



INDEPENDENT AUDITOR'S REPORT

To the Members of Modi Rubber Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Modi Rubber Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles generally accepted in India, including Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate Internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

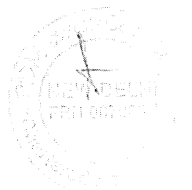
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016 and its profit and the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure 'A' a statement of the matters specified in paragraphs 3 and 4 of the Order.

As required by section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



- e. on the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B'; and;
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of information and according to the explanations given to us:
- the Company has disclosed the impact of pending litigations as at March 31, 2016 on its financial position in its financial statements;
 - the Company has made provision, as required under applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and;
 - there has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

Place: New Delhi
Date: 27/05/2016

For **P D M and Company**
(Firm Registration No. 007966N)
Chartered Accountants



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

ANNEXURE 'A' REFERRED IN OUR REPORT ON STANDALONE FINANCIAL STATEMENTS TO THE MEMBERS OF MODI RUBBER LIMITED FOR THE YEAR ENDED 31st MARCH 2016

- (i) a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets (except the assets which the company has no access) have been physically verified by the management during the year. Material discrepancy noticed during such verification, have been properly dealt with in the books of accounts.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties are held in the name of the Company except the following cases:-

S.No.	Nature of Property	Gross Block (Rs. Lacs)	Net Block (Rs. Lacs)
1	Building (Flat)	165.00	27.49
2	Building	98.73	18.96

- (ii) 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. 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) The Company has granted an unsecured loan to one of its wholly owned subsidiary company, covered in the register maintained under section 189 of the Act.
- a) The terms and conditions of the aforesaid loan are not prejudicial to interest of the Company;
- b) The loan granted was repaid as per schedule; and;
- c) There is no overdue amount in respect of such loan.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees and securities.
- (v) According to the information and explanation given to us, the company has not accepted any deposits within the meaning of sections 73 and 76 of the Act and the rules framed thereunder to the extent notified. Accordingly, paragraph 3(v) of the Order is not applicable.

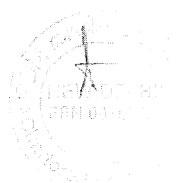


(vi) The Central Government has prescribed maintenance of Cost Records under clause (d) of sub-section (1) of Section 148 of the Act. However no Cost Records are maintained due to the suspension of manufacturing operations.

(vii) a) According to the information and explanation given to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities except amount of Rs. 126.26 lacs due to various Sales Tax Authorities as at the last day of the financial year concerned for a period of more than six months from the date they become payable.

b) According to information and explanations given to us, the dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise or Value Added Tax which have not been deposited on account of any dispute and the forum where the dispute is pending, are as under :-

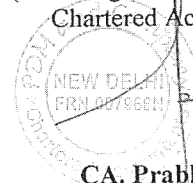
.No.	Name of the Statute	State	Amount Rs. Lacs	Forum Where Dispute is pending	Period Which It Relates to
I. EXCISE/DGFT LIABILITY					
1	Central Excise Act, 1944	Central Excise Act, 1944	1,604.72	High Court and Appellate Tribunals	1992-2002
2	Foreign Trade Development and Regulation Act, 1992	Delhi	200.00	Additional DGFT Commissioner (A)	1995-1996
3	Custom Act, 1962		551.42	Commissioner (A)	1996,2000, 2001
II. SALES TAX LIABILITY					
1	U.P Trade/VAT Act	Uttar Pradesh	323.82	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	Jharkand ST Act	Jamshedpur	65.42	D.C. (A)	2000-2002
6	Jharkand ST Act	Ranchi	27.96	D.C. (A)	2000-2002
7	A.P GST Act	Andhra Pradesh	95.58	Comm. (A)	1999-2002
8	Haryana CST Act	Haryana	63.05	Jt. Comm. (A)	1999-2003
9	J & K ST Act	Jammu & Kashmir	42.33	D.C. (A)	2001-2002
10	M.P Comm. Tax Act	Madhya Pradesh	134.40	D.C. (A)	1993-2002
11	Uttaranchal ST Act	Uttranchal	20.29	Jt. Comm. (A)	2000-2002
12	Pondicherry ST Act	Puducherry	0.73	D.C. (A)	1999-2000



- (viii) The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanation given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by applicable accounting standards.
- (xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: New Delhi
Date: 27/05/2016

For **P D M and Company**
(Firm Registration No. 007966N)
Chartered Accountants



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

ANNEXURE 'B' REFERRED IN OUR REPORT ON STANDALONE FINANCIAL STATEMENTS TO THE MEMBERS OF MODI RUBBER LIMITED FOR THE YEAR ENDED 31st MARCH 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Modi Rubber Limited** ("the Company") as at March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI").

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and;
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: New Delhi
Date: 27/05/2016

For P D M and Company
(Firm Registration No. 007966N)
Chartered Accountants

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