
3. Co.'s Tyres, Tubes & Flaps for Analysis & Development	Nil	Nil
4. Tyres tested on BOFS Machine	Nil	Nil
Total Cost	Nil	Nil
d) Total R&D Expenditure as percentage to turnover	Nil	Nil

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:**

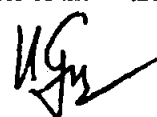
INITIATIVES TAKEN TO INCREASE EXPORTS:
DEVELOPMENT OF NEW EXPORT MARKETS
FOR PRODUCTS AND SERVICES AND EXPORT
PLANS:

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 Lac)	
	Period ended 30.9.99	Period ended 30.9.98
Foreign Exchange earned	Nil	Nil
Foreign Exchange used		
CIF Value of Imports	Nil	Nil
Foreign Travel, Commission etc.	Nil	14.47

By Order of the Board



Place : New Delhi
Date : 23rd December, 1999

K.B. Gupta
Director & Chairman of the Meeting