



# **MODI INDUSTRIES LIMITED**

## **86<sup>th</sup> Annual Report and Accounts 2019-20**

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## **BOARD OF DIRECTORS**

### **CHAIRMAN & MANAGING DIRECTOR**

Shri Umesh Kumar Modi

### **DIRECTORS**

Shri Vinay Kumar Modi  
Smt. Kumkum Modi  
Shri Rakesh Kumar Modi  
Shri Abhishek Modi  
Shri Jayesh Modi  
Shri Anand Parkash Modi  
Shri Jagdish Chander Chawla  
Shri Vivek Singh (Nominee of SBEC Sugar Ltd.)  
Shri Rahul Chaudhary (Nominee of SBEC Sugar Ltd.)

### **COMPANY SECRETARY**

Shri Shobit Nehra

### **STATUTORY AUDITORS**

M/s. P.R. Mehra & Co.,  
Chartered Accountants,  
(Firm Regn No. 000051N)  
56, Darya Ganj, New Delhi-110002.

### **COST AUDITORS**

M/s. M.K. Singhal & Co.,  
Cost Accountants  
(Firm Regn.No. 00074)  
'Panchvati', Opp. M.M. College,  
Modinagar-201204. (U.P.)

### **INTERNAL AUDITORS**

M/s. Sarat Jain & Associates,  
Chartered Accountants,  
(Firm Regn.No. 014793C)  
C-99-B, Sector 44,  
District Gautam Budh Nagar,  
Noida (U.P.) 201301.

### **SECRETARIAL AUDITORS**

M/s. A.N. Jaiswal & Co.,  
Company Secretaries,  
(CP No. 14629)  
RZ-38, FF, South Extension, Part II,  
Near Jagaran Chowk, Uttam Nagar (W),  
New Delhi 110059.

### **REGISTERED OFFICE**

Modinagar, District Ghaziabad (U.P.)-201204

### **NAME OF UNITS**

Modi Sugar Mills  
Modi Distillery  
Modi Steels  
Modi Arc Electrodes Co.  
Modi Paint & Varnish Works  
Modi Gas & Chemicals  
Modi Vanaspati Mfg. Co.

### **BANKERS**

Allahabad Bank  
Punjab National Bank  
State Bank of India



***Shri Umesh Kumar Modi (Chairman and Managing Director)  
Son of Late Rai Bahadur Seth Gujar Mal Modi (Padma Bhushan)  
(Founder of Modinagar, 1933)***



## NOTICE

**NOTICE** is hereby given that the 86<sup>th</sup> Annual General Meeting of **Modi Industries Limited** will be held on Saturday, the 5<sup>th</sup> December, 2020 at 12:30 P.M., at Auditorium, Dayawati Modi Public School, Modinagar, Distt. Ghaziabad-201204 (U.P.) to transact the business mentioned below:

### **BACKGROUND FOR RE-APPOINTMENT OF MANAGING DIRECTOR, DIRECTORS (RETIRING BY ROTATION), REGULARIZATION OF DIRECTORS AND CONFIRMATION OF APPOINTMENT OF INDEPENDENT DIRECTORS:**

In the past few years, the Company was unable to appoint any new directors on account of a Status Quo Order dated 27.08.2010 passed by Hon'ble Supreme Court of India in SLP (c) 23095-97/2010 (M.K. Modi Vs. U.K. Modi).

The above stated order of 27.08.2010 was passed by the Hon'ble Supreme Court of India in a petition which was filed by the erstwhile Managing Director of the Company i.e. Shri Mahendra Kumar Modi basis a personal dispute with the other Managing Director of the Company i.e. Shri Umesh Kumar Modi. The said dispute had arisen out of an MOU dated 17.11.2006 which was signed only between Shri Mahendra Kumar Modi and Shri Umesh Kumar Modi.

Shri Mahendra Kumar Modi had initially approached the Hon'ble Delhi High Court for seeking some interim reliefs as well as appointment of an arbitrator under Section 9 and 11 of the Arbitration and Conciliation Act, 1996. The Hon'ble Delhi High Court had dismissed the claims made by Shri Mahendra Kumar Modi vide its judgement dated 19.05.2010. Aggrieved by the said judgement Shri Mahendra Kumar Modi had approached the Hon'ble Supreme Court and upon his petition and insistence the said status Quo order has been passed. The relevant portion of the order dated 27.08.2010 is reproduced hereinbelow:

"-----

*In the meantime, the parties are directed to maintain status quo with regard to the management of the Company, but we make it clear that this will not in any way affect the proceedings pending before the Board for Industrial and Financial Rehabilitation and also the Appellate Authority (A.I.F.R)".*

Now a settlement has been arrived between Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi. Post the settlement, Shri Mahendra Kumar Modi has resigned from the post of Managing Director/Director of the Company on 09.09.2020. Further, as per the terms of settlement, Shri Mahendra Kumar Modi has agreed that he shall not claim any right whatsoever over the Company basis the MOU dated 17.11.2006 and the same is null and void. Further, he has also agreed that he is not claiming any rights basis the said SLP as well as the Status Quo order dated 27.08.2010 or otherwise and shall subsequently withdraw the above mentioned SLP. Infact he has categorically agreed that for all purposes the said SLP stands withdrawn and the action of withdrawal is a mere formality.

On 24.10.2019, before such settlement was reached, Shri Mahendra Kumar Modi had categorically written to the Board of Directors of the Company that in view of the said Status Quo order there can be no change in the existing management.

Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi were re-appointed as Managing Director of the Company w.e.f. 01.11.2014 for a period of five years and the Board of Directors in their meeting held on 14.11.2019 was of the view that Shri Umesh Kumar Modi shall continue as Managing Director of the Company (basis a legal opinion received by the Company), by virtue of the status quo order of the Hon'ble Supreme Court of India in SLP (c) 23095-97/2010 (M.K. Modi Vs. U.K. Modi) dated 27.08.2010. The Application of withdrawal is in the process of being filed.

Consequently, upon such withdrawal, the operation of status quo order dated 27.08.2010 passed therein, shall come to an end/or shall be modified.

The Company has again obtained a legal opinion dated 09.09.2020 and in terms of said opinion it is clear that since the order of said Status Quo was passed on the asking of Shri Mahendra Kumar Modi basis his Special Leave Petition and now since he has categorically agreed that he has abandoned all his claims basis the Status Quo order dated 27.08.2010 as well the said SLP and has further agreed that for all purposes the said SLP stands withdrawn and the action of withdrawal is a mere formality, thus there is no impediment to appoint/re-appoint Managing Director, Directors or Independent Directors.

Shri Umesh Kumar Modi in any case has been managing the affairs of the Company for the last four decades. Additionally, for the last few years, Shri Umesh Kumar Modi has solely ensured the survival of the Company exclusively as the other six units of the company which were under the control of Shri Mahendra Kumar Modi have been permanently closed down. Upon the resignation of Shri Mahendra Kumar Modi the Board by virtue of a circular resolution dated 09.09.2020, had made Shri Umesh Kumar Modi incharge of affairs of all the nine units as well as the Corporate office of the Company which was subsequently confirmed by the Board in its meeting dated 05.10.2020. The Board also appointed him as Chairman of the Company in its meeting dated 05.10.2020.

In view of the above, to maintain continuity of his office, the Board has re-appointed Shri Umesh Kumar Modi as Managing Director of the Company without any remuneration as per details contained in Item No. 3 of this notice, for another term of five years commencing from the date of vacation/modification of the status quo order or 1st December, 2020 whichever is later on recommendations of the Nomination and Remuneration committee, subject to your approval (by way of Ordinary Resolution), and subject to the modification/vacation of status quo order of the Hon'ble Supreme Court in SLP No. (c) 23095-97/2010 as well as subject to such other approval(s), if any, as may be required in this regard.

Shri Umesh Kumar Modi, who is proposed to be re-appointed as Managing Director of the company, is not Managing Director / Executive Director, Whole time Director of any other Company.

Similarly, there are existing Directors who have been re-appointed and new Directors/Independent Directors have been inducted on the Board which needs to be confirmed.

#### **ORDINARY BUSINESS:**

1. To consider and adopt (a) the audited financial statement of the Company for the financial year ended March 31, 2020 and the report of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the Report of Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions**:
  - (a) **"RESOLVED** that the audited financial statement of the Company for the financial year ended March 31, 2020 and the report of the Board of Directors and the Auditors thereon laid before this meeting, be and are hereby considered and adopted."
  - (b) **"RESOLVED** that the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."
2. To appoint Directors who retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment and to consider and, if thought fit, to pass with or without modification(s), the following resolutions as **Ordinary Resolutions**:
  - (a) **"RESOLVED** that pursuant to Section 152(6) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) and re-enactment thereof for the time being in force), Shri Rakesh Kumar Modi (DIN 00022386), who retires by rotation at this Annual General Meeting and is eligible for re-appointment, be and is hereby re-appointed as Director of the Company liable to retire by rotation, commencing from the date of modification/vacation of status quo order of the Hon'ble Supreme Court in SLP No. (c) 23095-97/2010 or 1st December, 2020 whichever is later."
  - (b) **"RESOLVED** that pursuant to Section 152(6) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) and re-enactment thereof for the time being in force), Shri Abhishek Modi (DIN 00002798), who retires by rotation at this Annual General Meeting and is eligible for re-appointment, be and is hereby re-appointed as Director of the Company liable to retire by rotation, commencing from the date of modification/vacation of status quo order of the Hon'ble Supreme Court in SLP No. (c) 23095-97/2010 or 1st December, 2020 whichever is later."

#### **SPECIAL BUSINESS:**

3. To consider and if thought fit, to pass, with or without modification(s) the resolution for re-appointment of Shri Umesh Kumar Modi as Managing Director of the Company as an **Ordinary Resolution**:

**"RESOLVED** that pursuant to the provisions of Section 196, 197 and 203 and the rules made thereunder read with schedule V and all other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of the Shareholders (by way of Ordinary Resolution), and subject to the modification/vacation of status quo order of the Hon'ble Supreme Court in SLP No. (c) 23095-97/2010 as well as subject to such other approval(s), if any, as may be required in this regard, the consent of the Members be and is hereby accorded for re-appointment of Shri Umesh Kumar Modi, without remuneration, whose office shall not be liable to retire by rotation, as Managing Director for another term of five years commencing from the date of vacation/modification of the status quo order or 1st December, 2020 whichever is later as recommended by the Nomination and Remuneration Committee.

**RESOLVED FURTHER** that Shri. Shobit Nehra, Company Secretary be and is hereby authorized to take such steps as may be necessary for obtaining necessary approvals - statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution."

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED** that Smt. Kumkum Modi (DIN 00522904), who was appointed as an Additional Director of the Company effective from September 11, 2020 pursuant to Section 161(1) of the Companies Act, 2013 and Article 91 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and who is eligible for appointment and has consented to act as Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company who shall be liable to retire by rotation, commencing from the date of modification/vacation of status quo order of the Hon’ble Supreme Court in SLP No. (c) 23095-97/2010 or 1st December, 2020 whichever is later.”

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED** that Shri Jayesh Modi (DIN 02849637), who was appointed as an Additional Director of the Company effective from September 11, 2020 pursuant to Section 161(1) of the Companies Act, 2013 and Article 91 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and who is eligible for appointment and has consented to act as Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company who shall be liable to retire by rotation, commencing from the date of modification/vacation of status quo order of the Hon’ble Supreme Court in SLP No. (c) 23095-97/2010 or 1st December, 2020 whichever is later.”

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED** that Shri Anand Parkash Modi (DIN 08865462) who was appointed as an Additional Director of the Company with effect from September 09, 2020 pursuant to Section 161 of the Companies Act, 2013 (“the Act”) and who holds office upto the date of this Annual General Meeting and who is eligible for appointment and has consented to act as Director of the Company and in respect of whom the company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, not liable to retire by rotation, commencing from the date of modification/vacation of status quo order of the Hon’ble Supreme Court in SLP No. (c) 23095-97/2010 or 1st December, 2020 whichever is later.

**RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Shri Anand Parkash Modi (DIN 08865462) who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years commencing from the date of modification/vacation of status quo order of the Hon’ble Supreme Court in SLP No. (c) 23095-97/2010 or 1st December, 2020 whichever is later.

**RESOLVED FURTHER** that the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED** that Shri Jagdish Chander Chawla (DIN 05316202) who was appointed as an Additional Director of the Company with effect from September 09, 2020 pursuant to Section 161 of the Companies Act, 2013 (“the Act”) and who holds office up to the date of this Annual General Meeting and who is eligible for appointment and has consented to act as Director of the Company and in respect of whom the company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, not liable to retire by rotation, commencing from the date of modification/vacation of status quo order of the Hon’ble Supreme Court in SLP No. (c) 23095-97/2010 or 1st December, 2020 whichever is later.”

**RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Shri Jagdish Chander Chawla (DIN 05316202) who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act, be and is hereby appointed as Independent Director of the Company to hold office for a period of five consecutive years commencing from the date of modification/vacation of status quo order of the Hon’ble Supreme Court in SLP No. (c) 23095-97/2010 or 1st December, 2020 whichever is later.

**RESOLVED FURTHER** that the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

8. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:**

“**RESOLVED** that in supersession of all the earlier resolutions passed in this regard and subject to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with relevant rules made thereto including any statutory modifications or re-enactments thereof, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or any bodies corporate/ entity/entities and/or authority/authorities, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding a sum of ₹ 500 crores (Rupees Five Hundred Crores only) notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves.

**RESOLVED FURTHER** that in supersession of all the earlier resolutions passed in this regard and subject to Section 180(1)(a) and other applicable provisions if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof, consent of the shareholders of the company be and is hereby accorded, to the Board of Directors of the Company to pledge, mortgage, hypothecate and/or charge all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company in favour of banks, financial institutions, investors and any other lenders to secure the amount borrowed by the Company or any third party from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company does not exceed a sum of ₹ 500 crores (Rupees Five Hundred Crores only).

**RESOLVED FURTHER** that Shri Umesh Kumar Modi, Chairman and Managing Director be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

9. **Ratification of remuneration payable to Cost Auditors for the financial year ending March 31, 2021.**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

“**RESOLVED that** pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded for payment of total remuneration of ₹ 1,00,000/- (including all expenses) + applicable taxes payable to M/s. M.K. Singhal & Co., (Firm’s Regn. No. 00074) Cost Accountants, Modinagar, to conduct the audit of Cost Accounts maintained by Sugar and Distillery units of the Company for the financial year 2020-21.”

**By Order of the Board of Directors**

**Shobit Nehra**  
(ACS-31863)

Company Secretary

Place : Modinagar-201204.(U.P.)

Dated: 5<sup>th</sup> November, 2020

Regd. Office: Modinagar - 201204. (U.P.)

Tel: 01232-243115, 9084786567

CIN - U15429UP1932PLC000469

Email : [modiindustriestlimited@gmail.com](mailto:modiindustriestlimited@gmail.com)

Website: [www.modiindustries.net](http://www.modiindustries.net)



## **NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members and holding in aggregate, not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc. must be supported by an appropriate resolution/authority, as applicable.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
3. The requirement to place the matter relating to appointment of Auditors for the ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on 21<sup>st</sup> December, 2017.
4. The Register of Members of the Company will remain closed from 29<sup>th</sup> November, 2020 to 5<sup>th</sup> December, 2020 (both days inclusive).
5. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturday, Sunday and Holidays, between 9.00 A.M. to 11.00 A.M. upto the date of the Annual General Meeting.
6. ISIN of fully paid up equity shares of the Company is INE573D01012. For demat of shares related work shareholders are requested to please contact to Registrar & Agents (RTA) of the Company, M/s. Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase II, New Delhi 110020 (Contact No. 011-26387281-82-83) or their NSDL Depository Participant where they have opened their Demat Account.
7. Shareholders are requested to intimate change in their address, if any, directly to RTA of the Company.
8. Share-holders who have not registered their email addresses so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
9. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details directly to the RTA of the Company.
10. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip, which is enclosed with this Annual Report. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue.
11. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.
12. In case of joint holders, attending the meeting, only such joint holder who is higher in the order of names, will be entitled to vote at the Meeting.
13. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members as on Saturday, the 28<sup>th</sup> November, 2020, i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Wednesday, the 02<sup>nd</sup> December, 2020 and will end at 5.00 p.m. on Friday, the 04<sup>th</sup> December, 2020. The Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed M/s. A. N. Jaiswal & Co., Practicing Company Secretaries of New Delhi, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. Shri Amar Nath Jaiswal, Proprietor, shall act as Scrutinizer on behalf of the firm. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

Instructions for e-voting and joining the AGM are as follows:

**A. VOTING THROUGH ELECTRONIC MEANS**

In terms of the provisions of section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice), the Company is providing facility of remote e-voting to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on 28<sup>th</sup> November, 2020 (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by NSDL or to vote at the e-AGM.

**The remote e-voting period begins on Wednesday, December 02, 2020 at 9:00 A.M. and ends on Friday, December 04, 2020 at 5:00 P.M. The remote evoting module shall be disabled by NSDL for voting thereafter.**

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

**Details on Step 1 is mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL.

Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

<b>Manner of holding Your User ID is shares i.e. Demat (NSDL) or Physical</b>	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
  - a) If you are already registered for e- Voting, then you can user your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL

account or folio number for shares held in physical form. The .pdf fill contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - a) Click on "Forgot User Details/ Password?"(If you are holding shares in your demat account with NSDL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
    - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
  7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login button.
  9. After you click on the "Login" button, Home page of e-Voting will open.

#### **Details on Step 2 is given below:**

#### **How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of Modi Industries Limited for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [epost2amar@gmail.com](mailto:epost2amar@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the evoting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to Pallavi Mhatre, Manager, NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

## **B. VOTING AT AGM**

The instructions for members for e-voting on the day of the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/ OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

## **C. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Modi Industries Limited will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e- Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at [modiindustriestlimited@gmail.com](mailto:modiindustriestlimited@gmail.com).
6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [modiindustriestlimited@gmail.com](mailto:modiindustriestlimited@gmail.com). The same will be replied by the company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

## **D. General Instructions**

- i. The Board of Directors has appointed M/s. A. N. Jaiswal & Co., Practicing Company Secretaries of New Delhi (ACS NO. 19000, CP NO. 14629) as the Scrutinizer to the e-voting process and voting at the e- AGM in a fair and transparent manner.
- ii. The Scrutinizer shall, immediately after the conclusion of voting at the e-AGM, first count the votes cast at the meeting, thereafter unblock the votes through evoting in the presence of at least two witnesses, not in the employment of the Company and make a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.
- iii. The Scrutinizer shall submit his report to the Chairman or in his absence Director of the Company, who shall declare the result of the voting. The results declared alongwith the scrutinizer's report shall be placed on the Company's website [www.modiindustries.net](http://www.modiindustries.net).
- iv. Shri Amar Nath Jaiswal, proprietor shall act as a Scrutinizer on behalf of M/s A. N. Jaiswal & Co., Practicing Company Secretaries (Membership No. ACS-19000 & CP No. 14629), appointed for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- v. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the e-voting facility.

- vi. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- vii. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.modiindustries.net](http://www.modiindustries.net) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.**

**ITEM NO. 3:**

In view of above mentioned background for re-appointment of Managing Director, the Board has recommended to the Shareholders to re-appoint Shri Umesh Kumar Modi as Managing Director of the Company without any remuneration, as recommended by Nomination & Remuneration Committee, as per details contained in resolution of Item No. 3, for another term of five years commencing from the date of vacation/modification of the status quo order or 1st December, 2020 whichever is later, subject to your approval (by way of Ordinary Resolution) and subject to such other approval(s), if any, as may be required in this regard.

Currently, the status of Shri Umesh Kumar Modi is of Non-Resident Indian, therefore, the re-appointment would be subject to the approval of Central Government in accordance with Section 197 read with Schedule V of the Companies Act, 2013.

Shri Umesh Kumar Modi, who is proposed to be re-appointed as Managing Director of the company, is not Managing Director / Executive Director; Whole time Director of any other Company.

**I. General Information:**

- |   |   |
|---|---|
| 1. Nature of Industry   | Manufacturing and Trading.  |
| 2. Date or expected date of commencement of commercial production.  | The company commenced commercial production on 3 <sup>rd</sup> January, 1933. |
| 3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. | Not Applicable  |
| 4. Financial performance based on given indicators:   |   |

	<u>(₹ in lac)</u>
	<u>Year ended 31.3.2020</u>
<b><u>Financial Parameters</u></b>	
Revenue from operations	87,514.75
Less : Excise Duty	27,325.90
Net Revenue from operations	60,188.85
Other Income	11,96.64
Total Revenue	61,385.49
Profit/(Loss) before Finance Costs, Depreciation & Exceptional items	2,679.89
Finance Costs	792.57
Depreciation	289.79
Profit/(Loss) for the year before Exceptional items & Tax.	1,597.53
Exceptional Items:	
(a) Interest on Cane arrears – Commission	(2,842.46)
(a) Quality claims paid	(222.58)
(c) Excess Provision for interest written back	1,423.66
Tax Expenses	-
Profit/(Loss) for the year carried to Balance Sheet.	(43.85)
5. Export performance and net foreign exchange collaborations	
6. Foreign Investments or collaborators, if any.	

## II. Information about the appointee:

### Shri Umesh Kumar Modi:

- (1) **Background details:** Shri Umesh Kumar Modi is an Engineering Graduate with Gold Medal from BHU. He is on the Board of various other companies carrying business of Sugar, Steel products, Pharmaceuticals and Engineering etc.
- (2) **Past remuneration:** Shri Umesh Kumar Modi is not drawing any remuneration from the company since 1<sup>st</sup> March, 2006.
- (3) **Recognition of awards:** None
- (4) **Positions Held in Past:** He held the prestigious Chairmanship of various organizations such as the Steel Furnace Association of India, Western U.P. Sugar Mills Association, Steel Wire Manufacturers Association of India, Sponge Iron Association of India as well as the Presidentship of the Institute of Economic Studies.
- (5) **Job profile and his suitability:** He is working as Managing Director of the company. He has given his valuable contribution towards continuous growth of the company since 1976.
- (6) **Remuneration proposed:** Re-appointment without any remuneration is proposed.
- (7) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Shri Umesh Kumar Modi is the promoter and Managing Director of the Company. Smt. Kumkum Modi, Director is his wife, Shri Abhishek Modi, and Shri Jayesh Modi, Directors are his sons. Shri Vinay Kumar Modi is his real brother.

## III. Other Information:

- (1) **Reasons of loss or inadequate profits:** Despite the satisfactory turnover every year, the profitability has suffered due to heavy accumulated losses.
- (2) **Steps taken or proposed to be taken for improvement:** The Management of the company has been continuously making serious efforts to prepare a rehabilitation scheme for the revival of the company.
- (3) **Expected increase in productivity and profits in measurable terms:** The company expects to achieve turnover of Rs. 1209 Crores and operational profit of approx. Rs. 46.80 Crore for the year 2020-21.

Since re-appointment of Shri Umesh Kumar Modi as Managing Director for another term of five years commencing from the date of vacation/modification of the status quo order or 1st December, 2020 whichever is later requires approval of the shareholders by way of ordinary resolution in terms of the provisions of Schedule V of the Companies Act, 2013, therefore, on recommendations of Nomination and Remuneration Committee, the Board of Directors recommends the resolution, as set out in item no.3 for approval of the shareholders.

None of the Directors except Shri Umesh Kumar Modi himself, his wife Smt. Kumkum Modi, his sons Shri Abhishek Modi and Shri Jayesh Modi, and his real brother Shri Vinay Kumar Modi are relatives as defined under Companies Act, 2013.

### ITEM NO. 4 & 5

In view of above mentioned background for re-appointment, the Board of Directors("Board"), upon recommendation of the Nomination and Remuneration Committee, appointed Smt. Kumkum Modi and Shri Jayesh Modi as an Additional Director of the Company with effect from 11th September, 2020. Pursuant to the provisions of Section 161 of the Companies Act, 2013, read with the Article 91 of the Articles of Association of the Company, who will hold office up to the date of this Annual General Meeting ("AGM") and are eligible to be appointed as Director(s) of the Company commencing from the date of vacation/modification of the status quo order or 1st December, 2020 whichever is later. The Company has, in terms of Section 160 of the Act, received, in writing, a notice from a Member, proposing the candidature of Smt. Kumkum Modi and Shri Jayesh Modi for the office of Director.

The Company has received from Smt. Kumkum Modi and Shri Jayesh Modi (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified under Section 164(2) of the Act.

The profile and specific areas of expertise of Smt. Kumkum Modi and Shri Jayesh Modi are provided as annexure to this Notice.

The Board recommends the resolution set forth in Item No. 4& 5 for the approval of the Members.

None of the Directors except the appointee Directors, Shri Umesh Kumar Modi, Shri Abhishek Modi are relatives as defined under the Companies Act, 2013.

### ITEM NO. 6 & 7

In view of above mentioned background for re-appointment, Shri Anand Prakash Modi and Shri Jagdish Chander Chawla were appointed as Additional Independent Director(s) of the Company with effect from 09th September, 2020, in accordance with the provisions of Section 161 of

the Companies Act, 2013, read with the Articles of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013, the above director holds office only up to the date of this Annual General Meeting of the Company. The Company has received a notice in writing from a member under Section 160 of the Act, proposing the candidature of Shri Anand Prakash Modi and Shri Jagdish Chander Chawla for the office of Director(s) of the Company commencing from the date of vacation/modification of the status quo order or 1st December, 2020 whichever is later.

Shri Anand Prakash Modi and Shri Jagdish Chander Chawla are not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and have given their consent to act as Director.

Shri Anand Prakash Modi and Shri Jagdish Chander Chawla have given declaration stating that they meet the criteria of Independence pursuant to Section 149(6) of the Act.

As per the Companies Act, 2013 and Rules made there under, the Board of Directors is of the opinion that Shri Anand Prakash Modi and Shri Jagdish Chander Chawla fulfill the conditions specified in the Act for appointment as Independent Director(s). After taking into consideration the recommendation of the Nomination and Remuneration Committee, the Board is of the view that the appointment of Shri Anand Prakash Modi and Shri Jagdish Chander Chawla as Independent Director(s) is desirable and would be beneficial to the Company because of the immense experience consisting of many decades in divergent fields. They shall play a critical role in view of the intent of the Board to rehabilitate/revive the Company to make it debt free and thus the Board has recommended for passing the resolutions as set out in Item No. 6 & 7 for approval of the members of the Company as an Ordinary Resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives, except the appointee directors, are in any way concerned or interested, in the said resolution.

#### **ITEM NO.8**

The Company had passed a Special Resolution in its Annual General Meeting held on 18th December, 2018 for borrowing of funds upto ₹ 300 Crores and to create a charge/mortgage on the properties/ assets of sugar, distillery and steel units of the company to secure new borrowings for these units.

The Company has suffered heavy losses in the recent past and therefore the Company needs more funds for smooth running of the business of the Company. Further, Shri Mahendra Kumar Modi the other Managing Director of the Company has taken complete exit from the company. Since there are huge liabilities (financial as well as operational i.e. Institutional Liabilities, sales tax dues, workmen dues, dues of suppliers etc.,) of the closed units which have to be settled in the process of rehabilitation of the Company. On account of these liabilities the company is under constant threat of insolvency proceedings under the Insolvency and Bankruptcy Code as well as other recovery proceedings.

Keeping in view the Company existing and future financial requirements to support its business operations, the Company needs additional funds. For this purpose, the Company may, from time to time, raise finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid up capital and free reserves of the Company. Hence, it is proposed to increase the maximum borrowing limits from ₹ 300 crores to ₹ 500 Crores. Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting. In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets or whole or part of the undertaking of the Company.

Further, Section 180(1)(a) of the Companies Act, 2013 provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the General Meeting, to increase the limits from ₹ 300 crores to ₹ 500 Crores for the Company.

Members are hereby requested to pass the Special Resolution for increasing the said limit as set out in Item No.8 of the Notice is being proposed, since the same exceeds the limits provided under Section 180(1)(a) & 180(1)(c) of the Act. The Board recommends the resolutions in Item No. 8 of the notice for your approval as a Special resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution except to the extent of their shareholding in the Company.

#### **ITEM NO. 9**

On recommendation of Audit Committee, Board has appointed M/s. M.K. Singhal & Co., (Firm's Regn. No. 00074) Cost Accountants, Modinagar, as Cost Auditors for the financial year 2020-21 to conduct the audit of Cost Accounts in respect of Sugar and Distillery units of the company subject to ratification of remuneration by share holders.

Proposed remuneration for the financial year 2020-21 is mentioned below:

Name of the unit (1)	Proposed remuneration (including all expenses)+ applicable Taxes to be paid to Cost Auditors. (₹) (2)
Sugar	50,000.00
Distillery	50,000.00
<b>Total</b>	<b>1,00,000.00</b>

Pursuant to the provisions of Section 148(3) of the Companies Act, 2013 remuneration of Cost Accountants will be finally determined by the members of the company in the General Meeting.

Your directors recommend the resolution for your approval as an Ordinary Resolution.

None of the directors of the Company are concerned or interested in the Resolution as set out in item no. 9.

**By Order of the Board of Directors**

**Shobit Nehra**  
(ACS-31863)

Company Secretary

Place : Modinagar-201204.(U.P.)

Dated: 5<sup>th</sup> November, 2020

Regd. Office: Modinagar - 201204. (U.P.)

Tel: 01232-243115, 9084786567

CIN - U15429UP1932PLC000469

Email : [modiindustriestlimited@gmail.com](mailto:modiindustriestlimited@gmail.com)

Website: www.modiindustries.net

**Details of Directors seeking appointment/ re-appointment in Annual General Meeting pursuant to Secretarial Standard-2 on General Meetings**

Name of Director	Shri Umesh Kumar Modi	Shri Rakesh Kumar Modi	Shri Abhishek Modi
Director Identification Number (DIN)	00002757	00022386	00002798
Date of Birth & Age	05/03/1951& 69 yr	07/06/1955& 65 yr	22/12/1975 & 45 Yr
Date of Appointment on the Board	12/02/1976	30/01/1996	08/12/2006
Qualifications	Engineering Graduate with Gold Medal from BHU.	Commerce Graduate	Engineering Graduate and has done Masters in Business Administration from Harvard Business School, U.S.A.
Expertise	He is an Industrialist having experience around 45 years. He is on the Board of various other companies carrying business of Sugar, Steel products, Pharmaceuticals and Engineering etc.	He has vast experience in Accounting, Finance and Taxation.	He is an Industrialist having experience more than 20 years and expertise in Distillery business and also have rich experience in the field of Accounting, Finance and Taxation.
Shareholding of Director in the Company as on 31.03.2020	104200	48901	100
Relationship with other directors and KMPs of the Company	Mrs. Kumkum Modi, (Spouse) Mr. Abhishek Modi (Son) Mr. Jayesh Modi (Son) Mr. Vinay Kumar Modi (Brother).	NIL	Mr. Umesh Kumar Modi (father) Mrs. Kumkum Modi (Mother) Mr. Jayesh Modi (Brother)
Chairmanship/ Membership in the Committees of the Boards of other Companies in Which he/she is Director	Nil	Nil	Nil
Number of Board meetings attended during the year 2020	4/4	4/4	4/4
Remuneration details (including Sitting Fees and Commission)	N.A.	28000	15500



**Details of Directors seeking appointment/ re-appointment in Annual General Meeting pursuant to Secretarial Standard-2 on General Meetings**

<b>Name of Director</b>	<b>Smt. Kumkum Modi</b>	<b>Shri Jayesh Modi</b>	<b>Shri Anand Parkash Modi</b>	<b>Shri Jagdish Chander Chawla</b>
<b>Director Identification Number (DIN)</b>	00522904	02849637	08865462	05316202
<b>Date of Birth &amp; Age</b>	19/01/1951 & 69 Yr	14/11/1991 & 29 Yr	05/03/1943 & 77 Yr	23/02/1946 & 74 Yr
<b>Date of Appointment on the Board</b>	11/09/2020	11/09/2020	09/09/2020	09/09/2020
<b>Qualifications</b>	She holds Master's Degree in Arts from University of Delhi	Bachelor of Business Administration	Engineer Graduate	M.SC (Chemistry), PHD, B.E.D
<b>Expertise</b>	She has varied experience of the industry of more than 29 years in field of general management and corporate advisory Services.	He is an Industrialist having experience of over 10 years and expertise in Packaging and electrode business and also have rich experience in the field of Accounting, Finance and Taxation.	He is an Industrialist having rich experience in the field of Accounting, Finance and Taxation.	He has a rich experience in the area of Management and Administration of over 38 years.
<b>Shareholding of Director in the Company as on 31.03.2020</b>	16526	NA	NA	NA
<b>Relationship with other directors and KMPs of the Company</b>	Mr. Umesh Kumar Modi (Spouse) Mr. Abhishek Modi (Son) Mr. Jayesh Modi (Son)	Mr. Umesh Kumar Modi (father) Mrs. Kumkum Modi (Mother) Mr. Abhishek Modi (Brother)	NIL	NIL
<b>Chairmanship/ Membership in the Committees of the Boards of other Companies in Which he/ she is Director</b>	Nil	Nil	Nil	Nil
<b>Number of Board meetings attended during the year 2020</b>	NA	NA	NA	NA
<b>Remuneration details (including Sitting Fees and Commission)</b>	NA	NA	NA	NA

## DIRECTORS' REPORT

To

The Members,

The Directors of your Company hereby present the 86<sup>th</sup> Annual Report together with the Audited Financial Statement of the Company along with Auditors' Report thereon for the financial year ended on 31<sup>st</sup> March, 2020. The working results of the year are summarized as under:

(₹ in Lacs)

	Standalone		Consolidated	
	For the Year Ended on			
	31.03.2020*	31.03.2019*	31.03.2020*	31.03.2019*
Revenue from operations	87,514.75	70,010.03	87,514.75	70,010.03
Less: Excise Duty	27,325.90	18,817.95	27,325.90	18,817.95
Net Revenue from Operations	60,188.85	51,192.08	60,188.85	51,192.08
Other Income	1,196.64	930.06	1,198.62	932.13
<b>Total Revenue</b>	<b>61,385.49</b>	<b>52,122.14</b>	<b>61,387.47</b>	<b>52,124.21</b>
Profit/(Loss) before Depreciation, Finance Costs, Exceptional Items & Tax	2,679.89	(904.78)	2,615.72	(903.89)
Finance Costs	792.57	727.92	727.57	727.92
Depreciation	289.79	272.56	289.79	272.56
<b>Profit/(Loss) before Exceptional Items &amp; Tax</b>	<b>1,597.53</b>	<b>(1,905.26)</b>	<b>1,598.36</b>	<b>(1,904.37)</b>
Exceptional items:				
(a) Interest on Cane Arrears	(2,842.46)	(415.02)	(2842.46)	(415.02)
(b) Quality claims paid	(222.58)	-	(222.58)	-
(c) Excess provision for interest written back	1,423.66	-	1,423.66	-
Tax Expenses (Net)	-	-	0.18	0.25
Minority Interest	-	-	-	-
<b>Profit/(Loss) for the period</b>	<b>(43.85)</b>	<b>(2,320.28)</b>	<b>(43.20)</b>	<b>(2,319.64)</b>

\*Figures of the year and the previous year only consist of Sugar, Distillery, Steel Units and Corporate Office of the Company. The above results do not include financial data of Gas, Paint, Electrode Units and MD Office, as the same could not be made available on account of closure of these units and consequent labour unrest. Other information for the year under review and previous year relating to these units were also not made available by these units and hence not included in the Directors' Report/Annual Report.

### Standalone Operations

Standalone Revenue from Operations of your Company for the year was ₹ 87,514 Lacs as against ₹ 70,010 Lacs in the previous year. Operating Profit (EBITA) was ₹ 2,679.89 Lacs, as against Loss of ₹ 904.78 in the previous year. Cash profit during the year is ₹ 245.94 Lacs as against previous year's cash loss of ₹ 2047.72 Lacs.

Your Company's performance during the year improved over the previous year despite a challenging operating environment.

### PERFORMANCE OF THE UNITS FOR THE YEAR UNDER REPORT:

#### (a) SUGAR UNIT:

The cane crushing during the year under review was 83.84 lac qtls. as against 85.64 lac qtls. in the previous year. Sugar recovery during the year substantially increased from 11.38 % to 11.63 %. The Sugar and Molasses price realization during the year also substantially increased as compared to previous year, resulting in Profit of ₹ 291.51 lacs (before exceptional item of ₹ 3065.03 Lac during the current financial year.

#### (b) DISTILLERY UNIT:

During the year under review, the production of Rectified Spirit was 956 Kl. as compared to previous year's 1409 Kl. which reflects substantial decrease during the year under review. However, during the year under review, there was significant improvement in production of Indian Made Foreign Liquor (IMFL) from 755296 cases to 1016874 cases which resulted in net profit of ₹ 1302.92 Lacs during the current year as against net profit of ₹ 555.59 Lacs during the previous year.

**DIVIDEND:** Directors regret their inability, in view of the losses, to recommend any dividend for the year.

## **SHARE CAPITAL**

The Paid-Up Share Capital as on March 31, 2020 was ₹ 3,71,66,240 (i.e. 33,09,214 Equity Shares of ₹ 10/- each and 40,741 Redeemable Cumulative Preference Shares of ₹ 100/- each).

## **FIXED DEPOSITS:**

Outstanding principal amount ₹ 60.86 Lacs of public deposits and outstanding interest amounting to ₹ 19.73 Lacs due thereon up to the date of maturity have been transferred to Investor Education Protection Fund on 7th May, 2018 vide Challan No. U27569086. Thus, there is no liability of the Company towards deposit holders as on date.

Now Deposit Holders can claim their refund directly from IEPF Authority by filing form IEPF-5 and following the prescribed procedure.

## **DEBENTURES:**

The Company propose to make repayment to the debenture holders as per the settlement approved by International Asset Reconstruction Company Limited (assignee of ICICI) and SBI Mutual Fund, the secured lenders of the Company i.e., principal amount plus 112% on the principal amount thereon as full & final settlement of total outstanding dues. During the year under review the Company has settled 23128 Debentures.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013, in respect of all units of the Company, {excluding Balance Sheet of Steel Unit - refer Note 27(4) and Profit & Loss Account and Balance Sheet of Gas, Paint, Electrode Units and MD Office – refer Note 27(9) of Annual Accounts}, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the year ended 31st March, 2020, the applicable accounting standards have been followed and wherever required proper explanations relating to material departures have been given;
- (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 view of the state of affairs of the Company as at 31st March, 2020 and of the losses of the Company for that period;
- (iii) that the directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- (iv) that the annual accounts have been prepared on a going concern basis.
- (v) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

In view of non availability of the financial data of Gas, Paint, Electrode Units and MD Office on account of closure of these units the financial data and other information relating to these units could not be incorporated in the financial results of the Company for the year ended on 31st March, 2020 and would be incorporated in future as and when made available.

The financials of the three units i.e. Electrode, Paints and Gas could not be provided to the auditors of the Company by these units. Therefore, it was not possible for the auditors to audit and incorporate their accounts.

## **DIRECTORS:**

Shri. Krishan Kumar Modi, Director has expired on 2nd November, 2019 during the tenure of his services he has contributed greatly to the progress of the Company and had provided valuable advice to the Company. Your directors wish to place on record their high appreciation of his contribution during his tenure as director of the Company.

Shri. Krishan Kumar Modi had joined the Company in the year 1970 and has been the longest serving Director of the Company.

During the year under review the office of Shri. Rakesh Kumar Modi and Shri. Abhishek Modi, Directors were liable to retire by rotation and accordingly resolutions for their re-appointments were incorporated in the notice of the 85th Annual General Meeting. However, on 24.10.2019 Shri. Mahendra Kumar Modi, Managing Director sent an email to the Company stating that any re-appointment of Managing Directors has to be strictly in terms of the Status Quo order passed by Hon'ble Supreme Court of India dated 27.08.2010 in SLP (c) 23095-97/2010 (M.K. Modi Vs. U.K. Modi) and deviation therefrom shall be in fundamental contravention of the order.

Subsequently, the Company sought a legal opinion wherein it was opined that no Managing Directors/Directors should be put up for re-appointment till appropriate clarification is received from the Hon'ble Supreme Court of India in terms of the Status Quo Order. Shri Umesh Modi had infact earlier filed an application before the Hon'ble Supreme Court seeking appropriate clarification of the said status Quo order in August, 2018 and the same is still pending adjudication.

Consequently, the Board formed an opinion in line with the legal view and the item regarding reappointment of Managing Directors/Directors was withdrawn from the notice of the Annual General Meeting.

Since Shri Mahendra Kumar Modi had closed down the operations of all the six units which were being looked after by him as a result thereof the financial health of the Company has been under serious threat on account of liabilities which have been mounting over a period of time. Infact recently various cases have been filed under the Insolvency and Bankruptcy Code on account of unpaid liabilities of the closed six units. The dues of the labours of the six units were also not paid which led to grave unrest and law and order situation and the same started to have adverse impact on the other units. Additionally, as a result of the erstwhile dispute between Shri Mahendra Kumar Modi and Shri Umesh Kumar Modi, the Company was unable to monetize its unproductive assets to clear the cane dues of the farmers. The delay in payment has resulted in immense constant pressure from the State Government of U.P. upon the Board of Directors.

In view of the above the District Administration of the State of U.P. has been, attempting over a period of years to achieve a settlement between Shri Mahendra Kumar Modi and Shri Umesh Kumar Modi and finally due to their active participation a settlement between Shri Mahendra Kumar Modi and Shri Umesh Kumar Modi was finally reached. By virtue of the said settlement, Shri. Mahendra Kumar Modi resigned from the post of Managing Director/Director of the Company and sold his entire shareholding to Shri. Umesh Kumar Modi.

Further, as per the terms of settlement, Shri. Mahendra Kumar Modi has agreed that he shall not claim any right whatsoever over the Company basis the MOU dated 17.11.2006 and the same is null and void. Further, he has also agreed that he is not claiming any rights basis the said SLP as well as the Status Quo order dated 27.08.2010 or otherwise and shall subsequently withdraw the above mentioned SLP.

The Company has again obtained a legal opinion dated 09.09.2020 and in terms of said opinion it is clear that since the order of said Status Quo was passed on the asking of Shri. Mahendra Kumar Modi basis his Special Leave Petition and now since he has categorically agreed that he has abandoned all his claims basis the Status Quo order dated 27.08.2010 as well the said SLP and has further agreed that for all purposes the said SLP stands withdrawn and the action of withdrawal is a mere formality, thus there is no impediment to appoint/re-appoint Managing Director, Directors or Independent Directors.

The Board is of the view that the appointment of Shri. Anand Prakash Modi and Shri Jagdish Chander Chawla as Independent Director(s) is desirable and would be beneficial to the Company because of the immense experience consisting of many decades in divergent fields. They shall play a critical role in view of the intent of the Board to rehabilitate/revive the Company to make it debt free.

Accordingly, the Board of Directors appointed Shri. Anand Prakash Modi and Shri. Jagdish Chander Chawla as Additional Independent Directors of the Company w.e.f. 09.09.2020 and Smt. Kumkum Modi and Shri Jayesh Modi were appointed as Additional Directors of the Company w.e.f. 11.09.2020. The above appointments are subject to the approval of the Shareholders and subject to the modification/vacation of status quo order of the Hon'ble Supreme Court in SLP No. (c) 23095-97/2010.

The Board of Directors in their meeting held on 05.10.2020, considering the overwhelming support from the Directors of the Company, appointed Shri Umesh Kumar Modi as Chairman of the Company.

Further, the Board has reappointed Shri Umesh Kumar Modi as Managing Director of the Company for another term of 5 years commencing from the date of vacation/modification of the status quo order or 1st December, 2020 whichever is later. A resolution seeking approval of members of the company for his re-appointment as Managing Director of the Company has been included in the Notice of the forthcoming Annual General Meeting.

The Independent Directors (namely Shri Anand Parkash Modi and Shri Jagdish Chander Chawla ) had acknowledged the contribution made by Shri Umesh Kumar Modi and circulated a note in the Board meeting held on 05.10.2020. The Board recalled that it is heartening to note that after a gap of 44 years Shri Umesh Kumar Modi has taken over as Chairman & Managing Director of Modi Industries Limited. The last Chairman & Managing Director of the Company was Rai Bahadur Seth Gujarmal Modi who was holding this position till his death on 22nd January, 1976. They reposed their faith by saying that they were quite confident that Shri Umesh Kumar Modi as Managing Director, who has successfully kept the company going for almost 40 years, will now be able to turn around this Company. In fact, the current year's (i.e. 2020-21) operations are expected to be in profit

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Shri. Rakesh Kumar Modi and Shri Abhishek Modi, Non-executive Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment commencing from the date of modification/vacation of status quo order of the Hon'ble Supreme Court in SLP No. (c) 23095-97/2010 or 1st December, 2020 whichever is later."

None of the directors of the Company are disqualified under Section 164 (2) of the Companies Act, 2013. Your directors have made necessary disclosures as required under various provisions of the Companies Act, 2013.

#### **Revival/Rehabilitation of the Company**

It has always been the endeavor of Shri. Umesh Kumar Modi that all out efforts should be made to revive the viable units and also make the Company debt free.

In the past Shri Umesh Kumar Modi has been immensely instrumental in saving the Company from liquidation. In fact, in the mid 2000's when

the three major lenders i.e. PNB, IFCL, IDBI had initiated action against the company under SARFEASI and it was only Shri Umesh Kumar Modi who had come to rescue the Company and settled their dues through his group Companies. Recently, Shri Umesh Kumar Modi has also been instrumental in settling the dues before the Ld. NCLT. Various petitions were filed by the creditors of the closed Six Units before the Ld. NCLT and if the said dues were not settled the Company would have faced the threat of being declared as insolvent and Bankrupt. It would not be out of place, to mention that the company has been surviving for last many years only because of contribution made by Shri Umesh Kumar Modi basis the three units under his control and management.

The Company has started sincere efforts for rehabilitation/ revival of its six units. Keeping in mind the intention of rehabilitation of the company steps have been initiated to restart the electrode unit of the company and it is firmly believed that the electrode unit will be able to begin production shortly. In furtherance of the same a mandate has already been given to an expert to draw up a feasibility report so as to enable the company to restart the electrode unit. Further, as the Annual Accounts of the Six Units have not been prepared since financial year 2016. In order to prepare the said accounts of the six units the company has re-employed Mr. Vijay Sultania, FCA ex-employee of the Six Units and the Company has re-employed 16 ex-employees so that incomplete accounts can be completed as soon as possible.

In addition to the above it is necessary that a holistic solution is found to clear all the liabilities of the company and make the company profitable and debt free. In this background, the Board of Directors had appointed a renowned firm i.e. KPMG India Pvt. Ltd (“KPMG”) to independently prepare a restructuring scheme by valuing all the unproductive assets of the company, value the operations of the company and suggesting a formula as to how the same can be utilized to make company profitable/debt free. The final report of KPMG is awaited.

We are hopeful that the above steps shall effectively help in revival and rehabilitation of the Company.

#### **KEY MANAGERIAL PERSONNEL (KMP):**

In pursuance of the compliance of Section 203 of the Companies Act, 2013 the following persons, during the year under review, were designated as Whole Time Key Managerial Personnel of the Company:-

1. Shri Mahendra Kumar Modi - Managing Director \*
2. Shri Umesh Kumar Modi- Managing Director
3. Shri Shobit Nehra – Company Secretary #
4. Shri V.P. Gupta- Company Secretary \*\*

\*Resigned w.e.f. 09th September, 2020.

#Appointed w.e.f. 03rd March, 2020.

\*\* Resigned w.e.f 05th October, 2019.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

All the Independent Director(s) have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

#### **SUBSIDIARY COMPANIES:**

The Company has two subsidiaries namely, Your Investment (India) Limited and Own Investment (India) Limited.

In compliance with the Rule 8(1) of the Companies (Accounts) Rules, 2014 the performance and financial position of both the subsidiaries are as under:

- (i) Your Investment (India) Limited – The Company registered a net profit of ₹ 0.51 Lac during the year under review (Previous Year- net profit of ₹ 0.54 Lac).
- (ii) Own Investment (India) Limited- the Company registered a net profit of ₹ 0.15 Lac during the year under review (Previous Year- net profit of ₹ 0.10 Lac).

The annual accounts of the subsidiary companies and the related detailed information shall be made available to the shareholders of the holding and subsidiary companies seeking such information. The annual accounts of the subsidiary companies shall be kept for inspection by any shareholders at Registered Office of the holding Company and of the subsidiary companies concerned. A statement containing salient features of the financial statements of your Company's subsidiaries in Form AOC-1 is attached as **Annexure-'A'**.

#### **CONSOLIDATED FINANCIAL STATEMENTS:**

In compliance with the Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India, the consolidated financial statements form part of this Annual Report.

**CORPORATE GOVERNANCE:**

Corporate Governance Report for the year under review, prepared as per applicable provisions of the Companies Act, 2013, is attached as Annexure 'B'.

**ANNUAL RETURN:**

As per Companies Act, 2013 the Annual Return of the Company for the year will be available on the Website of the Company at [www.modiindustries.net](http://www.modiindustries.net).

**MATERIAL CHANGES AND COMMITMENTS:**

No material Changes or commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and the date of the report.

**NUMBER OF BOARD MEETINGS:**

Four meetings of the Board of Directors were held during the Financial Year 2019-20 i.e. 20th May, 2019, 13th August, 2019, 14th November, 2019 and 3rd March, 2020 and the gap between two consecutive meetings did not exceed one hundred twenty days.

**CORPORATE SOCIAL RESPONSIBILITY (CSR):**

The provision relating to Corporate Social Responsibility under the Companies Act, 2013 is not applicable to the Company in view of negative net-worth and losses etc. hence no CSR Committee is constituted.

**WHISTLE BLOWER POLICY:**

The Company has a Whistle Blower Policy, including vigil mechanism to report genuine concerns of grievances, providing direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The Whistle Blower Policy has been posted on the website of the Company ([www.modiindustries.net](http://www.modiindustries.net)).

**INTERNAL FINANCIAL CONTROL:**

Even though the Company has in place adequate internal audit system which is commensurate with the operations of the Company, the testing and evaluation of internal financial control over financial reporting as mentioned in the guidance note of Institute of Chartered Accountants of India is yet to be undertaken.

**ANNUAL EVALUATION:**

The Board is in conformity with the Performance Evaluation Report submitted by the Nomination & Remuneration Committee, as per Performance Evaluation Policy of the Company.

**NOMINATION & REMUNERATION POLICY:**

Nomination & Remuneration Policy of the Company, governs Directors' appointment including criteria for determining their qualifications, positive attributes, their independence and remuneration for the Directors, KMPs and other employees. The Nomination and Remuneration Policy is uploaded on Company's website [www.modiindustries.net](http://www.modiindustries.net).

**RISK MANAGEMENT POLICY:**

The Company has taken out various policies to cover risk against Plant & Machinery, Building, Godowns, Computers, Vehicles, Cash in hand/ in transit and to reduce the financial risk etc.. Various units of the Company also identify the elements of risk & requirement of policies, if any, related to their units and submit report periodically to the Board.

**PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS:**

Details of loan(s), guarantee and investments are given in the notes to Financial Statements.

**RELATED PARTY DISCLOSURE:**

The related party transactions that were entered into during the financial year were generally on an arm's length basis. These transactions were generally in the nature of ordinary course of business as per very old set up and structure of the Company and are continuation of old transactions viz lease rents and sale, purchase of the products in the normal course of business as being done in the previous years. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee and Board of Directors for their approval on quarterly basis.

Your directors draw attention of members to Note No. 27(37) to the standalone financial statements which set out related party disclosures.

#### **PERSONNEL:**

Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is applicable only on listed companies. Your Company is an unlisted Company now hence the above said rule is not applicable, therefore, details under above said rule are not being given.

Pursuant to MCA Notification G.S.R. 646(E) dated 30th June, 2016 Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, list of top ten employees in terms of remuneration drawn is attached as **Annexure "C"** and none of the employee was in receipt of remuneration of Rupees One Crore and Two Lakh or more per year throughout the year or Rs. Eight Lakh and Fifty Thousand per month for the part of the year. Further, none of the employees is in receipt of remuneration which is in excess of the remuneration drawn by Managing Director or Whole-time Director or any manager of the Company and holds by himself or along with his/ her spouse and dependent children, not less than 2% of equity shares of the Company.

#### **AUDITORS AND THEIR REPORTS:**

##### **STATUTORY AUDITORS:**

M/s. P.R. Mehra & Co., Chartered Accountants, (FRN 000051N), New Delhi, in Annual General Meeting of the Company held on 21st December, 2017, were appointed as Statutory Auditors of the Company for five years starting from financial year 2017-18 onwards i.e. they would hold office up to the conclusion of the Annual General Meeting of the Company for the financial year 2021-22.

With reference to the qualifications contained in the Auditors' Report, the Directors wish to state that the Notes referred to by the auditors in their report are self-explanatory and hence do not call for any further comments.

##### **COST AUDITORS:**

As per the requirement of the Central Government and pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has to get audit of cost records relating to Sugar and Distillery Units done for the financial year 2020-21.

The Board of Directors, on the recommendation of Audit Committee, have appointed M/s. M.K. Singhal & Co., Cost Accountants, (Firm's Regn. No. 00074) of Modinagar, as Cost Auditors to conduct the audit of Cost Accounts maintained by Sugar and Distillery units of the Company at a total remuneration of ₹ 1,00,000/- (including all expenses) + applicable Taxes payable to them for the financial year 2020-21. Members' approval for the remuneration payable to the Cost Auditors has to be obtained by an Ordinary Resolution.

##### **SECRETARIAL AUDITORS:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company had appointed M/s. A.N. Jaiswal & Co., Practicing Company Secretary (ACS No. 19000, CP No. 14629) of New Delhi, as Secretarial Auditors of the Company. They have submitted their Secretarial Audit Report, for the Financial Year 2019-20, which is attached herewith as **Annexure-'D'**.

With reference to the observations contained in the Secretarial Auditors Report, the Directors wish to state that the Notes on Accounts are self-explanatory and hence do not call for any further comments.

For the Financial Year 2020-21, Company has appointed M/s A. N. Jaiswal & Co., Practicing Company Secretaries (ACS No. 19000, CP No. 14629) of New Delhi, as Secretarial Auditors of the Company.

##### **INTERNAL AUDITORS:**

Pursuant to Section 138 of the Companies Act, 2013, Board has appointed Internal Auditors namely M/s. Sarat Jain & Associates, Chartered Accountants, (Firm Regn. No. 014793C) of Noida (U.P.) for Sugar & Distillery units of the Company for the financial year 2020-21 as recommended by the Audit Committee of the Company.

##### **CONSERVATION OF ENERGY:**

The Company was declared a sick industrial unit within the meaning of Section 3(1)(o) of erstwhile the Sick Industrial Companies (Special Provisions) Act, 1985 vide BIFR order dated 14th March, 1991.

Since long no modernization of Plant & Machinery of the Units of the Company could be undertaken due to huge losses in the Company and non-availability of funds from Banks/Financial Institutions. However, the Management is making all possible efforts for the conservation of energy.

Company has implemented energy conservation measures for saving of quantitative consumption of power & fuel etc. Company has replaced some old lighting system with LED etc., adoption of more star rated electronic equipments, timely repairing & maintenance of electronic items.

During the year under review total expenses on power and fuel has been reduced to ₹ 215.04 lacs (in previous year ₹ 229.88 lacs).

**TECHNOLOGY ABSORPTION:**

In the case of the two operating units, namely; Sugar & Distillery there is no imported technology involved and there has not been any change in technology.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Your Company did not earn any Foreign Exchange during the year (previous year Rs. Nil) while Foreign Exchange outgo during the year amounted to ₹ 1,374.72 Lacs (previous year ₹ 1,382.71 Lacs).

**POLLUTION CONTROL:**

Relevant and necessary effluent treatment measures for control of water, air and environmental pollution are in place and steps have been taken to further strengthen and consolidate pollution control measures.

**LABOUR RELATIONS:**

The labour and management relations generally remained harmonious.

**GENERAL:**

The Company was declared as a 'Sick Company' and reference was pending adjudication before the Ld. AAIFR / BIFR. While the revival scheme of MIL was being considered by Ld. AAIFR, the Govt. of India vide notification bearing no.: S.O. 3568 (E) dated 25th November, 2016 repealed SICA with effect from 1st day of December, 2016 and all the proceedings pending under the SICA (including the proceedings qua MIL) stood abated.

In view of this, no impact is foreseen on the going concern status of the Company and the Company's operations in future.

No complaint during the year under review was received by the Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**COMPLIANCE WITH SECRETARIAL STANDARD**

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India as approved by Central Government as required under Section 118(10) of the companies Act, 2013.

**CAUTIONARY STATEMENT:**

The Director's report contains forward looking approach within applicable securities laws and regulations. The actual results inter-alia may differ materially from those expressed or implied, depending upon changes in global and Indian demand-supply conditions as well as changes in government regulations, tax regimes, economic and market developments, movements.

**ACKNOWLEDGMENT:**

The Directors wish to thank the Central Government, Government of Uttar Pradesh, Financial Institutions and the Company's Bankers for all the help and encouragement they extended to the Company. Your Directors gratefully acknowledge the continued trust and confidence; they have placed in the Company. The Directors also wish to place on record their deep appreciation for the services rendered by the officers, staff and workers of the Company at all levels and for their dedication and loyalty.

**For & on behalf of the Board**

**Umesh Kumar Modi**  
**Chairman and Managing Director**

**Place : Modinagar.**

**Dated : 5<sup>th</sup> November, 2020.**



# ANNEXURE-‘A’ TO DIRECTORS’ REPORT

## FORM AOC-1

{Pursuant to first proviso to sub-section (3) of section 129  
read with rule 5 of Companies (Accounts) Rules, 2014}

Statement containing salient features of the financial statement of  
subsidiaries/associate companies/joint ventures.

### Part ‘A’ : Subsidiaries

₹ in lacs

Particulars	Name of the Subsidiary	
	Own Investment (India) Limited	Your Investment (India) Limited
1. Reporting period for the subsidiary concerned, if different from the holding company’s reporting period.	Not Applicable	Not Applicable
2. Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	Not Applicable	Not Applicable
3. Share Capital (Paid-up)	13.22	21.47
4. Reserves & Surplus	5.15	12.97
5. Total Assets	18.60	34.79
6. Total Liabilities	0.23	0.36
7. Investments (net)	5.12	14.68
8. Turnover	-	-
9. Profit before taxation	0.18	0.64
10. Provision for taxation	0.03	0.13
11. Profit after taxation	0.15	0.51
12. Proposed dividend	NIL	NIL
13. % of shareholding	99.89	99.93

### Part ‘B’ : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

(Not applicable)

1. There are no subsidiaries/associates/joint ventures which are yet to commence operations.
2. There are no subsidiaries/associates/joint ventures which have been liquidated or sold during the year.

For Modi Industries Limited

for P.R. MEHRA & CO.,  
Chartered Accountants,  
(Regn.No. 000051N)

Laxman Prasad  
Partner  
Membership No. 013910

Dated: 05<sup>th</sup> November, 2020  
Place: Modinagar.

Umesh Kumar Modi  
Chairman and Managing Director

## ANNEXURE-‘B’ TO DIRECTORS’ REPORT

### CORPORATE GOVERNANCE REPORT

#### CORPORATE GOVERNANCE AS REQUIRED AS PER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013:

##### 1. COMPANY’S PHILOSOPHY

Your company firmly believes in good corporate governance. Towards this end, the company consistently evaluates and defines its management practices aimed at enhancing its commitment and delivery of the basic tenets of the corporate governance.

##### 2. BOARD OF DIRECTORS

###### (a) COMPOSITION OF BOARD:

- (i) The Board consists of five directors as on 31<sup>st</sup> March, 2020. Out of these five directors, three are non-executive directors. The Company did not have any material pecuniary relation or transaction with non-executive directors during the year under review.
- (ii) During the year ended on 31.03.2020, the company did not comply with the requirement of independent directors and women director in the composition of the Board and various Board Committee(s), wherever required. The Hon’ble Supreme Court in SLP (Civil) Nos. 23095 – 23097 of 2010 (M.K. Modi vs. U.K. Modi) had passed an order dated 27th August, 2010 directing the parties therein to maintain “status quo” with regard to the management of the company.
- (iii) However, consequent upon exit of Shri Mahendra Kumar Modi from the management of the Company w.e.f.09.09.2020, the Board of Directors has been reconstituted by inducting two Independent Directors namely Shri Anand Prakash Modi and Shri Jagdish Chander Chawla and also two Non-executive Directors i.e. Smt. Kumkum Modi and Shri Jayesh Modi. Consequently, the Committees of the Board have been reconstituted so as to be in compliance with the provisions of the Companies Act, 2013.

###### (b) BOARD/ SHAREHOLDERS’ MEETINGS:

During the year under review, four Board meetings were held on 20<sup>th</sup> May, 2019, 13<sup>th</sup> August, 2019, 14<sup>th</sup> November, 2019 and 3<sup>rd</sup> March, 2020. The attendance at the Board meetings during the financial year 2019-20 and at the last 85<sup>th</sup> Annual General Meeting held on 18<sup>th</sup> December, 2019 and also number of other directorships are given herein below:

Name	Category	No. of Board meetings Attended	Attendance at previous AGM	No. of Directorship(s) in other Indian Public Limited Companies.
Shri Mahendra Kumar Modi*	MD	2	No	1
Shri Umesh Kumar Modi	MD	4	Yes	5
Shri Krishan Kumar Modi**	NED	1	No	6
Shri Vinay Kumar Modi	NED	1	No	2
Shri Rakesh Kumar Modi	NED	4	Yes	-
Shri Abhishek Modi	NED	4	Yes	4

MD: Managing Director NED: Non-Executive Director

\* Resigned w.e.f.09<sup>th</sup> September, 2020.

\*\*Ceased to be Director of the Company w.e.f 2<sup>nd</sup> November, 2019.

###### (c) BOARD PROCEDURE:

As per Corporate Policy, statutory and material information is placed before the Board with a view to enable it to discharge efficiently its responsibilities in formulating the strategies and policies for the growth of the Company. The Agenda and other relevant papers are circulated prior to the scheduled dates of the meetings. The day to day affairs of the Company are looked by the Managing Director of the Company. Opinion and advice of Non-Executive Directors/Independent Directors are considered valuable guidance. For specific matters, the various Committees of the Directors deliberate in detail, analyze situations, information and firm up views and advise the Board on decision making and follow up actions as may be considered appropriate.

(d) **RELATIONSHIP AMONGST DIRECTORS :**

As on 31<sup>st</sup> March, 2020 , relationship amongst directors is that Shri Vinay Kumar Modi, Non-Executive Director and Shri Umesh Kumar Modi, Managing Director are real brothers. Shri Abhishek Modi, Non-Executive Director, is son of Shri Umesh Kumar Modi, Managing Director.

3. **AUDIT COMMITTEE:**

(a) **COMPOSITION:**

Pursuant to Section 177(2) of the Companies Act, 2013, the Committee should consist of minimum three Directors as its members out of which majority of Directors shall be Independent Directors.

The Board of Directors in their meeting held on 05.10.2020 has reconstituted the Audit Committee and designated Shri Rakesh Kumar Modi as Chairman and appointed Shri. Anand Prakash Modi and Shri Jagdish Chander Chawla as members of the Audit Committee. The Current constitution of the Audit Committee of the Company are as follows;

S. No.	Name	Designation
1.	Shri Rakesh Kumar Modi	Chairman
2.	Shri Anand Parkash Modi	Member
3.	Shri Jagdish Chander Chawla	Member

During the year under review, four Audit Committee Meetings were held on 20th May, 2019, 13th August, 2019, 14th November, 2019 and 3rd March, 2020. The attendance at the Audit Committee Meetings held during the financial year 2019-20 are given herein below:

Sl.No.	Name of the Member	Category	No. of Audit Committee meetings attended
1.	Shri Rakesh Kumar Modi	NED	4
2..	Shri Abhishek Modi	NED	4

(b) **ROLE & TERMS OF REFERENCE OF AUDIT COMMITTEE:**

In terms of Section 177(4) of the Companies Act, 2013, the Role / Terms of Reference of Audit Committee are defined as under:

The Audit Committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013

- b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Modified Opinion(s) in the draft audit report
5. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  6. Approval or any subsequent modification of transactions of the company with related parties;
  7. Scrutiny of inter-corporate loans and investments;
  8. Valuation of undertakings or assets of the company, wherever it is necessary;
  9. Evaluation of internal financial controls and risk management systems;
  10. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  12. Discussion with internal auditors of any significant findings and follow up there on;
  13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  16. To review the functioning of the Whistle Blower mechanism;
  17. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
  18. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Board has established a vigil mechanism and framed a policy under the name " Whistle Blower Policy" for its Directors and employees to report genuine concerns or frauds and no personnel has been denied access to the Audit Committee. The policy is uploaded on the website of the Company where full information is provided.

4. **NOMINATION AND REMUNERATION COMMITTEE AND REMUNERATION OF DIRECTORS:**

Pursuant to Section 178(1) of the Companies Act, 2013, the Committee should consist of three or more non-executive Directors as its members out of which not less than one half shall be Independent Directors.

The Board of Directors in their meeting held on 05.10.2020 has reconstituted the Nomination and Remuneration Committee and designated Shri Rakesh Kumar Modi as Chairman and appointed Shri Anand Parkash Modi and Shri Jagdish Chander Chawla as members of the Committee. The Current constitution of the Nomination and Remuneration Committee of the Company are as follows;

S. No.	Name	Designation
1.	Shri Rakesh Kumar Modi	Chairman
2.	Shri Anand Parkash Modi	Member
3.	Shri Jagdish Chander Chawla	Member

The Nomination and Remuneration Committee, as on 31<sup>st</sup> March, 2020, had two Non-Executive Directors, namely, (1) Shri Rakesh Kumar Modi and (2) Shri Abhishek Modi, as its members. The decisions regarding remuneration of executive, non-executive directors and Key Managerial Personnel are taken by the entire Board on recommendation of the Nomination and Remuneration Committee subject to such approvals from the Shareholders or Central Government as may be necessary. The Company does not pay any remuneration to the non-executive directors except payment of Sitting Fees for attending Board/ Committee meetings. During the year under review three meetings of Nomination and Remuneration Committee were held on 13<sup>th</sup> August, 2019, 14<sup>th</sup> November, 2019 and 3<sup>rd</sup> March, 2020 which were attended by its Members Shri Rakesh Kumar Modi and Shri Abhishek Modi.

#### **ROLE AND TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE.**

In terms of Section 178(2), (3) and (4) of the Companies Act, 2013 and Rules made thereunder. The role and terms of Reference of Nomination and Remuneration Committee are defined as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of the criteria for evaluation of performance of Independent Directors and the Board of Directors;
3. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
4. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

The Committee shall ensure that:

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

Nomination & Remuneration Policy of the Company is available on Company's Website [www.modiindustries.net/policies-of-the-company](http://www.modiindustries.net/policies-of-the-company).

**Details of remuneration paid to the directors during the year under review are given below:**

(a) **Executive Directors:**

No remuneration has been paid to Shri Umesh Kumar Modi, Managing Director during the year under review. The Central Government had accorded its approval for payment of remuneration amounting to ₹ 18.00 Lacs per annum to Shri Mahendra Kumar Modi as Managing Director for the period from 1<sup>st</sup> November, 2014 to 31<sup>st</sup> October, 2017. The application, for the remuneration payable to Shri Mahendra Kumar Modi for the remaining tenure of his appointment as Managing Director i.e. from 1<sup>st</sup> November, 2017 to 31<sup>st</sup> October, 2019 was moved to Central Government for its approval but due to change in provisions of Companies Act, 2013, MCA has closed the file without giving its approval

(b) **Non-Executive Directors**

Name	Sitting Fee (₹ in thousands)	Shares held	
		Equity	Preference
Shri Krishan Kumar Modi	2.0	9664	8
Shri Vinay Kumar Modi	2.5	25477	8
Shri Rakesh Kumar Modi	28.0	48901	10
Shri Abhishek Modi	15.5	100	-

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

Shri Mahendra Kumar Modi has resigned from the post of Managing Director/Directors of the Company and hence ceased from the post of the member of the Committee also.

The Board of Directors in their meeting held on 05.10.2020 has reconstituted the Stakeholder and Relationship Committee and appointed Shri Anand Parkash Modi and Shri Jagdish Chander Chawla as members of the Committee. The Current constitution of the Stakeholder and Relationship Committee of the Company are as follows;

S. No.	Name	Designation
1.	Shri Rakesh Kumar Modi	Chairman
2.	Shri Umesh Kumar Modi	Member
3.	Shri Anand Parkash Modi	Member
4.	Shri Jagdish Chander Chawla	Member

The Stakeholders Relationship Committee, has been entrusted with the work of Share/Debtenture Transfer and dealing with Investors grievances. Shri Rakesh Kumar Modi chaired all meetings of the Committee held during the year under review. The Company Secretary acts as Secretary to the Committee and its Compliance Officer. All transfers, transmissions etc. of Shares and Debtentures were affected within the stipulated period by the Company/ RTA of the Company.

The Stakeholders Relationship Committee, as on 31st March, 2020, consists of three members, namely, (1) Shri Mahendra Kumar Modi (2) Shri Umesh Kumar Modi and (3) Shri Rakesh Kumar Modi, as its members. During the year under review four meetings of Stakeholders Relationship Committee were held on 20th May, 2019, 13th August, 2019, 14th November, 2019 and 3rd March, 2020. The attendance of the Stakeholders Relationship Committee meetings held during the financial year 2019-20 are given here-in-below:

Sl.No.	Name of the Member	Category	No. of Stakeholders Relationship Committee meetings attended
1.	Shri Mahendra Kumar Modi	M.D.	2
2.	Shri Umesh Kumar Modi	M.D.	4
3.	Shri Rakesh Kumar Modi	NED	4

MD: Managing Director

NED: Non Executive Director

Two complains from Debtenture holders / Investors complaints, received directly from them or through SEBI and other authorities during the year under review, have been replied by the company and none remained outstanding at the end of the year under review. The status of Shareholders/Debtenture holders/Investors complaints received during the year under review were reported to the Stakeholders Relationship Committee by the Secretarial Officer/Company Secretary.

## 6. COMMITTEE OF DIRECTORS:

The Committee of Directors consists of three members i.e. Shri Mahendra Kumar Modi and Shri Umesh Kumar Modi, Managing Directors and Shri Rakesh Kumar Modi, Non-Executive Directors as on 31 March 2020.

Shri Mahendra Kumar Modi has resigned from the post of Managing Director/Director of the Company and hence ceased from the post of the Member of the Committee also.

During the year under review no meeting of Committee of Directors was held.

## 7. GENERAL BODY MEETINGS :

The last three Annual General Meetings were held at Modi Industries Transit House (Modi Industries Complex), Modinagar, Distt. Ghaziabad (U.P.), on the following dates and time:

Financial year	Date	Time
2018-19	18.12.2019	12:30 P.M.
2017-18	18.12.2018	12:30 P.M.
2016-17	21.12.2017	12:30 P.M.

No postal ballot was conducted during the Financial Year 2019-20. There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

8. **DISCLOSURES :**

There were no transactions of the company of material significance with its directors or the management, their subsidiaries or relatives during the year which may have potential conflict with interest of the company. There was no material non-compliance during the last three years by the company on any matters related to capital markets. Consequently, neither any penalties were imposed nor any strictures order passed on the company by Stock Exchanges, SEBI or any Statutory Authority. The company has generally complied with almost all the mandatory requirements of the Companies Act, 2013. As on date of Report, status of the Company is of an Unlisted Company.

9. **MEANS OF COMMUNICATION :**

Annual Report of the Company are being uploaded on the Company's website [www.modiindustries.net](http://www.modiindustries.net) and also other necessary information/ notice etc. is published in news paper, wherever required.

10. **GENERAL SHAREHOLDERS' INFORMATION :**

(a) **Annual General Meeting :**

Date : 5<sup>th</sup> December 2020.  
Time : 12:30 P.M.  
Venue : Auditorium, Dayawati Modi Public School  
Modinagar, Distt. Ghaziabad (U.P.)

(b) **Financial Calendar :**

(i) Financial year : April to March  
(ii) Annual Financial Results : Upto September, 2021  
(Audited)  
(iii) Annual General Meeting : End of September, 2021  
for the financial year 2020-21.

(c) **Date of Book Closure :**

29<sup>th</sup> November, 2020 to 5<sup>th</sup> December, 2020 (both days inclusive).

(d) **Dividend payment date :**

The Directors have not recommended any dividend on shares in view of accumulated losses.

(e) **Status of the Company:**

As on the date of Report, the status of the Company is of an unlisted Company.

(f) **Registrar and Transfer Agents (RTA):**

M/s. Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase II, New Delhi 110020 (Contact No. 011-26387281-82-83) have been appointed as Registrar and Share Transfer Agent (RTA) of the Company.

(g) **Share Transfer System :**

As on date of Report all transfer/transmission of equity shares and demat of equity shares related work is being handled by RTA of the Company, M/s. Mas Services Limited, T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase II, New Delhi 110020. All transfers,

transmissions of shares were processed and registered within the stipulated time. As on 31<sup>st</sup> March, 2020 no shares were lying pending for transfer.

(h) **Distribution of Shareholding as on 31.03.2020 :**

Distribution of shareholding	Number of		No. of Shareholders		%age of Shareholding	
	Equity shares of ₹ 10 each	Pref. shares of ₹ 100 each	Equity shares	Pref. shares	Equity shares	Pref. shares
Upto 500	678929	248	8908	20	20.52	0.61
501 - 1000	92584	-	124	-	2.80	-
1001 - 2000	101949	-	68	-	3.08	-
2001 - 3000	42915	-	17	-	1.30	-
3001 - 4000	19580	3520	6	1	0.59	8.64
4001 - 5000	33353	9005	7	2	1.00	22.10
5001 – 10000	104531	14344	14	2	3.16	35.21
10001 and above	2235373	13624	53	1	67.55	33.44
Total	3309214	40741	9197*	26	100.00	100.00

\* Exclude 4 shareholders common in both demat and physical forms and 3 shareholders having same Permanent Account Number (PAN).

(i) **Dematerialisation of Shares and Liquidity :**

Pursuant to Notification of Ministry of Corporate Affairs, Government of India, New Delhi, dated 10th September, 2018, the persons, who intend to transfer of securities of unlisted Company, shall get such securities dematerialized before the transfer. Modi Industries Limited (MIL) as on date is an unlisted Company. Dematerialization of equity shares related work of the Company is being handled by RTA of the Company. ISIN of fully paid up equity shares of the Company (MIL) is INE573D01012. Upto the end of the year under review 719255 Equity shares out of 3309214 equity shares of the company were dematerialized.

(j) **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on Equity :**

The Company has no GDRs/ADRs/or any convertible instrument.

(k) **Plant Location :**

At Modinagar,  
District Ghaziabad (U.P.) 201204.

(l) **Address for Correspondence :**

Modi Industries Limited  
Registered Office,  
P.O. Modinagar,  
District Ghaziabad (U.P.)  
Pin 201204.



**PARTICULARS OF EMPLOYEES IN TERMS OF RULE 5(2) AND (3) OF COMPANIES (APPOINTMENT AND REMUNERATION) RULES, 2014  
(FORMING PART OF THE DIRECTOR'S REPORT)**

**(A) DETAILS OF TOP TEN EMPLOYEES OF THE COMPANY IN TERMS OF REMUNERATION PAID DURING FINANCIAL YEAR 2019-20**

Sl. No.	Name	Designation	Nature of employment whether contractual or otherwise	Qualification	Experience (Years)	Date of commencement of employment	Total Remuneration (₹)	Age (Years)	Last employment before joining the Company	% of equity shares of the company held by the employee or manager of the Co.	Whether employee is a relative of any director or manager of the Co.
1.	Mr. Pallav Soin	Vice President- Sales & Marketing	Permanent	MBA-Marketing & Sales	21	5/1/2012	8,413,788	47	Modi Ilva India Pvt. Ltd.	-	-
2.	Mr. N.P. Bansal	Chief Executive	Permanent	C.A.	42	12/1/1977	3,312,887	70	-	-	-
3.	Mr. Prem Prakash	Finance Head	Permanent	C.A.	22	21/06/2017	2,939,004	49	Panchwati Group	-	-
4.	Mr. Bhupinder Aggarwal	Deputy General Manager	Permanent	MBA-Marketing & Sales	22	01/05/2012	2,586,430	46	Modi Ilva India Pvt. Ltd.	-	-
5.	Shaladitya Brahma	Asstt. General Manager (Instt. Sales)	Permanent	MBA-Marketing	28	01.06.2013	2,528,496	53	SBEC Sugar Limited	-	-
6.	Mr. Surendra Kumar Sharma	Sr. General Manager (Engineering)	Permanent	B.Sc. ANSI	30	19/05/2018	2,200,044	47	DSM, Mansurpur	-	-
7.	Mudappa Devia	Regional Manager South	Permanent	MBA-Marketing & Sales	22	04/12/2017	2,142,012	41	Modi Ilva India Pvt. Ltd.	-	-
8.	Mr. Ved Pal Singh Malik	Vice President	Permanent	B.Sc. Agriculture	39	08/06/2017	2,120,028	63	Mansoorpur Sugar Mills, Mansoorpur	-	-
9.	Mr. Gaurav Khurana	Head Quality & System	Permanent	B.Tech	12	14/08/2018	1,965,732	38	-	-	-
10.	Mr. Aditya Parasher	Senior Manager-Marketing	Permanent	PGDBM from NDIM	17	28/12/2015	1,900,668	40	Group & Hygia India	-	-

**SECRETARIAL AUDIT REPORT  
(FORM NO. MR. 3)**

FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH, 2020  
[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Modi Industries Limited,  
Modinagar - 201204

**UDIN-A0190008001159865**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Modi Industries Limited (**CIN- U15429UP1932PLC000469**) (hereinafter called the Company or **MIL**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 (Audit Period) generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (to the extent as applicable to the Company during the Audit Period);
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings; (not applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (not applicable to the Company during the Audit Period);
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (not applicable to the Company during the Audit Period);
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (not applicable to the Company during the Audit Period);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (not applicable to the Company during the Audit Period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the clients; (Not applicable to the Company during the audit period);

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period);
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not applicable to the Company during the Audit Period), and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Regulations) Regulations, 2015. (Not applicable to the Company during the Audit Period).
- (vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing/trading companies, the Management has specifically identified and confirmed the following laws as being specifically applicable to the company and its industrial units duly complied with:
- 1) Factories Act, 1948.
  - 2) The Payment of Wages Act, 1936.
  - 3) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
  - 4) All Labour laws and such Other incidental laws related to Labour and employees appointed by the Company either on its payroll or on contractual basis related to wages, gratuity, provident fund, ESIC, compensation, welfare etc.;
  - 5) Air (Prevention and Control of Pollution) Act, 1981 and the rules and standards made thereunder.
  - 6) Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975.
  - 7) Environment Protection Act, 1986 and the rules, notifications issued thereunder.
  - 8) State Excise Act.
  - 9) Industries (Development & Regulation) Act, 1951;
  - 10) Income Tax Act, 1961
  - 11) Finance Act, 1994 (Service Tax).
  - 12) Act, Rules and regulations made under GST Laws (CGST, SGST & IGST)
  - 13) State Laws governing Sales Tax/VAT. (applicable till 30th June, 2017)
  - 14) Food Safety And Standards Act, 2006.
  - 15) The U.P. Sugarcane (Regulation of Supply & Purchase) Act, 1953
  - 16) The Essential Commodities Act, 1955;
  - 17) The Sugar Cess Act, 1982 and the Rules made thereunder;
  - 18) The Sugar Development Fund Act, 1982 and the Rules made thereunder;
  - 19) The Sugar (Control) Order, 1966;
  - 20) The Legal Metrology Act, 2009
  - 21) Indian Electricity Act, 2003
  - 22) Drugs & Cosmetic, 1940 & Rules;
  - 23) Indian Boiler Act, 1923;
  - 24) Acts as prescribed under Shop and Establishment Act of various local authorities;
  - 25) Acts as prescribed by respective states and local authorities etc.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board meetings and general meetings and adopted as per Section 205 of Companies Act, 2013

- (ii) The Listing Agreements entered into by the Company with U.P. Stock Exchange Limited, (UPSE) Kanpur and Delhi Stock Exchange Limited, (DSE) New Delhi. SEBI had issued exit order of UPSE on 09th June, 2015 and also SEBI had de-recognized the DSE on 19th November, 2014 and issued Exit Order on 23rd January, 2017. SEBI vide its circular No. CIR/MRD/DSA/5/2015 Dated 17th April, 2015 provided that the exclusively listed Companies (ELCs) which fail to obtain listing in any other nationwide stock exchange will cease to be a listed Company and will be moved to the Dissemination Board (DB) by the existing stock exchange.

The SEBI by its Circular No. SEBI/HO/MRD/DSA/CIR/P/2016/110 dated October 10, 2016 have provided the exclusively listed Companies (ELC) on the Dissemination Board (DB) to exercise one of the two options either raise the capital for listing on Nationwide Stock Exchanges or provide an 'exit offer' to investors. The Promoters of Company in pursuance of the procedures set by the aforesaid Circular submitted its 'Letter of Intent' for opting 'exit option' to its DB i.e., National Stock Exchange, (NSE) Mumbai. In respect of MIL (the Company), the NSE was appointed by SEBI to monitor the compliance of the aforesaid circular.

The value of equity shares of the Company was valued by the NSE empanelled Valuer. As per their Valuation Report dated 09th May, 2017, the value of equity shares of ₹ 10/- each of the Company arrived at – ₹ 403.96 (Negative rupees four hundred three and paisa ninety six only).

Due to value of equity shares being in negative, the Promoters announced that they have no attendant liability to buy the shares from Public. The Company made the prescribed Public Announcement (PA) on 24th May, 2017 in the following News Papers:-

Sr. No.	Date of Publication	Name of News Paper	Language of News Paper
1	24/05/2017	Financial Express	English Daily
2	24/05/2017	Jansatta	Hindi Daily
3	24/05/2017	Rashtriya Sahara	Hindi Daily

The Company has duly complied with aforesaid SEBI Circular and reasonably followed all the procedures, taken necessary steps, made due disclosures and submitted Reports and records to the Appropriate Authority (NSE).

The NSE has removed the name of the company from the list of companies removed from Dissemination Board and now the Company has turned into an unlisted public company as displayed on NSE website vide its circular no. NSE/CML/35701 dated 1st September, 2017.

Having become an unlisted public company the Board of Directors have discontinued the compliances of procedures and disclosures as applicable to the listed companies.

- (iii) As regards compliance of other general laws, Competition Law, Environmental Laws and Financial Laws like Direct & Indirect Tax Laws and Customs Act, Intellectual Properties Laws (Patents, Copyright and Trademarks) and other laws as mentioned herein above etc. which have impact on/applicable to the Company or its Industrial Units, we have relied upon the representation given by the management.

During the period under review and as per the representations and clarifications made, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as specifically pointed out by the Management into the 'Notes to Accounts' forming part of Financial Statements as well as Directors' Report of Financial Year 2019-20.

We further report that the Board of Directors of the Company is constituted with composition of Executive and Non-Executive Directors only. The Hon'ble Supreme Court in SLP (Civil) No. 23095-23097 of 2010 (M.K. Modi Vs. U.K. Modi) has passed an order dated 27<sup>th</sup> August, 2010 directing to maintain 'status quo' with regard to the management of the Company. In view of this order, the Company could not have appointed independent & women directors and hence could not maintain proper composition of Board of Directors and various Board Committees, as per the Companies Act, 2013.

During the year, the Company has withdrawn the Ordinary Resolutions at Item Nos. 2(a) and 2(b) of the 85th AGM Notice dated 14th November, 2019, regarding re-appointment of Shri Rakesh Kumar Modi and Shri Abhishek Modi, proposed to be passed in the Annual General Meeting held on 18th December, 2019 and in this respect the Company have published a "Corrigendum to the Notice of the 85th Annual General Meeting" in two news papers 'Jansatta (Hindi Daily) and 'Pioneer' (English Daily) on 5th December, 2019.

In view of the order dated 27th August, 2010 passed by Hon'ble Supreme Court of India, in SLP (C) 23095 –23097 /2010, which has directed to maintain a status-quo with respect to the management of the Company i.e. MIL is still pending for adjudication and the said status quo order is still in force, the Board of Directors had passed a resolution through circulation to modify the Resolution passed on 14th November, 2019 in respect of the re-appointment of said Directors and decided that the existing Directors shall continue to remain on the Board and no one shall be liable to retire by rotation until and unless the office is vacated on account of voluntary resignation / demise. In this respect, the Board of Directors have confirmed that they have formed their opinion to withdraw, the proposed re-appointment of Directors, on the basis of the legal opinion sought by the Company from Senior Consultants.

During the year under review, the Nomination and Remuneration Committee as well as Audit Committee consists of 2 Non-Executive Directors namely (i) Shri Rakesh Kumar Modi and (ii) Shri Abhishek Modi as members throughout the Financial Year 2019-20. *The constitution of Nomination and Remuneration Committee as well as Audit Committee are not in compliance of the provision of Section 177 and 178 of the Companies Act, 2013 and rules made their under.*

Therefore, the decisions taken by these committees are lacking of the due process. However, the decisions regarding nomination and remuneration of executive and non-executive directors are taken by the entire Board on recommendation of Nomination and Remuneration Committee subject to such approvals from the Shareholders or Central Government as may be necessary.

Adequate notice was given to all directors intimating schedule of the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions at Board Meetings and Committee Meetings were carried out unanimously in general and duly recorded in the minutes of the meetings of Board of Directors or Committees thereof, as the case may be.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company had several ongoing events as described below and had bearing material effects on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

1. Since the net worth of Modi Industries Limited ('MIL') had eroded and become negative, therefore, in terms of the erstwhile Sick Industrial Companies Act, 1985 ('SICA'), MIL was declared as a 'Sick Company' and reference was pending adjudication before the Ld. AAI FR / BIFR. While the revival scheme of MIL was being considered by Ld. AAI FR, the Govt. of India vide notification bearing no.: S.O. 3568 (E) dated 25th November, 2016 repealed SICA with effect from 1<sup>st</sup> day of December, 2016 and all the proceedings pending under the SICA (including the proceedings qua MIL) stood abated.
2. With regard to payment of **Fixed Deposits**, as per Section 74 of the Companies Act, 2013, deposits accepted before the commencement of the Companies Act, 2013 (i.e. 1<sup>st</sup> April, 2014) shall be repaid within one year from the commencement of the Act. The Company had filed an application with Company Law Board on 31<sup>st</sup> March, 2015 seeking extension of time for repayment of Public Deposits under Section 74(2) of the Act.

The Company Law Board vide order No. CA10/12/2015 dated 21<sup>st</sup> April, 2016 have dismissed the aforesaid application and refused to extend the period of repayment of deposits and Interest thereon. The Company had filed an Appeal before the Hon'ble Allahabad High Court on 23<sup>rd</sup> July, 2016 against aforesaid Order of the Company Law Board.

In the mean time, the Companies (Amendment) Act, 2017 has further amended the Section 74 and provided that Deposits accepted before the commencement of the Act (i.e. 1<sup>st</sup> April, 2014) shall be repaid within three years from the commencement of the Act i.e. upto 31<sup>st</sup> March, 2017, but Companies (Amendment), 2017 came in force w.e.f. 9<sup>th</sup> February, 2018. Therefore, time had already elapsed and provisions were made infructuous and late.

Considering all the above facts, the Company has taken a legal opinion from Senior Consultants and pursuant to the said legal opinion, the Company, in view of the provisions of Section 125 of the Companies Act, 2013, the Board have decided by their resolution dated 1<sup>st</sup> March, 2018 to deposit all the pending amount of Deposit and interest thereon total being ₹ 80,58,433/- in to Investor Education and Protection Fund (IEPF) as set up by Government of India.

That, accordingly the Company has deposited the aforesaid amount on 07<sup>th</sup> May, 2018 with Punjab National bank, Parliament Branch, New Delhi, in designated account of IEPF and duly complied with the provision of the rules of ***"Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016"***

Meanwhile Hon'ble High Court fixed the next date of hearing on 14th May, 2018. During the argument on the fixed date Company's Advocate informed the Hon'ble High Court all the above facts and after hearing the above facts, Hon'ble High Court dismissed the Appeal as infructuous on 14<sup>th</sup> May, 2018.

3. Due to various reasons the information from Gas, Paint, Electrode Units and MD Office are not made available to us. Therefore, we are unable to comment on the compliance status of the aforesaid units. Our report is based on only in respect of Sugar, Distillery, Steel Units & Corporate Office of the Company.
4. During the year, the Board of Directors have reviewed 'the actions' taken by the Stakeholders Relationship Committee in respect of the transfer of 60,223 (Sixty Thousand Two Hundred Twenty Three) 12.5% Secured Non-Convertible Debentures (NCDs) of ₹ 200/- each and decided to revoke all the transfer approved after the due date of maturity of the said NCDs and reverse the ownership of such NCDs in favour of their respective owners on the said due date of maturity.

These NCDs were issued in the year 1988 and were scheduled to be redeemed after expiry of 7th, 8th and 9th years, i.e. 1995,1996 and 1997.

Out of such transfer, 57,012 Non-Convertible Debentures, which were wrongly transferred in favour of 3A Capital Services Ltd by Stakeholders Relationship Committee, have been reversed to and restored its ownership in favour of Canbank Financial Services Ltd, the owner at the time of due date of maturity of such NCDs, by the Board of Directors. The Board have confirmed that the said approval of transfer of NCDs by the Stakeholders Relationship Committee was done inadvertently and under incorrect impression of law.

5. During the year under review the Company has received two Notices and petitions filed before Hon'ble NCLT, Allahabad, under Insolvency and Bankruptcy Code 2016 (IBC, 2016) and have some pending petitions for insolvency. Out of them, in some matters, the Company has settled for the operational dues with respective parties and arrived at a Settlement outside the Tribunal and parties amicably withdrew the petitions.

Sr. No	Name of the Operational Creditors	Amount Claimed (in Rs.)	Unit	Settlement Amount (in ₹)	Date of Settlement
1	Baburam Industries	16,87,225	Modi Arc Electrode Co. & Modi Paint & Varnish Co	10,00,000	22.01.2020
2	Vyankatesh Metals & Alloys Pvt Ltd	18,00,000	Modi Arc Electrode Co.	12,00,000	27.02.2020
3	3A Capital Services Ltd	8,49,47,881	Modi Industries Limited (Corpo-rate Office)	N.A.	Petition withdrawn
4	3A Capital Services Ltd	58,27,65,730	Modi Industries Limited (Corpo-rate Office)	N.A.	Not yet settled.
5	Ganesh Enterprises	9,84,678	Modi Arc Electrode Co	5,00,000	11.01.2020
6	Noble Alchem Pvt. Ltd	34,60,524	Modi Arc Electrode Co	28,00,000	09.07.2018
7	Ultratech Cement Ltd	16,75,398 (+ 15% interest)	Modi Paint & Varnish Co	19,00,000	24.07.2018
8	Bansal Trading Company	6,60,977 (+ 18% interest )	Modi Arc Electrode Co.	7,00,000	24.07.2018
9.	Jayesh Industries Limited	52,53,300	Modi Arc Electrode Co.	35,00,000	02.11.2019
10.	Pradeep Metal Industries	5,02,432	Modi Paint & Varnish Co	NA	Not yet settled

6. Due to closure of the operations of all the six units and the non-payment of dues belonging these six units, the creditors have filed several petitions before NCLT, as mentioned above, under Insolvency and Bankruptcy Code 2016 (IBC, 2016) over the Company as whole. These six units were being independently managed by Mr. M. K. Modi, MD.

In addition to this, the dues of the labours of the six units were also not been paid and this led to grave unrest and law and order situation in locality as well as Factory Premises and having adverse impact on working of the other units.

Therefore, under the active participation of the District Administration, a settlement of all ongoing disputes has been finalised between Mr. M. K. Modi and Mr. U. K. Modi for the greater good of all the stakeholders specially the Company, the shareholders, the Labourers, the Creditors etc.

This Settlement Agreement has been executed between Mr. M. K. Modi and Mr. U. K. Modi as on 09th September, 2020. In order to implement, the terms & conditions of this agreement; Mr. M. K. Modi has resigned from the office of Director as well as Managing Director of the Company on 9th September, 2020. As per this Settlement Agreement, Mr. M. K. Modi and all his associates firms, Companies, individuals will transfer their shareholdings in Company to Mr. U. K. Modi and gave up all his claims or rights over the Company and its management.

The execution of this Settlement Agreement is underway. In meantime, Mr. Anand Parkash Modi and Mr. Jagdish Chander Chawla were appointed as Additional Directors, as Independent Directors as on 9th September, 2020. On 11th September 2020, Mrs. Kumkum Modi and Mr. Jayesh Modi were appointed as Additional Directors of the Company. Whereas, on 5th October, 2020 Mr. Vivek Singh and Mr. Rahul Chaudhary were appointed as Nominee Directors of SBEC Sugar Limited, a Charge holder cum Debt Assignee Company.

7. During the year under review with audit, there are delays or non-Payment of Sugar Cane dues under UP Sugarcane (Regulation of Supply & Purchase) Act/ Rules (1953/1954).

We further report that during the audit period the company has not undertaken any major activities like;

- a) Public/Right/Preferential issue of shares/debentures/borrowing/sweat equity/ESOP etc.
- b) Redemption/ buy-back of securities
- c) Major decisions has not been taken by the members in pursuance to section 180 of the Companies Act, 2013
- d) Merger / amalgamation / reconstruction, etc.
- e) Foreign technical collaborations/Joint Ventures etc.

**This report is to be read with our letter of even date which is annexed and forms an integral part of this report.** It is advised that to ensure compliance of all applicable laws to the Company for good governance and as required by Secretarial Standards on Meetings of Board of Directors, a list of Laws applicable to the Company and status of compliance thereof be placed as an item of agenda at the first meeting of the Board in each of the financial year.

**For A. N. Jaiswal & Co.  
Company Secretaries**

**Amar Nath Jaiswal  
Proprietor  
C.P. No. 14629**

**Date: - 05<sup>th</sup> November, 2020**

**Place: - Modinagar**

## ANNEXURE TO SECRETARIAL AUDIT REPORT

To,  
The Members,  
Modi Industries Limited  
Modinagar - 201204.

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. The prevailing circumstances in the Country on account of Lockdown and global pandemic COVID-19 have impacted, to fair extent, on everything including verification of records and documents of the Company.

For A. N. Jaiswal & Co.  
Company Secretaries

Amar Nath Jaiswal  
Proprietor  
C.P. No. 14629

Date: - 05<sup>th</sup> November, 2020  
Place: - Modinagar



# INDEPENDENT AUDITOR'S REPORT

To the Members of Modi Industries Limited

## Report on the Audit of the Standalone Financial Statements

### 1. Adverse Opinion

We have audited the accompanying Standalone Financial Statements of Modi Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying Standalone Financial Statements do not give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and also do not 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 31st March, 2020, its loss and its cash flows for the year ended on that date.

### 2. Basis for Adverse Opinion

- (A) The books of accounts, vouchers and other documents of the closed Steel Unit for the financial year 1992-93 were not made available to us and consequently audit could not be conducted in respect of the same. {Refer Note No. 27(4) of the Standalone Financial Statements}. Therefore, the attached Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement does not include: (a) the financial data / impact of working results and of declaration of closure / post-closure transactions, which includes sales and realization of depot sales / dues from debtors, provision / payment of final dues of employees and payments to various parties and manufacturing / personnel / administration expenses etc., of the Steel Unit for the year 1992-93 during which the Unit had operated for ten months the exclusion of which, in our opinion, substantially impairs the presentation of above Standalone Financial Statements of the Company especially in view of the fact that (i) the assets and liabilities of Steel Unit constituted 28% and 43% respectively of the total Assets & Liabilities of the Company as at 31st March, 1992 and the Income & Expenditure of the Steel Unit constituted 30% and 32% respectively of the total Income & Expenditure of the Company for the said year which resulted in a loss of Rs.787.22Lac for the Steel Unit and (b) impact on assets, liabilities and cash flows on account of non-incorporation of transactions / balance sheets for the years 1993-94 to 2019-20 as stated in Note No. 27(4)(c) of the Standalone Financial Statements.
- (B) The books of accounts, vouchers and other documents of the closed Electrodes, Paints and Gas Units and of Central Accounts Department of these Units (hereinafter collectively referred to as "3 Units & CAD") for the years 2016-17 to 2019-2020 were also not made available to us and consequently audit could not be conducted in respect of the same. {Note No. 27(9) of the Standalone Financial Statements}. Therefore, the attached Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement does not include: (a) the financial data / impact of working results and of declaration of closure / post-closure transactions, which includes realization of depot sales / dues from debtors / consignees, provision / payment of final dues of employees, impairment loss, if any, for these 3 closed Units and payments to various parties and manufacturing / personnel / administration expenses etc., of these 3 Units & CAD for the year 2016-17 during which these 3 Units & CAD had operated / worked for more than 6 months, the exclusion of which, in our opinion, also substantially impairs the presentation of above Standalone Financial Statements of the Company especially in view of the fact that the assets and liabilities of these 3 Units & CAD (excluding inter-unit balances) were Rs.3,438.85Lac and Rs.6,324.10 Lac respectively as at 31st March, 2016 and the Income (net of excise-duty realized) & Expenditure of these 3Units & CAD were Rs.4,759.60Lac and Rs.5,663.79Lac respectively for the said year which resulted in a net loss of Rs.904.19Lac for these 3 Units & CAD for the year ended 31st March, 2016 and (b) impact on assets, liabilities, loss and cash flows on account of non-incorporation of financial statements of these 3 Units and CAD for the years 2017-18 to 2019-20 also as stated in Note No. 27(9).
- (C) We draw attention to Note No.27(26) regarding accounting records including supporting documents for the period 1st April, 2019 to 13th July, 2019, financial year 2018-19 and certain previous financial years which got destroyed / damaged in the fire on 13th July, 2019 in the office premises and records room of Sugar and Distillery Units of the company. Accordingly, we were unable to obtain and evaluate audit evidence such as purchase invoices, bills, contracts etc., to be able to test check and draw reasonable conclusion on those supporting evidences / transactions which got destroyed / damaged in fire as the management is still in the process of reconstructing these supporting documents.
- (D) Material Uncertainty related to Going Concern: The Company has been incurring huge losses continuously (losses for the nine years i.e. 2011-12 to 2019-20 amounts to Rs.22,183.98 Lac), accumulated losses of Rs.29,092.64Lac as on 31st March, 2020 which are far in excess of paid-up equity capital & reserves (excluding revaluation reserve) of Rs.991.68 Lac as on that date and the company was declared a sick company on 14th March, 1991 and was also issued a show cause notice for winding up by the Board for Industrial & Financial Restructuring on 28th October, 2013. Sick Industries Companies Act, 1985 repealed with effect from 01.12.2016. With the repeal of the SICA 1985, the Hon'ble BIFR and AAIFR ceases to exist and all matters and applications pending before the Hon'ble BIFR and AAIFR also abate. Presently, the company's current liabilities as per the financial statements as on 31st March, 2020 which also includes cane

grower's dues of Rs.25,695Lac(excluding un-provided interest on cane arrears upto 31st March, 2020) exceeded its current assets as per the Standalone Financial Statements as on 31st March, 2020 by Rs.25,206.82Lac. In our opinion, these events / conditions along with our observations in paragraph 2(B) above and substantial amount of arrears of cane grower's dues cast significant doubt on the ability of the company to continue as a going concern. However, refer Note No. 27(18) regarding steps being taken by the management for treating the company as a going concern.

- (E) We draw attention to Note No. 27(30)(A)(iii) regarding interest payable on 12.5% debentures wherein, by relying on the legal opinion, the Company has: (i) retained liability of Rs.541Lac in the books of account being interest payable till the specified date of maturity of these debentures and written back the excess amount of interest payable of Rs.1,423.66 Lac in the books of account during the current financial year as an "Exceptional Item" and (ii) accordingly, not quantified and disclosed as on 31.03.2020 the amount of non-provision of interest in the Standalone Financial Statements (As on 31st March, 2019, non-provision of Rs.12,702.53 Lac was disclosed in the financial statements). Since the matter (i.e. interpretation of terms and conditions contained in the documents/agreements with debenture holders/trustees) is sub-judice as stated in Note No. 27(30)(A)(iii), we, at this stage, are unable to express our opinion on the adequacy of interest provision retained in the books of account as on 31.03.2020.
- (F) Non-provision of interest aggregating to Rs.3,128.31 Lac on cane arrears for Sugar Seasons 2018-19 and 2019-20. {Note No. 27(34) (g & h)}.
- (G) Further to our comments in paragraphs 2(A to F) above, we report that:
- i. Understatement of accumulated losses on account of non-incorporation of impact of operational / working results / declaration of closure and post closure transactions of Steel Unit for the year 1992-93 and over-statement of assets and under-statement of liabilities as on 31st March, 2020, amount / impact unascertained. {Refer Note No. 27(4) of Standalone Financial Statements and Paragraph 2(A) above}.
  - ii. Understatement of accumulated losses on account of non-incorporation of operational / working results / declaration of closure and post closure transactions of 3 Units & CAD for the financial years 2016-17 to 2019-20 and over-statement of assets and under-statement of liabilities as on 31st March, 2020, amount / impact unascertained. {Refer Note No. 27(9) and Paragraph 2(B) above}.
  - iii. Understatement of losses on account of: (a) non-provision of interest on loans and overdues, if any, of Micro, Small and Medium Enterprises, obsolete inventories, doubtful debtors / loan and advances and impairment loss, and (b) on account of not conducting physical verification of inventories and property, plant & equipment etc. in Steel Unit as stated in Note Nos 27(4)(f)(i) to (vii) and Note No. 27(5) of the Standalone Financial Statements. Amount of non-provision / under-statement of losses not ascertained by the management.
  - iv. Understatement of losses on account of: (a) non-provision of interest on loans and overdues, if any, of Micro, Small and Medium Enterprises, obsolete inventories, doubtful debtors / loan and advances and impairment loss, and (b) on account of not conducting physical verification of inventories and property, plant & equipment etc. in closed Electrode, Paints, Vanaspati and Gas units and CAD as stated in Note No. 27(9) of the Standalone Financial Statements. Amount of non-provision / under-statement of losses not ascertained by the management.
  - v. Non-provision of impairment loss, amount unascertained by the management, of assets of Sugar Unit as stated in Note No. 27(39).
  - vi. Impact of componentization of property, plant & equipment and ascertaining useful life and original cost / estimated value of such components as on April 01, 2015, as required by the amended Schedule II of the Companies Act, 2013, is pending. Impact, if any, on the depreciation expense for the 5 years ended March 31, 2016 to 31st March, 2020 are yet to be ascertained by the management. [Note No. 27(40)].
  - vii. Non-provision of interest on overdues of Micro, Small and Medium Enterprises as stated in foot-note in Note No. 27(15). Amount of provision not ascertained.
  - viii.
    - (1) Non-provision of late payment surcharge / recovery charges Rs.302.66Lac (Previous year Rs.302.66Lac) {Note No. 27(10)};
    - (2) Non-provision of ESI demand Rs.69.36Lac (previous year Rs.68.19Lac) {Note No. 27(11)};
    - (3) Non-provision of House-tax demand Rs.188.63Lac (Previous year Rs.188.63Lac) {Note No. 27(12)};
    - (4) Non-provision of simple, penal and compound interest of Rs.24,985.71Lac (for the year Rs.1,115.97Lac) on term loans, Rs.8,823.40Lac on debentures {Note No. 27(19)(a & b)} and interest / bank charges Rs.7,670.06Lac (for the year Rs.1,099.31Lac) on cash credit from banks {Note No. 27(19)(d) & (f)};
    - (5) Non-provision of Wages Rs.27.46Lac (Previous year Rs.27.46Lac) for the lock-out period {Note No. 27(22)};
    - (6) Non-provision of recovery charges of Rs.413.50Lac (Previous Year Rs.413.50Lac) for sugar season 2007-08. {Note No. 27(34)(c)}.

- (H) Confirmation of Debit / Credit balances of debtors / creditors / lenders and of certain banks were not obtained. Impact on Standalone Financial Statements is not ascertainable. {Note No. 27(27)}.
- (I) Our audit observations under sections 143(1) & 186 of The Companies Act, 2013 are as under:
- (i) The company had given unsecured interest free security deposits amounting to: (i) Rs.1,100Lac during May 2011 against temporary possession of 59 houses to Ashoka Mercantile Limited (“AML”), a related party as on 31st March, 2020 and (ii) Rs.147.63Lac during the earlier years against temporary possession of 9 houses to Modipon Limited (“MPL”), also a related party as on 31st March, 2020. The outstanding amounts as on 31st March, 2016 in the books of account of MD office i.e. CAD were Rs.798.30Lac (43 houses) and Rs.147.63Lac (9 houses) in respect of AML and MPL respectively. In view of non-incorporation of financial statements of 3 Units and CAD as stated in paragraph 2(B) above, the balance outstanding as on 31st March, 2020 is not available. These houses were not occupied by any of the employees of the company as on 31st March, 2016 and the present status of the same is not available. In our opinion, the above unsecured loans given by the company [i.e. a sick company as mentioned in Note No. 27(18)] to two related parties amounting to Rs.945.93Lac were shown as deposits by the company as on 31st March, 2016 (present status not available) since date of payment on which interest @ 8.5% has been charged with effect from 1st April, 2014 to 31st March, 2016 (subsequent status not available) from AML since it expressed its inability to refund the amount and no interest has been charged from MPL since inception. {Refer Note Nos. 27(9), 27(37)(4)(B) and Foot-notes 1(b) and 6 of Note No. 27(37)}.
- (ii) As stated in Note No. 27(41), short term unsecured interest free advance amounting to Rs.30Lac given to a company during 2017-18 is not in compliance with the provisions of section 186 of the Companies Act, 2013.
- (J) We further report that, without considering items mentioned at paragraphs 2 (A) to (E), (G)(i) to (vii), (H) and (I) above, the possible effects of which could not be determined, had the observations made by us in paragraph 2(F) & (G)(viii) above been considered, the loss for the year would have been Rs.45,652.94Lac (as against the reported loss of Rs.43.85 Lac), accumulated losses in Note No. 2 would have been Rs.74,701.73Lac (as against the reported figure of Rs.29,092.64Lac) and current liabilities would have been Rs.1,00,897Lac (as against the reported figure of Rs.55,287.91 Lac).

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

### 3. Emphasis of Matter

- (i) Unpaid amounts of unclaimed debentures, if any, as on 31.03.2020 to be deposited with Investor Education and Protection Fund has not been identified by the management.
- (ii) Cars costing Rs.63.51Lac (Previous Year Rs.70.60Lac) purchased in the name of employees are yet to be transferred to the name of the company. However, these persons have given disclaimer in favour of the company. (Refer Foot-Note D of Note No. 10).
- (iii) We invite attention to Note No. 27(32) regarding entering into agreements to sell 215 residential quarters, Note No. 27(33)(a) regarding entering into lease, including perpetual lease, agreements for 40,141.91 Sq. Meters of factory land & buildings and Note No. 27(33)(b) regarding entering into perpetual lease agreement for 1584 Sq. Meters of factory land for which the approvals of financial institutions, to whom these quarters and factory land & buildings are mortgaged, were not obtained.
- (iv) We invite attention to Note No. 27(20)(a) regarding reasons for not making provision for disputed Sales-tax demand of Rs.2,455.78Lac excluding interest of closed Vanaspati Unit. Refer paragraph 2 (B) above.
- (v) We invite attention to Note No. 27(34)(a), (d) to (f) regarding demands of recovery charges of Rs.5,758.47Lac (previous Year Rs.5,758.47Lac) received on account of non-payment of cane price / commission / interest as these are disputed by the company / obtained stay order as stated therein. Further, demands of recovery charges of Rs.3,458.25Lac for sugar seasons 2018-19 & 2019-20 has been received which, in the opinion, of the management is not payable in view of the reasons stated in Note No. 34(i) & (j). We also invite attention to Note No. 27(37)(f) regarding non-provision of interest for sugar seasons 2013-14 to 2015-16 amounting to Rs.6,280.51Lac (previous year Rs.6,280.51Lac) where order of cane commissioner in this regard is still awaited.
- (vi) We draw attention to Note No. 27(8) regarding procedure followed by the company for delisting of equity shares of the company which ultimately resulted in removal of the company from the Dissemination Board by NSE whereas Shri M.K. Modi had expressed certain objections / reservations which inter-alia includes valuation report of Dass Gupta & Associates, Chartered Accountants. View of the Board of Directors of the company are furnished in Note No. 27(7)(b). We are not expressing our opinion / views on the above issues.e

Our opinion is not qualified in respect of the matters mentioned in paragraph 3 above.

#### **4. Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to the Board's Report, Corporate Governance and shareholders information and does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the figures appearing in the other information don't incorporate figures of: (i) Balance Sheets of Steel Unit as on 31st March, 2019 and 31st March, 2020 (ii) financial statements of Electrodes, Paints and Gas Units and CAD and (iii) non-provision for certain expenses. We have concluded that the other information to the extent it relates to financial results in the Director's Report and its Annexures is materially misstated due to non-incorporation of financial statements of these Units & CAD of the Company and non-provision of certain expenses.

#### **5. Responsibilities of Management and Those Charged with Governance for the Standalone 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 the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **6. Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## 7. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditors' Report) Order, 2016 issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Companies Act, 2013, 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 explanations given to us, we enclose in **Annexure 1** a statement on the matters specified in paragraphs 3 and 4 of the said order except for certain matters relating to: (a) Steel Unit of the company in view of non-availability of information / details on account of non-incorporation of: (i) financial statements of the Steel Unit for the year 1992-93 and (ii) Balance Sheets for the years 1993-94 to 2019-2020 as stated in Note No. 27(4)(c), and (b) 3 Units & CAD of the company in view of non-availability of information / details on account of non-incorporation of financial statements of these 3 Units & CAD for the years 2016-17 to 2019-2020. {Refer Note No. 27(9)}. {See Paragraphs 2(A)&(B) above}.
- (ii) 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 purposes of our audit except in respect of Units and CAD as mentioned in paragraphs 2 (A) to (C) above. In case of Steel Unit, no details, information and explanations are available for the opening and closing assets and liabilities as on 1st April, 2019 and 31st March, 2020 respectively and for contingent liabilities and additional information etc. as on 1st April, 2019 and 31st March, 2020 in view of non-incorporation of: (i) the financial statements of Steel Unit for 1992-93 and (ii) Balance Sheets for the financial years 1993-94 to 2019-2020 as stated in Note No. 27(4)(c). In case of 3 Units & CAD, no information / details are available for incorporation of financial statements of these 3 Units & CAD for the years 2016-17 to 2019-2020. {Refer Note No. 27(9)} {{See paragraphs 2(A) & (B) above}. In case of Sugar and Distillery Units, refer our observations given in paragraph 2(C) above regarding non-availability of certain supporting documents destroyed in fire;
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books except: (i) in respect of Steel Unit, where audited balances of opening and closing assets, liabilities, contingent liabilities and additional information etc. as on 1st April, 2019 and 31st March, 2020 respectively were not available and consequently not incorporated in the books of account {Refer Note No. 27(4)}, (ii) In respect of 3 Units & CAD, no information / details were made available to us for audit of financial statements for the years 2016-17 to 2019-2020 {Refer Note No. 27(9)}, (iii) for destruction of part of supporting documents mentioned in our observations given in paragraph 2(C) above and (iv) for the effects of other matters described in paragraph 2 in the 'Basis for Adverse Opinion' section of our report above.
  - c. The Standalone Balance Sheet referred to in this report is in agreement with the books of accounts of all units and accounting centres taken together {other than Steel Unit and other 3 Units & CAD} as on 31st March, 2020 as consolidated with the Balance Sheet of Steel Unit, 3 Units & CAD as stated in Note Nos. 27(4) (c) & (d) and 27(9) of the Standalone Financial Statements and hence is not in agreement with the books of account of the Company as a whole. Further, the Standalone Cash Flow Statement for the year ended on that date, which does not include adjustments for Cash Flows from investing / financing activities and changes in assets and liabilities in view of non-availability of audited Balance Sheet of Steel Unit as on 31st March, 2019 & 31st March, 2020 and of 3 Units & CAD as on 31st March, 2019 & 31st March, 2020, is also not in agreement with the books of account. (Refer foot-note 1 of Cash Flow Statement). Except for non-incorporation of Statement of profit and loss of Steel Unit for the year 1992-93 and of 3 Units & CAD for the financial years 2016-17 to 2019-2020, the Statement of Profit and Loss is in agreement with the books of accounts of the remaining Units and corporate office.
  - d. Subject to our observations in paragraph 2 above, in our opinion, the Statement of Profit and Loss and Balance Sheet, so far as they relate to the remaining units i.e. other than Steel, Electrodes, Paints and Gas Units and CAD, comply with the requirements of the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies

(Accounts) Rules, 2014. However, in view of non-availability and consequently non-incorporation of audited (i) opening and closing balances as on 1st April, 2019 and 31st March, 2020 respectively of assets, liabilities, contingent liabilities and other additional information etc. and (ii) Statement of Profit and Loss for 1992-93 of Steel Unit {Refer Paragraph 2(A) above} and non-availability and consequently non-incorporation of audited financial statements of 3 Units & CAD for the financial years 2016-17 to 2019-2020 {Refer Note No. 27(9) and Paragraph 2(B) above}, the aforesaid Standalone Financial Statements do not comply with the requirements of Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 for the Company as a whole.

- e. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements, so far as they relate to the remaining Units i.e. other than Steel, Electrodes, Paints and Gas Units and CAD, give the information required by the Act in the manner so required except for non-disclosure of part information relating to micro, small and medium enterprises {Refer Note No. 27(15)}. In the case of Steel Unit, in view of non-incorporation of Balance Sheets of Steel unit as on 31st March, 2020 and 31st March, 2019 on account of non-availability and consequently non-incorporation of audited opening balances as on 1st April, 2019 and 1st April, 2018 respectively of assets, liabilities, contingent liabilities and other additional information etc., and in the case of 3 Units & CAD, in view of non-incorporation of Balance Sheets as on 31st March, 2019 & 31st March, 2020 on account of non-availability and consequently non-incorporation of audited financial statements for the year 2016-17 to 2019-2020, the Standalone Financial Statements of the company do not give the information required by the Companies Act, 2013 in the manner so required for the Company as a whole {Refer Note Nos. 27(4) & 27(9)}.
- f. The matters described in the Basis for Adverse Opinion section and Emphasis of matter section of our report above, in our opinion, will have an adverse effect on the functioning of the Company.
- g. On the basis of the written representations received from the directors as on 31st March, 2020, taken on record by the Board of Directors, none of the directors is disqualified, as on 31st March, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

Further, the company was legally advised earlier that provisions of Section 274(1)(g) of the Companies Act, 1956, which corresponds to section 164(2) of the Companies Act, 2013, are prospective in nature and the defaults made by it prior to 13th December, 2000, for non-payment of deposits/interest on deposits on due dates and non-redemption of debentures on due dates, are not covered by Section 164(2) of the Companies Act, 2013, on which we have relied upon.

- h. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the 'Basis for Adverse Opinion' section of our report above.
- i. With respect to the adequacy and the operating effectiveness of internal financial controls over financial reporting with reference to these Standalone Financial Statements of the Company, refer to Annexure 2.
- j. During the current financial year, in view of our observations in paragraph 2(B) above, we are unable to comment on whether the managerial remuneration has been paid or provided in accordance with the requisite approval of the Central Government as mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- k. 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 our information and according to the explanations given to us:
  - i. Subject to our observations in paragraphs 2 (A)&(B) above, the Company has various pending litigations which could impact its financial position and the same has been suitably disclosed under Contingent Liability and Notes to Accounts under Note No. 27.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. Amounts of unclaimed debentures and interest accrued to be transferred to Investor Education and Protection Fund has not been quantified by the management.

For **P.R. Mehra & Co**  
Chartered Accountants  
(Firm's Registration No. 000051N)

**Laxman Prasad**  
(Partner)  
Membership No:013910  
UDIN:20013910AAAACS7548

Place: Modinagar  
Dated: 5<sup>th</sup> November, 2020

## Annexure 1 to the Independent Auditors' Report

Annexure referred to in our report of even date to the members of Modi Industries Limited on the Standalone Financial Statements for the financial year ended March 31, 2020

As required by the Companies (Auditors' Report) Order, 2016 and on the basis of such checks as were considered appropriate and according to the information and explanations given to us, we further report as under:

- (A) The following matters reported at paragraphs {(C) (iii to v), (vii) a(ii) & b, viii, x and xiii} do not cover matters relating to closed Steel Unit of the company since: (i) the financial statements of the Steel Unit for the year 1992-93 have not been prepared and incorporated and consequently the audit of the same has not been carried out and (ii) the Balance Sheets of Steel Unit for 1993-94 to 2019-20 have not been incorporated in the respective financial years due to non-availability of audited opening balances as on 1st April, 1993. {Refer Note No. 27(4) and paragraphs 2(A) of our audit report on Standalone Financial Statements}.
- (B) The following matters reported at paragraphs {(C) (iii to v), vii(a), viii, x, xiii and xv} do not cover matters relating to closed Electrodes, Paint and Gas Units and CAD of the company since the financial statements of these 3 Units & CAD for the years 2016-17 to 2019-20 have not been prepared and incorporated and consequently the audit of the same has not been carried out. However, amounts appearing in our audit report for the year 2015-16 has been included in paragraphs (C) {iii and vii (b)}{Refer Note No. 27(9) and paragraphs 2(B) of our audit report on Standalone Financial Statements}.
- (C) Subject to our comments in paragraphs (A) & (B) above, we further report as under:
- (i) (a) Company's Sugar Unit since inception and other Units since November, 1968, have generally maintained proper records including quantitative details and situation of their major fixed assets except for: (i) locations in case of furniture and fixture and (ii) recording of additions / deletions of certain previous years. Fixed asset register of closed Steel, Vanaspati, Electrodes, Paints, Gas Units and CAD have not been produced to us due to the reasons referred in Note Nos. 27(4) and 27(9).
- (b) No physical verification of fixed assets has been conducted by the Management since 1989 in Sugar and Distillery Units and of closed Steel Unit and Corporate Office and since 2001-02 in respect of other closed units i.e. Vanaspati, Electrodes, Paints and Gas Units.
- (c) We are informed that the original title deeds of immovable properties of the company are mortgaged with the lenders by deposit of these title deeds. Confirmation of lenders stating that the title deeds are held in the name of the company as on March 31, 2020 is yet to be received. Accordingly, we are unable to comment on the same.
- (ii) The inventory of the company has been physically verified during the year by the management except for inventory of closed Steel, Electrodes, Paints, Gas Units and inventory of stores and spare-parts of all the units. No material discrepancies were noticed. In respect of stocks lying with C&F / consignee agents, these have substantially been confirmed by these parties except in closed Steel, Electrodes, Paints and Gas Units.
- (iii) The Company has not given any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- However, as stated in paragraph 2(i)(i) of our audit report on the Standalone Financial Statements of the company, the company had given unsecured security deposits to related parties amounting to: (i) Rs.1,100Lac during May 2011 against temporary possession of 59 houses to Ashoka Mercantile Limited ("AML"), a related party as on 31st March, 2020, and (ii) Rs.147.63Lac interest free during the earlier years against temporary possession of 9 houses to Modipon Limited ("MPL"), also a related party as on 31st March, 2020. The outstanding amounts as on 31st March, 2016 in the books of account of the company were Rs.798.30Lac (43 houses) and Rs.147.63Lac (9 houses) in respect of AML and MPL respectively. In our opinion, the above unsecured loans given by the company {i.e. a sick company as mentioned in Note No. 27(18)} to two related parties were overdue for more than 90 days as on 31st March, 2016 (present status as per books of MD office / CAD are not available). In the absence of audit of books of accounts for three years, we are unable to comment on the steps taken by the management for recovery of the principal amounts and interest. {Refer Notes Nos. 27(9), 27(37)(4)(B) and Foot-notes 1(b) and 6 of Note No. 27(37)}.
- (iv) The Company has not granted any loans or given any guarantee and security to parties covered under Section 185 and 186 of the Companies Act, 2013 during the current financial year.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the Rules framed there under.

(vi) The Central Government has prescribed maintenance of cost records by the Company in respect of manufacture of Sugar and Distillery Units and such accounts and records have been made and maintained based on our preliminary examination of these records.

(vii) (a) (i). During the current financial year, the company was regular in depositing with the appropriate authorities undisputed statutory dues except in following cases:

There were delays in deposit of FPS dues in Sugar unit of the company. There were minor delays during the year in deposit of PF &ESI dues in Sugar, Distillery Units and Corporate Office.

In respect of GST, there were delays in deposit of March 2020 dues in Sugar &Distillery Units. In respect of VAT & CST, there were many delays in deposit of dues in Distillery Unit. In respect of tax deducted at source dues, these have been deposited in time except for delays in deposit of dues of few months in case of Sugar, Distillery and Steel Units and in corporate office. In respect of tax collection at source, there have been delays in few months in Distillery Unit

(ii) On the basis of such checks as were considered appropriate and according to the information and explanations given to us, Statement of Arrears of unpaid undisputed Statutory Dues (excluding of Steel, Electrodes, Paints, Gas units & CAD / MD office) outstanding for more than six months as on March 31,2020 as per books of account are as under:

Nature of dues	(Rs.in Lac)
U.P. Trade Tax/CST/VAT	143.29
Commission on Cane purchases	239.38
Interest on Provident Fund/EPS	83.36
EPS	0.21
Tax deducted at source (Including interest on dues)	14.96
Excise-duty including interest	4.28
House-tax	8.83
Water cess	3.25
Interest on pollution cess dues	0.12

(iii) According to the records of the company and based on information and explanations furnished to us, the following custom duty, Excise duty, Income-tax and value added tax / sales-tax dues (excluding unascertainable amounts and of closed Steel Unit for the period 1992-93 to 2019-20 and amounts of closed Electrode, Paint, Gas Units and CAD office are those which were appearing as on 31<sup>st</sup> March, 2016 has been included) were not deposited on account of disputes pending at various forums:

Name of statute	Nature of the dues	Amount of dues (Rs. in Lac)	Amount deposited Under protest	Period to which the amount relates	Forum where disputes is pending
U.P.VAT Act	VAT Tax, Penalty, Interest, Exemption to New Units.	2732.96	24.79	1982-83 to 1984-85,1987-88, 1990-91 & 1991-92, May 91 to March 96	Allahabad High Court.
	VAT Tax and Penalty	@ 177.38	94.49	1984-85 to 1986-87, 1988-89, 1992-93, 2000-01 to 2001-02, 2007-08	Commercial Tax Tribunal, Ghaziabad
	VAT Tax and Penalty	455.26	254.28	1986-87, 1994-95 to 99-2000	Joint Commissioner (A),Ghaziabad.
	VAT Tax	0.12	-	2005-06	Deputy Commissioner. (Assessment), Modinagar.
	Penalty under VAT Tax	4.37	0.45	2008-09	Trade Tax Tribunal, Ghaziabad



Central Sales Tax Act	Central Sales Tax,	148.25	13.10	1988-89, 1992-93, 1997-98 and 2000-01	Commercial Tax Tribunal, Ghaziabad.
	Central Sales Tax,	51.17	20.30	1994-95 to 1996-97 And 1999-2000	Joint Commissioner Sales Tax, Ghaziabad
	Central Sales Tax	1.01	-	2005-06	Deputy Commissioner (A), Modinagar
State Sales Tax Act	State Tax	10.56	0.20	1992-93	Additional Commissioner, Sales Tax, Delhi.
	Sales Tax	5.97	2.00	1985-86, 1997-98, 2002-03, 2004-05 & 2005-06	State Tax
	Sales Tax	0.82	0.05	2014-15	State Tax
	Penalty (HGST)	0.30	-	1991-92	Tribunal Sales Tax, Chandigarh.
	State Tax	15.79	1.79	1989-90 to 1993-94, 1998-99 and 2006-07	Deputy Commissioner (A), States
Central Sales Tax Act (States)	Central Sales Tax	1.92	0.29	1988-89 to 1992-93.	Appellate Authority/ DC (Appeals), Delhi
Central Excise & Custom Act	Custom Duty	*43.91	-	1.3.2001 to 25.4.2001	Civil Court Ghaziabad
	Excise Duty	0.70	-	2002-03 and 2003-04	Supreme Court of India
	Excise Duty	70.40	-	2008-09 to 2012-13	Commissioner (Appeals), Meerut
	Excise Duty	167.43	50.00	1985-86	Delhi High Court
		0.49	0.25	2004-05	Allahabad High Court
		0.74	0.20	1996-97	Commissioner of Central Excise, Ghaziabad
		**56.66	-	February 1981 to February, 1987, October 2002 to January 2005	CESTAT
		5.00	-	Information not available.	Information not available.
		6.34	6.34	2009 onwards	Supreme Court of India
Income Tax	Penalty	209.59	-	2007-08 and 2008-09	Income-tax Appellate Tribunal, New Delhi

@ Provided for Rs.82.60 Lac in the Accounts. \*Provided for in the Accounts.

\*\*Provided for Rs.32.20 Lac in the Accounts.

- (viii) The Company has defaulted in repayment of dues to Financial Institutions, banks and debenture-holders of the Company. The details of defaults as per books of account of Sugar, Distillery Units and of Corporate Office and period of defaults are as under:

Particulars	Loan Amount	Interest excluding unprovided interest {Note No. 27(21)}	Total dues*	* Period of default of principal amount
Loans from Financial Institutions #	46.20	108.18	154.38	Loan amounts due prior to 1996. Refer Note No. 27(19) (a).
Loan from banks (Allahabad Bank)	40.55	17.62	58.17	Entire amount due. Refer Note No. 27(19) (c).
Debentures	391.09	790.01	1181.10	Rs.45Lac due since August, 1990, Rs.20Lac due since December, 1994 & Rs.326.09Lac due since February, 1995 to February, 1997. Refer paragraph 2(E) of Audit Report.
<b>Total</b>	<b>477.84</b>	<b>915.81</b>	<b>1393.65</b>	

# Dues of IFCI in the books of Distillery Unit.

\* excluding amounts relating to closed Steel, Electrode, Paint and Gas Units and CAD. Refer Note No. 27(5) regarding assignment of debts by bank and financial institutions and paragraphs (A) & (B) above.

- (ix) During the current financial year, no money was raised by way of public offer or further public offer (including debt instruments) and term loans.
- (x) According to the information and explanations given to us and as represented by the management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, we have been informed that no case of fraud committed by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) During the current financial year, in view of our observations in paragraph (B) above, we are unable to comment on whether the managerial remuneration has been paid or provided in accordance with the requisite approval of the Central Government as mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The provisions of clause 3 (xii) of the Order regarding “Nidhi Company” are not applicable to the Company.
- (xiii) The Hon’ble Supreme Court in SLP (civil) No. 23095-23097 of 2010 (M.K. Modi Vs. U.K. Modi) has passed an order dated 27th August, 2010 directing to maintain ‘status quo’ with regard to the management of the Company. An application was filed on 28th August, 2018 before Hon’ble Supreme Court of India seeking clarification in the above matter is still pending. In view of the above, the company could not appoint additional independent directors till 31st March, 2020 to enable it to comply with the provisions of Sections 177 and 188 of the Companies Act, 2013 with respect to the transactions with the related parties, where applicable. Further, the company contends that most of the transactions entered into by the company during the year ended 31st March, 2020 were in its ordinary course of business and were also on an arm’s length basis. Subject to the foregoing, the company has complied with the provisions of Sections 177 and 188 of the Companies Act, 2013 with respect to the transactions with the related parties.  
  
Details of the transactions with the related parties have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private allotment of shares or fully or partly convertible debentures during the current financial year under review. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with the directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For **P.R. Mehra & Co**  
Chartered Accountants  
(Firm’s Registration No. 000051N)

**Laxman Prasad**  
(Partner)  
Membership No: 013910

Place: Modinagar  
Dated: 05<sup>th</sup> November, 2020

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## **ANNEXURE “2” TO THE INDEPENDENT AUDITOR’S REPORT OF MODI INDUSTRIES LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020**

### **Report on the Internal Financial Controls with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements of Modi Industries Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### **1. Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control 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.

## **2. Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Standalone Financial Statements 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 as prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls over financial reporting with reference to Standalone Financial Statements. 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 with reference to these Standalone Financial Statements were 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 over financial reporting with reference to these Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to these Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to these Standalone Financial Statements, 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 judgement, 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 internal financial controls over financial reporting with reference to these Standalone Financial Statements.

## **3. Meaning of Internal Financial Controls over financial reporting with reference to these Standalone Financial Statements**

A Company's internal financial controls over financial reporting with reference to these Standalone Financial Statements 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 controls over financial reporting with reference to these Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) 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 (3) 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.

## **4. Inherent Limitations of Internal Financial Controls over financial reporting with reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these Standalone Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **5. Disclaimer of Opinion**

According to the information and explanations given to us, the company has neither established nor evaluated its internal financial controls over financial reporting with reference to the financial statements on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Mainly because of this reason and also our comments in paragraph 2 of statutory audit report of even date on Standalone Financial Statements of the company, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal financial controls over financial reporting with reference to the financial statements and whether such internal financial controls were operating effectively as at March 31, 2020.

However, according to the information and explanations given to us and based on our audit of the Standalone Financial Statements, the following material weaknesses have been noticed as at March 31, 2020 for which remedial action by the management is yet to be initiated:

- a) No physical verification of fixed assets has been conducted by the Management since 1989 in Sugar and Distillery Units and of closed Steel Unit and Corporate Office and since 2001-02 in respect of other closed units. Fixed asset register needs to be updated for: (i) locations in case of furniture and fixture and (ii) recording of additions / deletions of certain previous years.

- b) The inventory of stores and spare-parts of all units and inventory of the closed Steel Unit since the year 1992-93, closed Vanaspati Unit since long and other closed units (Electrodes, Paint and Gas) since the year 2016-17 has not been physically verified by the management.
- c) The books of accounts, vouchers and other documents of the Steel Unit for 1992-93 were not made available to us and consequently audit of financial assets, liabilities and contingent liabilities and of Internal Financial Controls could not be conducted of the Unit. {Note No. 27(4)}. Therefore, as stated in Paragraph 2(A) of audit report of even date, the attached Balance Sheet, Statement of Profit and Loss and Cash Flow Statement does not include: (a) the financial data / impact of working results and of declaration of closure / post-closure transactions, which includes realization of depot sales / dues from debtors, provision / payment of final dues of employees and payments to various parties and manufacturing / personnel / administration expenses etc., of the Steel Unit of the company for the year 1992-93 during which the Unit had operated for ten months the exclusion of which, in our opinion, substantially impairs the presentation of Standalone Financial Statements of the Company and (b) impact on assets, liabilities and cash flows on account of non-incorporation of transactions / balance sheets for the years 1993-94 to 2019-20 and non-physical verification of inventory and fixed assets as stated in Note No. 27(4).
- d) The books of accounts, vouchers and other documents of the closed Electrodes, Paint, Gas Units and of Central accounts department ("CAD") of these 3 Units (hereinafter referred to as "3 Units & CAD") for 2016-17 to 2019-20 were not made available to us and consequently audit of financial statements and Internal Financial Controls could not be conducted in respect of these 3 Units and CAD. {Note No. 27(9)}. Therefore, as stated in Paragraph 2(B) of audit report of even date, the attached Balance Sheet, Statement of Profit and Loss and Cash Flow Statement does not include: (a) the financial data / impact of working results and of declaration of closure / post-closure transactions, which includes realization of depot sales / dues from debtors, provision / payment of final dues of employees, if any, and payments to various parties and manufacturing / personnel / administration expenses etc., of these 3 Units & CAD for the year 2016-17 {during which these 3 Units & CAD had operated / worked for more than 6 months the exclusion of which, in our opinion, also substantially impairs the presentation of Standalone Financial Statements of the Company}, and (b) impact on assets, liabilities, expenses, income and cash flows on account of non-incorporation of transactions / balance sheets for the years 2017-18 to 2019-20 and non-physical verification of inventory and fixed assets as stated in Note No. 27(9).
- e) We note that the Distillery Unit has incurred sale promotion expenses {cost of gift items Rs.2,354.67 Lac (previous year Rs.2,115.17 Lac) and trade scheme expenses Rs.1,934.40 Lac (previous year Rs.1,441.32Lac) which is claimed as reimbursement from the Distillery Unit by sale promotion agents (SPAs) on secondary sales i.e. on sale made by the State corporations to their customers}. In our opinion, internal financial controls over these expenses needs to be improved upon to safeguard the interests of the company.
- f) Confirmation of Debit / Credit balances of debtors / creditors are not being obtained by the company since long. Impact on the Standalone Financial Statements is not ascertainable.

We have considered the disclaimer above in determining the nature, timing and extent of audit tests applied in our audit of the Standalone Financial Statements of the company and the disclaimer has affected our opinion on the Standalone Financial Statements of the company and we have issued an adverse opinion on the Standalone Financial Statements of the company for the year ended 31<sup>st</sup> March, 2020.

For **P.R. Mehra & Co**  
Chartered Accountants  
(Firm's Registration No. 000051N)

**Laxman Prasad**  
(Partner)  
Membership No: 013910

Place: Modinagar  
Dated: 05<sup>th</sup> November, 2020

# STANDALONE BALANCE SHEET AS AT 31ST MARCH 2020

(₹ in Lac)

Particulars	Note	No.	As at 31.03.2020	As at 31.03.2019
<b>I EQUITY AND LIABILITIES :</b>				
<b>(1) Shareholders' funds:</b>				
(a) Share Capital		1	371.66	371.66
(b) Reserves & Surplus		2	(26,423.67)	(26,379.82)
			<u>(26,052.01)</u>	<u>(26,008.16)</u>
<b>(2) Non-current liabilities :</b>				
(a) Long term borrowings		3	5,020.95	6,917.40
(b) Other long term liabilities		4	1,626.56	1,617.19
(c) Long term provisions		5	1,003.91	1,020.45
			<u>7,651.42</u>	<u>9,555.04</u>
<b>(3) Current liabilities :</b>				
(a) Short term borrowings		6	1,828.97	1,828.97
(b) Trade payables:		7		
(i) Micro and Small Enterprises			106.22	73.05
(ii) Other than Micro and Small Enterprises			38,651.46	33,471.05
(c) Other current liabilities		8	13,742.87	15,088.97
(d) Short term provisions		9	958.39	665.36
			<u>55,287.91</u>	<u>51,127.40</u>
<b>TOTAL</b>			<b>36,887.32</b>	<b>34,674.28</b>
<b>II ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment:				
i) Tangible assets		10	5,949.96	5,877.45
ii) Intangible assets		11	1.33	1.44
iii) Capital work-in-progress		11 (A)	38.06	48.50
(b) Non-current investments		12	585.57	621.61
(c) Long term loans and advances		13	225.41	235.19
(d) Other non-current assets (Fixed Tangible)			6.90	6.90
			<u>6,807.23</u>	<u>6,791.09</u>
<b>(2) Current assets</b>				
(a) Inventories		14	12,855.45	12,708.57
(b) Trade receivables		15	10,675.55	9,539.97
(c) Cash and bank balances:-				
(i) Cash and cash equivalents		16(i)	2,102.20	1,632.02
(ii) Other bank balances		16(ii)	1,351.59	1,286.32
(d) Short term loans and advances		17	2,683.01	2,217.09
(e) Other current assets		18	412.29	499.22
			<u>30,080.09</u>	<u>27,883.19</u>
<b>TOTAL</b>			<b>36,887.32</b>	<b>34,674.28</b>
<b>Significant Accounting Policies and other notes to Stanalone Financial Statements</b>		26 & 27		

The accompanying notes are an integral part of the Standalone Financial Statements.

For and on behalf of the Board of Directors  
of Modi Industries Limited

As per our report of even date.

**For P. R. Mehra & Co.,**  
Chartered Accountants,  
(Regn.No.000051N)

**Umesh Kumar Modi**  
(DIN-00002757)  
Chairman & Managing Director

**Rakesh Kumar Modi**  
(DIN-00022286)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

**Shobit Nehra**  
(ACS-31863)  
Company Secretary

Dated: 05.11.2020  
Place: Modinagar

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020**  
( ₹ in Lac)

Sl. No.	Particulars	Note No.	For the year ended 31st March 2020	For the year ended 31st March 2019
I	Revenue from operations	19	87,514.75	70,010.03
	Less:- Excise duty		27,325.90	18,817.95
			<b>60,188.85</b>	51,192.08
II	Other income	20	1,196.64	930.06
III	<b>Total Revenue ( I + II )</b>		<b>61,385.49</b>	52,122.14
IV	<b>Expenses:-</b>			
	Cost of materials consumed	27(43)(ii)	33,463.49	32,870.80
	Purchases of stock-in-trade	27(43)(iv)	17.63	190.12
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(273.03)	(1,867.90)
	Employee benefits expense	22	3,445.65	3,208.13
	Finance costs	23	792.57	727.92
	Depreciation and amortization expense	10&11	289.79	272.56
	Other expenses	24	22,051.86	18,625.77
	<b>Total expenses</b>		<b>59,787.96</b>	54,027.40
V	Profit/(Loss) before exceptional and extra-ordinary items and tax ( III-V )		1,597.53	(1,905.26)
VI	<b>Exceptional items :</b>	27(30)		
	(a) Interest on Cane Arrears & Commission		(2,842.46)	(415.02)
	(b) Quality Claims paid		(222.58)	-
	(c) Excess provision for interest on 12.5% Debentures written back		1,423.66	-
VII	Profit/(Loss) before extra-ordinary items and tax ( V+VI )		(43.85)	(2,320.28)
VIII	<b>Extra-ordinary items</b>		-	-
IX	Profit/(Loss) before tax ( VII+VIII )		(43.85)	(2,320.28)
X	<b>Tax expenses</b>	27(31)	-	-
XI	Profit/(Loss) for the period		(43.85)	(2,320.28)
XII	Profit/(Loss) from continuing operations		93.15	(2,218.03)
XIII	Profit/(Loss) from discontinuing operations	27(4) (e)	(137.00)	(102.25)
XIV	Tax expense of discontinuing operations		-	-
XV	Profit/(Loss) from discontinuing operations (after Tax) (XIII-XIV)		(137.00)	(102.25)
XVI	<b>Profit/(Loss) for the period (XII+XV)</b>		<b>(43.85)</b>	<b>(2,320.28)</b>
XVII	<b>Basic /Diluted Earnings per equity share of ₹ 10 each ( in Rupees)</b>	25	(1.51)	(70.30)
	<b>Significant Accounting Policies and other notes to Standalone Financial Statements</b>	26 &27		

The accompanying notes are an integral part of the Standalone Financial Statements.

**For and on behalf of the Board of Directors  
of Modi Industries Limited**

As per our report of even date.

**For P. R. Mehra & Co.,**  
Chartered Accountants,  
(Regn.No.000051N)

**Umesh Kumar Modi**  
(DIN-00002757)  
Chairman & Managing Director

**Rakesh Kumar Modi**  
(DIN-00022286)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

**Shobit Nehra**  
(ACS-31863)  
Company Secretary

Dated: 05.11.2020  
Place: Modinagar

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lac)

PARTICULARS	2019-20	2018-19
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit/(Loss) before Tax	(43.85)	(2,320.28)
Less: Adjustment for :		
i) Interest Income	58.93	38.27
ii) Profit on Sale of Fixed Assets	0.99	54.93
iii) Profit on Sale/redemption of Investment	15.02	-
iv) Excess Provision written back	1,589.44	5.55
v) Unclaimed credit balances W/back	14.27	65.92
vi) Depreciation written back	0.07	0.22
vii) Dividend Income	84.00	84.00
	<b>1,762.72</b>	<b>248.89</b>
<b>Add: Adjustments for :</b>	<b>(1,806.57)</b>	<b>(2,569.17)</b>
i) Depreciation	289.79	272.56
ii) Assets written off/Loss on sale of Assets/Stores	0.01	8.11
iii) Investment Wrttien off/Loss on Sale of Investment	2.60	0.07
iv) Interest Expenses on borrowings	735.91	677.28
v) Provision for Doubtful Debts & Advances	306.06	241.06
vi) Amounts/Claims/Bad Debts written off (Net of provisions)	0.50	16.39
vii) Provision for obsolete Raw Material, spare-parts & stores	14.00	17.00
viii) Provision for Dimunition in the value of Long Term Investment	10.20	18.80
	<b>1,359.07</b>	<b>1,251.27</b>
Operating Profit/(Loss) before Working Capital Changes	<b>(447.50)</b>	<b>(1,317.90)</b>
Adjustments for :		
Trade Receivables	(1,441.88)	(2,278.49)
Inventories	(160.92)	(2,008.10)
Trade Payable	5,676.51	6,605.85
Loans/Advances and other assets	(458.22)	(370.76)
Other bank balances	(65.27)	252.05
Cash Generated from Operations	<b>3,102.72</b>	<b>882.65</b>
Income tax paid/ refund ( Net )	<b>74.31</b>	<b>(73.19)</b>
Net Cash from Operating Activities (A)	<b>3,177.03</b>	<b>809.46</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(324.27)	(239.80)
Sale of Fixed Assets	6.11	64.21
Sale/redemption of Investment	38.26	-
Interest Received	79.10	22.04
Dividend Received	84.00	84.00
Net Cash Flow from Investing Activities (B)	<b>(116.80)</b>	<b>(69.55)</b>

	(₹ in Lac)	
PARTICULARS	2019-20	2018-19
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Secured term borrowings from bank	-	-
Secured borrowings from banks	-	-
Unsecured Fixed Deposits paid	-	(60.86)
Unsecured borrowings from others (net)	<b>(1,638.84)</b>	860.43
Interest paid on borrowings	<b>(637.97)</b>	(649.00)
Secured Debentures Paid	<b>(42.66)</b>	(90.42)
<b>Net Cash from Financing Activities (C)</b>	<b>(2,319.47)</b>	<b>60.15</b>
<b>*Inter Unit Balances (Net) (D) (Foot-note 1 &amp; 2 below)</b>	<b>(270.58)</b>	<b>(267.16)</b>
<b>Net Increase/(decrease) in cash andCash Equivalents (A+B+C+D)</b>	<b>470.18</b>	<b>532.90</b>
<b>Opening Cash and Cash Equivalents</b>	<b>1,632.02</b>	<b>1,099.12</b>
<b>Closing Cash and Cash Equivalents</b>	<b>2,102.20</b>	<b>1,632.02</b>

**FOOT-NOTES :**

- In view of non availability of audited balance sheet as on 31.03.2020 and 31.03.2019 of Steel Unit, cash flow from investing/financing activities and changes in current assets & liabilities of steel unit are not included in the Cash Flow Statement except for inclusion of net outflow of ₹. 198.07 Lac (Previous Year out flow of ₹. 212.38 Lac) on account of net increase inter unit balance appearing in Note 8 i.e. Other Current liabilities.{Refer Note No.27(4)}.
- In view of non availability of audited balance sheet as on 31.03.2020 and 31.03.2019 of Electrode, Paint, Gas & Central accounts department (CAD)of these three Units, cash flow from investing/financing activities and changes in current assets & liabilities of above units are not included in the Cash Flow Statement except for inclusion of net outflow of ₹. 72.51 Lac (Previous Year net outflow ₹. 54.78 Lac) on account of net increase in inter unit balance appearing in Note 8 i.e., Other Current Liabilities {Refer Note No.27(9)}.
- Figures in brackets represents outflows.
- Previous Year figures have been rearranged/regrouped wherever considered necessary.

**For and on behalf of the Board of Directors  
of Modi Industries Limited**

As per our report of even date.

**For P. R. Mehra & Co.,**  
Chartered Accountants,  
(Regn.No.000051N)

**Umesh Kumar Modi**  
(DIN-00002757)  
Chairman & Managing Director

**Rakesh Kumar Modi**  
(DIN-00022286)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

**Shobit Nehra**  
(ACS-31863)  
Company Secretary

Dated: 05.11.2020  
Place: Modinagar



## Notes forming part of the standalone financial statements for the year ended 31st March, 2020

### Note no.1: SHARE CAPITAL

(₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Authorised:-</b>		
40,00,000 Equity shares of ₹. 10/- each	400.00	400.00
1,00,000 15% Redeemable cumulative Preference shares of ₹. 100/- each	100.00	100.00
	<b>500.00</b>	<b>500.00</b>
<b>Issued, subscribed and paid up:-</b>		
33,09,214 Equity shares of ₹. 10/- each fully paid-up	330.92	330.92
40,741 15% Redeemable cumulative Preference shares of ₹. 100/- each fully paid-up	40.74	40.74
<b>TOTAL</b>	<b>371.66</b>	<b>371.66</b>

#### Foot notes:

- (1) (a) Details of equity shares held by each shareholder holding more than 5 percent shares as at the end of financial year are as under:

Name of share holder	As at 31.03.2020		As at 31.03.2019	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) Status Mark Finvest Limited	228714	6.91	228714	6.91
(ii) K K Modi Investment & Financial Services Pvt. Ltd.	231751	7.00	231751	7.00

- (b) Details of preference shares held by each shareholder holding more than 5 percent shares as at the end of financial year are as under:

Name of share holder	As at 31.03.2020		As at 31.03.2019	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) ICICI Bank	7794	19.13	7794	19.13
(ii) The Oriental Insurance Company Limited	6550	16.08	6550	16.08
(iii) The New India Assurance Company Limited	13624	33.44	13624	33.44
(iv) The United India Insurance Company Limited	4093	10.05	4093	10.05
(v) General Insurance Corporation of India	3560	8.74	3560	8.74
(vi) National Insurance Company Limited	4912	12.06	4912	12.06

- (2) (a) Cumulative Preference Shares were due for redemption on 31st December, 2010. The company moved Misc. Application (MA) u/s 22(3) of the SICA before Hon'ble BIFR, whereby it had sought extension and suspension of obligation in relation to the 15% Preference Shares concerning Preference Shareholders for two years. The Hon'ble BIFR vide its order dated 18th January, 2011 dismissed the application of the Company. Consequent to the order, the company had written letters to the Institutional Preference Shareholders for settlement and redemption of Preference Shares. Further, negotiations are pending and preference shares are overdue for redemption as on 31st March, 2020.

- (b) Arrears of dividend on Cumulative Preference Shares amounts to ₹ 178.72 Lac ( upto 31st March 2019 ₹ 172.61).

**Note no. 2: RESERVES & SURPLUS**

( ₹ in Lac)

Sl.No.	Particulars	Opening Balance	Addition	Deduction	Closing Balance
(1)	Capital Reserve	459.34	-	-	459.34
(2)	Capital Redemption Reserve	25.11	-	-	25.11
(3)	Shares Premium	22.57	-	-	22.57
(4)	Debenture Redemption Reserve	113.00	-	-	113.00
(5)	Revaluation Reserve	2,012.51	-	-	2,012.51
(6)	Other Reserves/Funds:-				
	-Storage fund for Molasses Account	30.94	5.50	-	36.44
(7)	Surplus i.e. balance in Statement of Profit and Loss	(29,043.29)	(43.85)	5.50	(29,092.64)
	<b>TOTAL</b>	<b>(26,379.82)</b>	<b>(38.35)</b>	<b>5.50</b>	<b>(26,423.67)</b>
	Previous year	(24,059.54)	(2,314.18)	6.10	(26,379.82)

**Foot-notes:-**

- Storage fund for Molasses ₹. 5.50 Lac (previous year ₹. 6.10 lac) is created @ ₹. 1.50 per Qtl. of Molasses sold as per the provision of "The Molasses control (Regulation of fund for erection of storage facilities) order, 1976" and is to be utilised for construction or erection of storage facilities for Molasses.

**Note no. 3: LONG TERM BORROWINGS**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Secured:-</b>		
Bonds/debentures	-	-
Term loans from banks (see-foot note below )	8.10	8.10
Term loans from others	-	-
Loans and advances from related parties	-	-
<b>Unsecured:-</b>		
Bonds/debentures	-	-
Term loans from banks	-	-
Working Capital Finance from others	2,815.16	4,559.66
Deposits	-	-
Loans and advances from related parties	-	-
-From Others	2,197.69	2,349.64
Long term maturities of finance lease obligations	-	-
<b>TOTAL</b>	<b>5,020.95</b>	<b>6,917.40</b>

**Foot-note:-**

Secured by hypothecation of vehicles and is repayable in monthly installments. Status of defaults, if any, as on 31st March,2020, not available since relates to closed units.{Note No.27(9)}

**Note no. 4 : OTHER LONG TERM LIABILITIES** (₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
Trade payable	-	-
Others:		
Security received against houses	890.28	890.28
Security received from others	223.99	211.65
Advance received against houses {Note No.27 (32)}	504.50	504.50
Other liabilities	7.79	10.76
<b>TOTAL</b>	<b>1,626.56</b>	<b>1,617.19</b>

**Note no. 5: LONG-TERM PROVISIONS** (₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for employee benefits:-		
Provision for gratuity:-		
As per last balance sheet	931.79	964.09
Add: Provided during the year	12.35	7.05
Less: Paid/ Payable during the year	29.63	39.35
<b>Sub total (A)</b>	<b>914.51</b>	<b>931.79</b>
Provision for leave encashment:-		
As per last balance sheet	88.66	85.75
Add: Provided during the year	1.31	3.08
Less: Paid/ Payable during the year	0.57	0.17
<b>Sub total (B)</b>	<b>89.40</b>	<b>88.66</b>
<b>TOTAL (A+B)</b>	<b>1,003.91</b>	<b>1,020.45</b>

**Note no. 6: SHORT TERM BORROWINGS** (₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Secured:-</b>		
Loans repayable on demand:-		
-from banks		
-Cash credit (including interest accrued)(see-foot note below)	1,498.19	1,498.19
-overdraft from bank against pledge of FDR's	285.78	285.78
-from others	-	-
Loans and advances from related parties	-	-
Other loans and advances	-	-
<b>Unsecured:-</b>		
Loans repayable on demand:-		
-from banks	-	-
-from others	-	-
Loans and advances from related parties:-		
-Weld Excel India Limited	45.00	45.00
Deposits	-	-
Other loans and advances	-	-
<b>TOTAL</b>	<b>1,828.97</b>	<b>1,828.97</b>

**Foot-note:-**

- Cash credit of ₹. 1498.19 Lac ( including interest accrued and due of ₹. 17.61 Lac ) is secured by hypothecation of Raw Materials, Stock in Progress, Finished Goods, Stores and Spares and Book Debts and guaranteed by a Director.{ Refer Note No. 27(5)(a)}.
- Cash credit of ₹. 58.16 Lac from Allahabad Bank is in default since 1996 and ₹. 1440.03 Lac from PNB is in default since 1992. Interest payable on cash credit has not been paid since then. {Refer Note No. 27(19)(c,d & f) and Note No. 27(5)(a)}.

**Note no. 7: TRADE PAYABLE** (₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Micro and Small Enterprises:</b>		
Purchase of raw materials and stores	106.22	73.05
<b>Other than Micro and Small Enterprises :</b>		
(i) Purchase of raw materials and stores	31,548.32	29,909.82
(ii) Creditors for Services received	6,134.01	2,574.91
(iii) Customers/ Agents for purchase of goods	969.13	986.32
Sub Total	38,651.46	33,471.05
<b>TOTAL</b>	<b>38,757.68</b>	<b>33,544.10</b>

**Note no.8: OTHER CURRENT LIABILITIES** (₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
Current maturities of long-term debts (unsecured)		
-From related parties:-		
- A to Z Holding Pvt. Ltd.	24.89	24.89
- Moderate Leasing & Capital Services Ltd.	109.31	-
-From others	271.07	122.77
Current maturities of long-term debts (secured)		
-From banks	2.42	2.42
-From other parties (see foot-note 1)	1,506.85	1,506.85
Deferred credits {Note No.27 (38)}	35.11	35.11
Interest accrued but not due on borrowings (unsecured)	89.16	90.70
Interest accrued but not due on borrowings (secured)	0.09	0.09
Interest accrued and due on borrowings (secured)	1,707.46	1,707.46
Interest accrued and due on borrowings (unsecured)		
-from banks	-	-
-from others	263.85	119.53

<b>Note no.8: (Contd.)</b>	<b>( ₹ in Lac)</b>	
<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Unpaid matured debentures and interest accrued thereon (secured):- (see foot-note 2)		
-Debentures (Net of calls in arrears)	<b>391.09</b>	433.75
-Interest accrued thereon {Refer Note No.27(30)(iii)}	<b>790.01</b>	2,424.28
Unreconciled Inter-unit balances { Note Nos.27(4) and 27(9)}	<b>854.22</b>	1,086.57
Other Payable:-		
Employees dues	<b>1,116.70</b>	1,104.58
Statutory liabilities	<b>3,418.10</b>	3,620.02
Security received from others	<b>77.97</b>	83.45
Other liabilities	<b>3,084.57</b>	2,726.50
<b>Total</b>	<b>13,742.87</b>	15,088.97

**Notes:**

**(1) Others:-**

- (a) Loans aggregating to ₹ 1377.87 Lac (IDBI ₹ 627.74 Lac, ICICI ₹ 235.00 Lac, IFCI ₹ 287.66 Lac, LIC ₹ 138.97 Lac, GIC and its subsidiaries ₹ 88.50 Lac) are secured against securities as mentioned in 2(b) below. {Refer Note Nos.27(5)(b),(c)& (d)}.
- (b) Loan of ₹ 8.08 Lac from Government of Uttar Pradesh under the Industrial Subsidised Housing Scheme is secured by 1st Mortgage of Land and tenements constructed under the Scheme.Details of default not available.
- (c) Loan from IDBI under Technical Development Fund Scheme amounting to ₹ 74.70 Lac is secured against Electrolyser and Copper Electrodes Machine.{Refer Note No.27(5)(b)}.
- (d) Loan taken under Equipment Finance Scheme amounting to ₹ 46.20 Lac is secured against Effluent treatment plant.{ Refer Note No.27(5)(c)} and loan repayment is in default prior to year 1996 and interest payable has not been paid since then.

**(2) Debentures:-**

- (a) (i) 1,63,046 (Previous year 1,75,374)-12.5% Mortgage Debentures (Non-Convertible part of Rs. 200/- each) redeemable in three yearly instalments of ₹ 65.00, ₹ 65.00 and ₹ 70.00 respectively commencing from the expiry of seventh year from the date of allotment i.e. 29th February, 1988 and due for payment. Interest not paid from 29th February, 1988 to the date of redemption {Refer Note No.27(30)(A)(iii)}.
- (ii) 20,000-15% Mortgage Debentures of ₹ 100/- each redeemable at 5% premium on the expiry of seventh year from the date of allotment i.e. 18th December 1987 and due for payment. Interest not paid since 1987- 88.
- (iii) 4,500-15% Mortgage Debentures of ₹ 1000/- each redeemable upto 20th August, 1990 and due for payment. 1,000 Debentures redeemed during the year 1998-99 for which discharged debenture certificates not yet received. Interest not paid since 1987- 88.

- (b) The above debentures are secured by Joint Mortgage of all fixed assets present and future by hypothecation of the said assets and by deposit of title deeds relating to company's immovable properties, floating charges on all movable/ current assets, other than assets referred in foot notes 1(b,c,d) above and foot note 1 of Note 6.

**Note no. 9: SHORT-TERM PROVISIONS** ( ₹ in Lac)

<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
<b>Provision for employee benefits:-</b>		
Provision for gratuity:-		
As per last balance sheet	<b>264.07</b>	288.07
Add: Provided during the year	<b>85.06</b>	40.78
Less: Paid during the year	<b>80.24</b>	64.78
<b>Sub total (A)</b>	<b>268.89</b>	264.07
Provision for leave encashment:-		
As per last balance sheet	<b>8.78</b>	10.23
Add: Provided during the year	<b>3.06</b>	1.67
Less: Paid during the year	<b>2.49</b>	3.12
<b>Sub total (B)</b>	<b>9.35</b>	8.78
<b>Others:-</b>		
Provision for State Excise Duty		
As per last balance sheet	<b>354.09</b>	57.98
Less: Paid during the year	<b>319.34</b>	23.23
Add: Provided during the year	<b>606.98</b>	319.34
<b>Sub total</b>	<b>641.73</b>	354.09
Provision for Incentive:	<b>38.42</b>	38.42
<b>Sub total (C)</b>	<b>680.15</b>	392.51
<b>TOTAL (A+B+C)</b>	<b>958.39</b>	665.36

**Note no. 10: PROPERTY, PLANT AND EQUIPMENT:TANGIBLE ASSETS**

Particulars	Gross			Depreciation			Net carrying amount 31.03.2020				
	Opening balance	Additions	Disposals / Written off.	Other adjustment	Closing balance	Opening balance		For the year	Other adjustment	Closing balance	
											Sold / Adj.
Land (A)	2,023.50	-	-	-	2,023.50	-	-	-	-	2,023.50	
Buildings (B & C)	1,477.73	27.26	-	-	1,504.99	1,081.58	22.58	-	1,104.16	400.83	
Plant & Equipment*	12,203.07	281.43	1.90	-	12,482.60	8,941.77	204.72	1.75	9,144.74	3,337.86	
Furniture & Fixtures	351.90	2.27	1.34	-	352.83	316.48	2.05	1.31	317.22	35.61	
Vehicles (D)	433.37	-	7.10	-	426.27	322.74	11.11	5.20	328.65	97.62	
Office equipment	378.01	12.90	5.15	-	385.76	332.36	10.96	2.11	341.14	44.62	
Water supply & drainage	59.85	-	-	-	59.85	55.88	-	-	55.88	3.97	
Others	15.62	5.12	-	-	20.74	14.79	-	-	14.79	5.95	
<b>TOTAL</b>	<b>16,943.05</b>	<b>328.98</b>	<b>15.49</b>	<b>-</b>	<b>17,256.54</b>	<b>11,065.60</b>	<b>251.42</b>	<b>10.37</b>	<b>11,306.58</b>	<b>5,949.96</b>	
Previous year	16,741.27	274.25	72.28	0.19	16,943.05	10,876.12	244.37	54.67	0.22	11,065.60	5,877.45

(A) Company's Land at Modinagar & Meerut was revalued as at 31st March, 1992 at Current Replacement Cost on the basis of valuation report. The appreciation on revaluation ₹. 924.66 Lac was credited to the Revaluation Reserve. The Land was previously revalued as on 31st March 1985 and the appreciation of ₹. 1087.85 Lac on such revaluation also stands credited to the Revaluation Reserve.

(B) Buildings include Land, Furniture, Fixture & Fittings acquired for a lumpsum consideration of ₹. 2.25 Lac in the year 1947.

(C) Includes a sum of ₹. 96.58 Lac (Previous year ₹. 96.58 Lac) towards permanent improvement to the rented properties.

(D) Includes Five (Previous year Six) cars costing ₹ 63.51 Lac (Previous year ₹. 70.60 Lac) WDV ₹. 32.03 Lac (Previous year ₹. 39.26 Lac) purchased in the name of Employees who have given disclaimer in favour of the Company.

(E) Excludes depreciation on loose tools ₹. 0.03 Lac (Previous year ₹. 0.03 Lac) and ₹. 38.23 Lac (Previous year ₹. 27.91 Lac) on additions to assets of Steel Unit.

(F) Details of Land & Building given on operating lease has not been disclosed separately.

\* Includes ₹. 15.74 Lac being the written down value of Assets of Vansapati Unit which is lying closed since 2002.

**Note no. 11: Intangible assets**

Particulars	Gross			Amortisation			Net carrying amount 31.03.2020
	Opening balance	Additions	Disposals / Written off.	Opening balance	For the year	Closing balance	
Computer software	103.13	-	-	103.13	101.69	0.11	1.33
<b>TOTAL</b>	<b>103.13</b>	<b>-</b>	<b>-</b>	<b>103.13</b>	<b>101.69</b>	<b>0.11</b>	<b>1.33</b>
Previous year	103.13	-	-	103.13	101.44	0.25	1.44

**Note no. 11(A): Capital Work in Progress**

Particulars	Gross			Amortisation			Net carrying amount 31.03.2020
	Opening balance	Additions	Disposals / Written off.	Opening balance	For the year	Closing balance	
Machinery	37.97	-	-	37.97	-	-	37.97
Capacity Enhancement of Plant	10.44	17.67	28.11	-	-	-	-
Buildings	0.09	-	-	0.09	-	-	0.09
<b>TOTAL</b>	<b>48.50</b>	<b>17.67</b>	<b>28.11</b>	<b>38.06</b>	<b>-</b>	<b>-</b>	<b>38.06</b>
Previous year	82.95	51.88	86.33	48.50	-	-	48.50

**Note no. 12: NON CURRENT INVESTMENTS**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Trade investments</b>	-	-
<b>Other investments</b>		
(a) Investment in Equity Instruments:-		
In subsidiaries:- (unquoted )		
21,450 fully paid-up shares of ₹ 100/-each in Your Investment (India) Limited.	21.45	21.45
13,200 fully paid-up shares of ₹ 100/-each in Own Investment (India) Limited.	13.20	13.20
Others :-		
Unquoted:-		
10,50,000 fully paid-up shares of ₹ 10/-each in Indofil Industries Limited	437.43	437.43
Quoted:-		
7,00,000 fully paid-up shares of ₹ 10/-each in Modipon limited.	20.00	20.00
19,99,960 fully paid-up shares of ₹ 10/-each in Bihar Sponge Iron Limited.	200.00	200.00
Less: Provision for Diminution in value of Shares	(192.80)	(182.60)
8,00,000 fully paid-up shares of ₹ 10/-each in Modi Rubber Limited.	80.00	80.00
62,755 fully paid-up shares of ₹ 10/-each in Lord Chloro Alkali Limited	6.28	6.28
4 fully paid-up shares of ₹ 10/- each in Mukund Limited.	0.01	0.01
(b) Investment in preference shares:- quoted )		
1 fully-paid preference Share of ₹ 10/- each in Mukund Limited	-	-
(c) Investment in Government or trust securities:- ( quoted )		
75551.226 fully-paid Units in U T I Infrastructure Fund-Growth Plan (Redeemed during the year)	-	25.84
<b>Total</b>	<b>585.57</b>	<b>621.61</b>

## Foot Notes:

(1) Carrying amount of quoted investments	113.49	149.53
(2) Market value of quoted investments	362.25	541.73
(3) Carrying amount of unquoted investments	472.08	472.08
(4) Aggregate provision for diminution in value of investments	192.80	182.60

**Note no. 13: LONG TERM LOANS AND ADVANCES**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
Capital advances (Unsecured considered good)	27.43	21.70
Doubtful	1.90	1.90
Less: Allowances for Doubtful	(1.90)	(1.90)
<b>Security Deposits:-</b>		
-Secured, considered good	-	-
-Unsecured, considered good		
-Related parties:( Weld Excel India Limited)	36.66	36.66
-Others	141.66	157.17
- Doubtful	4.70	4.70
Less: Allowances for Doubtful	(4.70)	(4.70)
<b>Other Loans and Advances:-</b> (Unsecured, considered good )		
(a) Prepaid expenses	0.20	0.20
(b) Amount recoverable	11.46	11.46
(c) Loans to employees	-	-
(d) Loans to others	8.00	8.00
<b>TOTAL</b>	<b>225.41</b>	<b>235.19</b>

**Note no.14: INVENTORIES**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
(a) Raw materials	646.84	637.42
(b) Raw materials (in transit )	186.36	201.70
(c) Work-in-progress	422.51	345.45
(d) Finished goods *	9,921.20	10,018.07
(e) Stock-in-trade	1.89	1.89
(f) Stores and spare parts	1,652.41	1,479.77
(g) Loose tools	24.24	24.27
<b>TOTAL</b>	<b>12,855.45</b>	<b>12,708.57</b>

\* Refer Note No. 27 (4)(f)(ix) for Steel Unit finished goods.

**Note no. 15 TRADE RECEIVABLES**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Trade receivables outstanding for a period exceeding 6 months:-</b>		
-Secured, considered good	4.56	4.56
-Unsecured, considered good	1,030.25	462.79
-Doubtful	1,250.09	1,105.49
Less:-		
Allowance for bad and doubtful debts	(1,250.09)	(1,105.49)

Note no. 15 (Contd.)		( ₹ in Lac)	
Particulars	As at 31.03.2020	As at 31.03.2019	
<b>Other Debts:-</b>			
-Secured, considered good	91.08	91.08	
-Unsecured, considered good	9,549.66	8,981.54	
-Doubtful	278.94	117.24	
Less:-			
Allowance for bad and doubtful debts	(278.94)	(117.24)	
<b>TOTAL</b>	<b>10,675.55</b>	<b>9,539.97</b>	

Note no. 16 CASH AND BANK BALANCES		( ₹ in Lac)	
Particulars	As at 31.03.2020	As at 31.03.2019	
(i) Cash and cash equivalents:-			
(a) Balances with banks:			
-In Current Accounts	2,052.24	1,584.72	
-In FDR's	2.45	2.45	
(b) Cheques, drafts on hand	37.39	34.85	
(c) Cash on hand	10.09	9.97	
(d) Others:-			
-Postage imprest & stamps in hand	0.03	0.03	
<b>TOTAL</b>	<b>2,102.20</b>	<b>1,632.02</b>	

(ii) Other bank balances:-			
(a) Earmarked balance with banks/ post office:-			
-Saving account ( molasses storage fund )	0.38	0.38	
-Fixed deposits ( molasses storage fund )*	36.79	30.67	
(b) Fixed deposits with banks (Pledged with Excise/Sales Tax/ PF Authorities)	144.55	160.93	
(c) Fixed deposits with banks (Pledged for tender)	46.42	46.42	
(d) Fixed Deposits with Banks (Pledged against overdraft)	310.33	310.33	
(e) Balance with banks held as margin money against guarantees	728.94	672.71	
(f) Bank deposits with upto 12 months maturity	34.18	14.88	
(g) Bank deposits with more than 12 months maturity	-	-	
(h) Deposits with Banks in-no lien accounts	50.00	50.00	
<b>TOTAL</b>	<b>1,351.59</b>	<b>1,286.32</b>	

\*These FDR's are in the joint name of Modi Sugar Mills and Sub Inspector, Molasses Excise.

Note no. 17 SHORT-TERM LOANS AND ADVANCES		( ₹ in Lac)	
Particulars	As at 31.03.2020	As at 31.03.2019	
<b>(a) Loans and advances to related parties:-</b>			
(i) -Secured considered good	-	-	
(ii) -Unsecured considered good			
-Bihar Sponge Iron Ltd.	1.91	1.80	
-Win Medicare Pvt. Ltd.	0.21	0.23	
-Modipon Limited	8.69	8.69	
(iii) -Doubtful			
-Modi Senator Pvt. Ltd.	0.85	0.85	
- Technicast Engineers Ltd.	0.51	0.51	
Less: Allowance for doubtful	(1.36)	(1.36)	
<b>(b) Others (unsecured, considered good):-</b>			
(i) Unutilized balances of CENVAT/ VAT/ GST	64.20	34.92	
(ii) Tax deducted at Source	0.21	-	
(iii) Loans & Advances to employees	17.23	10.71	
(iv) Prepaid expenses	333.51	369.20	
(v) Amount recoverable	214.23	213.12	
(vi) Deposits with excise / sales tax authorities	454.17	95.18	
(vii) Others	341.18	314.59	
<b>(c) Others (doubtful):-</b>			
(i) Loans & Advances to employees	3.03	3.02	
(ii) Amount recoverable	24.55	24.55	
(iii) Others	97.67	97.92	
Less: Allowance for doubtful	(125.25)	(125.49)	
<b>(d) Security Deposits:-</b>			
-Secured considered good	18.50	18.50	
-Unsecured considered good	283.04	204.22	
-Related parties (Unsecured consider good) :-			
-Ashoka Mercantile Ltd. {Foot-Note 6 of Note No.27(37)}	798.30	798.30	
-Modipon Limited	147.63	147.63	
-Doubtful	48.84	48.84	
Less: Allowance for doubtful	(48.84)	(48.84)	
<b>Total</b>	<b>2,683.01</b>	<b>2,217.09</b>	

**Note no. 18 OTHER CURRENT ASSETS** (₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
Tax deducted at source	62.88	82.31
Tax collected at source	-	0.19
Income Tax adjusted against Penalty	179.26	233.95
Interest accrued on fixed deposits with banks	46.56	66.73
Amount recoverable	8.59	12.56
Interest receivable on Security deposit with related party{Foot-Note 6 of Note No.27(37)}		
- Ashoka Mercantile Limited	64.07	64.07
Rent receivables:-		
-Unsecured, considered good	29.19	17.67
-Doubtful	22.78	22.78
Less:-		
Allowance for bad and doubtful debts	(22.78)	(22.78)
Deferred revenue expenditure	11.07	11.07
Stores and spare parts *	10.67	10.67
<b>TOTAL</b>	<b>412.29</b>	<b>499.22</b>

\*Net value of Store & spare parts of Vanaspati Unit which is lying closed since 2002.

**Note no. 19: REVENUE FROM OPERATIONS** (₹ in Lac)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Sale of products	87,465.65	69,976.34
Sale of services	39.29	24.58
Other operating revenue	9.81	9.11
<b>TOTAL</b>	<b>87,514.75</b>	<b>70,010.03</b>

**Note no. 20: OTHER INCOME** (₹ in Lac)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Interest income	58.93	38.27
Dividend received (gross)	84.00	84.00
Rental income	461.20	425.19
Profit on sale of fixed assets	0.99	54.93
Profit on Sale/redemption of Investment	15.02	
Excess provision written back	165.78	5.55
Unclaimed Credit Balances W/Back	14.27	65.92
Depreciation Written Back	0.07	0.22
Sale of Opening Obsolete Inventory {Refer Note No. 27(4f)(ix)}	292.83	147.28
Foreign Currency fluctuation gain (Net)	6.35	14.88
Other non-operating income	93.61	93.82
Other Services	3.59	-
<b>TOTAL</b>	<b>1,196.64</b>	<b>930.06</b>

**Note no. 21 CHANGE IN INVENTORIES OF FINISHED GOODS , WORK-IN-PROGRESS AND STOCK-IN-TRADE**

Particulars	(₹ in Lac)	
	For the Year ended 31.03.2020	For the Year ended 31.03.2019
<b>(A) Finished goods</b>		
Opening stock *	9,534.99	8,189.40
Less: Closing stock	9,423.62	9,827.82
<b>Sub Total (A)</b>	<b>111.37</b>	<b>(1,638.42)</b>
<b>(B) Stock in trade</b>		
Opening stock	1.89	1.89
Less: Closing stock	1.89	1.89
<b>Sub Total (B)</b>	<b>-</b>	<b>-</b>
<b>(C) Goods in process</b>		
Opening stock	345.45	275.52
Less: Closing stock	422.51	345.45
<b>Sub Total (C)</b>	<b>(77.06)</b>	<b>(69.93)</b>
<b>(D) By Product</b>		
Opening stock	190.25	30.70
Less: Closing stock	497.59	190.25
<b>Sub Total (D)</b>	<b>(307.34)</b>	<b>(159.55)</b>
<b>Net (Increase) / Decrease in Stock (A+B+C+D)</b>	<b>(273.03)</b>	<b>(1,867.90)</b>

\* Refer Note No. 27(4)(f)(ix) for difference in value of opening stocks of ₹.292.83 Lac (Previous Year ₹.147.28 Lac.)

**Note no. 22 EMPLOYEE BENEFITS EXPENSES** (₹ in Lac)

	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Salary, wages, gratuity & other allowances	3,124.87	2,874.93
Contribution to provident and other funds	164.20	157.79
Staff welfare expenses	156.58	175.41
<b>TOTAL</b>	<b>3,445.65</b>	<b>3,208.13</b>



**NNote no. 23 FINANCE COSTS**

Particulars	( ₹ in Lac)	
	For the Year ended 31.03.2020	For the Year ended 31.03.2019
(a) Interest expenses:- {Note Nos. 27(4)(f)(i) & (ii), 27(5) and 27(19)}		
(i) On borrowings	735.91	677.28
(ii) On statutory dues	52.11	31.05
(iii) On trade payables	-	12.79
(iv) On security	1.72	3.27
(v) On car loans taken by employees	1.92	2.62
(vi) On others	0.91	0.91
(b) Other borrowing costs	-	-
(c) Net gain/loss on foreign currency transactions and translation	-	-
<b>TOTAL</b>	<b>792.57</b>	<b>727.92</b>

**Note no. 24 OTHER EXPENSES**

Particulars	( ₹ in Lac)	
	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Consumption of stores & spare parts	975.89	874.53
Consumption of packing materials	5,967.14	4,583.93
Power & fuel	215.04	229.88
Repairs to machinery	1,190.06	1,224.85
Repairs to building	156.94	214.19
Lease rent/Rent	165.43	150.13
Rates & taxes	568.24	561.21
Excise duty on stock	748.49	811.73
Opening finished goods stock charged to Revenue {Refer Note No.27(4f)(ix)}	292.83	147.28
Insurance	47.42	36.11
Auditor's remuneration (see foot-note below)	28.80	26.75
Loss on sale of fixed assets	-	8.11
Loss on sale of Stores	0.01	-
Stores Written Off	10.18	17.57
Less: Adjustment of provision for obsolete stores	(10.18)	(17.57)
Donations	0.70	0.75
Bad debts written-off	-	35.19
Less : Adjustment of provision for doubtful debts	-	(18.80)
Claims / amounts written-off	0.50	14.11
Less : Adjustment of provision for doubtful	-	(14.11)
Investment Wriien Off	-	0.07
Loss on redemption of Investment	2.60	-

**Note no. 24 (Contd.)**

Particulars	( ₹ in Lac)	
	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Provision for obsolete spare-parts & stores	14.00	17.00
Provision for doubtful debts, advances and Security Deposits	306.06	241.06
Provision for Diminution in value of Investments	10.20	18.80
Freight/ transport & forwarding	758.04	595.21
Commission to selling agents	1,549.91	1,394.09
Discount & sale promotion	4,432.68	3,659.88
Advertisement expenses	3.75	34.81
Travelling expenses	222.95	228.29
Legal & professional charges	277.43	287.23
Licence Fee {Note No. 27(17)}	3,675.24	2,818.33
Retainership Expenses	147.61	132.98
Net gain/loss on foreign currency transactions & translation	-	-
Product Display Charges	17.42	19.59
Other general expenses	276.48	292.59
<b>TOTAL</b>	<b>22,051.86</b>	<b>18,625.77</b>

**Note:**
**Auditor's remuneration:-**

(a) As auditor	11.46	12.37
(b) For taxation matters (Tax Audit fee)	9.67	9.61
(c) For company law matters	-	-
(d) For other services including certification work	6.77	3.95
(e) For reimbursement of expenses	0.90	0.82
<b>TOTAL</b>	<b>28.80</b>	<b>26.75</b>

**Note No.**

25. Earnings per Share (EPS) basic and diluted, computed in accordance with Accounting Standard-20

( ₹ in Lac)

Particulars	2019-20	2018-19
Loss for the year as per Standalone Financial statements	43.85	2320.28
Add: Dividend on Preference Shares	6.11	6.11
<b>Total Loss (A)</b>	<b>49.96</b>	<b>2326.39</b>
Number of Equity Shares issued (B)	33,09,214	33,09,214
Earning per share (in ₹) (A)/(B)	(1.51)	(70.30)
Face Value of Equity Share in Rupees	10	10

26 **ACCOUNTING POLICIES:**

(1) **INVENTORY VALUATION**

- (a) Stocks of raw materials and stores and spares are valued at weighted/moving average cost. (Net of input tax credit) or net realizable value whichever is less.
- (b) Loose tools are valued at depreciated cost.
- (c) Cost of machinery spares, which can be used only in connection with an item of Property, Plant & Equipment and whose use is expected to be irregular, are charged to revenue over useful life of the principal item.
- (d) Goods-in-transit are valued at cost.
- (e) Finished goods/Goods-in-Process are valued at lower of cost and net realisable value except by-product i.e. molasses which is valued at net realizable value. Cost inter-alia, includes direct cost, depreciation, excise duty, lease rentals and factory overheads but excludes general administration and selling expenses, Corporate Office administration expenses and Interest. The closing stocks out of inter divisional transfer of goods, is being treated as finished goods instead of raw materials/stores and valued accordingly.

(2) **PROPERTY, PLANT AND EQUIPMENT**

- (i) Major improvements to Property, Plant and Equipment that increases the future benefits from the existing assets beyond its previously assessed standard of performance is included in the gross block and is depreciated over the remaining life of the original assets.
- (ii) Financing cost (upto the date the assets are ready to be put to use for commercial production) relating to borrowed funds attributable to acquisition or construction of Property, Plant and Equipments are included in the gross book value of Property, Plant and Equipments to which they relate.

(3) **DEPRECIATION**

- (a) Depreciation on Plant & Machinery is provided on Straight Line Method except in Corporate Office. In respect of other assets including Office Equipments, depreciation is provided on Written Down Value Method in all units except Sugar and Steel Units where it is provided on Straight Line Method.
- (b) Depreciation on additions/deletions is charged on prorata basis and in accordance with Schedule II of the Companies Act, 2013.

- (c) Depreciation on assets costing upto ₹ 5,000/- has been fully depreciated in the year of purchase.

(4) **INTANGIBLE ASSETS:**

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer Software is amortized over a period of five years.

(5) **REVENUE RECOGNITION:**

- (i) Export incentives under the duty entitlement pass book scheme is recognized on accrual basis.
- (ii) Revenue arising by use of Company's properties by others yielding rent is recognized when no significant uncertainty as to measurability or collectability exists.
- (iii) Sale of goods is recognized at the point of dispatch of goods to customers.

(6) **INVESTMENTS:**

Long-term investments are valued at cost less provision for diminution, other than temporary, in the value of investments.

(7) **RETIREMENT BENEFITS:**

- (a) Contribution to Provident Fund is made at a predetermined rate to the Provident Fund Trust and charged to the Statement of Profit and Loss on accrual basis.
- (b) Gratuity Liability is accounted for on accrual basis, computed actuarially, except for Steel Unit upto 31st March, 2002 which is accounted for on cash basis.
- (c) Leave encashment is accounted for on accrual basis, computed actuarially.

(8) **OPERATING LEASE:**

Lease payments under an operating lease are recognized as an expense in Statement of Profit and Loss on a straight line basis over the lease term.

(9) **ACCOUNTING FOR GOVERNMENT GRANTS:**

As stipulated in Accounting Standard - 12 "Accounting for Government Grants", the Government grants (subsidy) that are receivable as compensation for expenses or losses incurred in a previous accounting period is recognized and disclosed in the statement of the period in which they became receivables.

27. CONTINGENT LIABILITIES AND OTHER NOTES:

		(₹ Lac)	
		AS AT	AS AT
		31.03.2020	31.03.2019
1.	(a) Claims against the Company not acknowledged as debts		
	(i) Workmen (excluding unascertainable amounts)	410.71	403.11
	(ii) Others	224.12	236.29
	(b) Disputed Liability for Excise-duty, Sales-tax, Entry-tax matters and liquidated damages on Provident Fund dues {excluding interest unascertainable and undisputed Sales Tax/penalty demands (net of provision made of ₹62.21 Lac) of ₹175.24 Lac}.	1307.67	1317.28
	(c) Income Tax	209.59	209.59
	(d) Bills discounted	148.59	148.59

2. Estimated amount of contracts remaining to be executed on Capital Account ₹118.94 Lac (Previous Year ₹ 75.05 Lac).

3. Guarantees given to Sales-tax/Excise Departments on behalf of Companies in the same group amounts to ₹ 139.42 Lac (Previous year ₹ 139.42 Lac). Information regarding outstanding position is not available. This excludes guarantees of ₹ 109.63 Lac (Previous year ₹ 109.63 Lac) vacated by Sales Tax Department for which guarantee bonds not yet received back.

4. (a) The Steel Unit is lying closed since 24th January, 1993 due to strike/lock-out and thereafter closure was declared with effect from 24th November, 1993, as the Unit was found to be unviable. The Company has not been able to obtain access to the accounting, financial and production records of the unit necessary for updating the said books of accounts/compiling the data to prepare the annual accounts as well as for finalizing the audit for the year ended 31st March, 1993. Transactions subsequent to the closure of the unit could not be incorporated in the annual accounts of 1992-93 and onwards in view of pending access to the earlier accounts viz., 1st April, 1992 to 24th January, 1993, the absence of which would leave the books still incomplete. However, the Statement of Profit and Loss for the current financial year 2019-20 and from 1993-94 to 2018-19 have been incorporated in current financial year and in various previous financial years respectively. As an interim measure credit balance of ₹.959.12 Lac (Previous year credit balance of ₹ 1118.96 Lac) have been clubbed with Current Liabilities of the Company as on 31st March, 2020 and 31st March, 2019 respectively as "Inter- Unit Balances" pending incorporation of (i) Annual Accounts for the period 1st April, 1992 to 31st March, 1993 and (ii) assets and liabilities including inter unit balances arising on account of transactions for the period 1st April, 1993 to 31st March, 2020.

(b) The financial results for the year 1992-93 would be incorporated as soon as the Company is able to obtain access to/reconstruct the financial, accounting and production records.

(c) In view of above, as per past practice, the audited opening balances of Assets and Liabilities, quantitative details, contingent liabilities (excluding old electricity dues – Refer Note 4f(viii)) and notes of the Steel Unit as on 1st April, 1992, have been incorporated in the Standalone financial Statements subject to (i) reduction of unsecured loans taken by ₹ 278.95 Lac in view of write back on account of one-time settlement (O.T.S.) of dues with Hong Kong and Shanghai Banking Corporation Limited (HSBC) during the year 2004-05, and further reduction of ₹ 45.00 Lac on account of payment during 2005-06 of O.T.S. to H.S.B.C.; (ii) reduction of Property, Plant and Equipments (net) by ₹ 794.01 Lac being depreciation provided during 1993-94 to 2019-20 on Property, Plant & Equipment (iii) reduction in opening inventory by ₹ 440.11 Lac and (iv) decrease in Inter-Unit balance by ₹ 1701.79 Lac. The above inter-unit balance will actually represent either net decrease in assets or net increase in liabilities as on 31st March, 2020 over balances as on 31st March, 1993 of the Steel Unit.

(d) Assets and Liabilities of the Steel Unit incorporated in the Balance Sheet of the Company as on 31.03.2019 and 31.03.2020 are as under:

(₹ in Lac)					
Liabilities	As at 31.3.2020	As at 31.3.2019	Assets	As at 31.3.2020	As at 31.3.2019
Secured Loans	3421.08	3421.08	Property, Plant and Equipments (Net)	405.73	411.58
Current Liabilities & Provisions	2838.28	2838.28	Investments	0.11	0.11
Accumulated Profits/(Losses) (net):	(2412.04)	(2275.04)	Current Assets & Advances: Inventories	900.03	1192.86
1993-94 to			Sundry Debtors	1199.25	1199.25
1995-96 (687.81)			Cash and Bank Balances	150.78	150.78
1996-97 and			Loans and Advances	249.70	249.70
1997-98 (58.56)			Miscellaneous Expenditure (to the extent not written off or adjusted)	11.07	11.07
1998-99 to			Inter-unit Balances	(282.18)	(18.25)
2000-01 (29.83)			Loss for the year 1991-92	787.22	787.22
2001-02 to					
2003-04 56.53					
2004-05 300.90					
2005-06 (36.67)					
2006-07 (18.94)					
2007-08 (10.86)					
2008-09 (24.40)					
2009-10 172.48					
2010-11 (152.17)					
2011-12 (141.82)					
2012-13 (167.86)					
2013-14 93.97					
2014-15 (131.58)					
2015-16 (203.70)					
2016-17 (54.96)					
2017-18 (1077.51)					
2018-19 (102.25)					
2019-20 (137.00)					
<b>Total</b>	<b>3847.32</b>	<b>3984.32</b>	<b>Total</b>	<b>3847.32</b>	<b>3984.32</b>

- (e) Statement of Profit and Loss of the Steel Unit for the year ended 31st March, 2020 and 31st March, 2019 (excluding inter-unit rental income of ₹ 83.77 Lac) (Previous year ₹ 90.74 Lac) is as under:

	(₹ in Lac)	
Particulars	2019-20	2018-19
<b>INCOME :</b>		
Rental Income	436.51	400.68
Profit on sale of Property, Plant & Equipment	-	52.77
Other Services	3.60	-
Sale of opening inventory {See Note No. 4f(ix) below}	292.83	147.28
	<b>732.94</b>	600.73
<b>EXPENDITURE :</b>		
Employees Benefit Expenses	123.61	144.66
Finance Cost	329.07	303.64
Depreciation	44.08	33.75
Legal & Professional Expenses	18.79	26.23
Opening Finished Stock Charge to revenue	292.83	147.28
Other Expenses	61.56	47.42
Loss for the year	<b>137.00</b>	102.25

- (f) The Profit and Loss Account/Statement of Profit and Loss of Steel Unit for the years 1993-94 to 2019-20 are subject to the following notes on accounts:-

- (i) In view of non-availability of book balance of liabilities towards PNB, IDBI and IFCI in the books of Steel Unit of the Company on account of non-incorporation of annual accounts and balance sheets of Steel Unit {Refer Note 27 (4) (a to c) of Annual Accounts}, the difference between OTS amounts and book balances could not be ascertained.
- (ii) No-provision of interest, amount unascertained, is required to be made, on loans from other Financial Institutions as the existing amounts appearing in the books of accounts of the Company will be more than sufficient in view of in-principle approval/discussions being held for one time settlement of dues with the Financial Institutions.
- (iii) The impact, if any, on account of non-availability and consequently non incorporation of audited opening balances of assets and liabilities of the Steel Unit as on 1st April, 2019;
- (iv) Non-provision of obsolete/damaged stocks and Property, Plant and Equipments, if any, in view of non-incorporation of earlier year's accounts and non-physical verification of these inventories since 1992-93 and Property, Plant & Equipment since the year 1989;

- (v) Non-confirmation/reconciliation of balances of debtors, creditors, banks, financial institutions etc. and impact, if any, on the Statement of Profit and Loss;

- (vi) Non-provision of doubtful debts and loans & advances, amount unascertained;

- (vii) Non-provision of Impairment, if any, of the Property, Plant and Equipments as per Accounting Standard (AS 28) i.e. Impairment of Assets, amount unascertained.

- (viii) (a) Uttar Pradesh Electricity Board (now U.P. Power Corporation Ltd.) raised various demand notices against electricity dues of ₹ 798.64 Lac and late payment surcharge amounting to ₹ 512.84 Lac on the Steel unit of the Company.

- (b) The Company filed writ petition in Allahabad High Court challenging the said demand notices. The Hon'ble Allahabad High Court dismissed the writ petition filed by the Company. The Company filed Special Leave Petition (SLP) with the Hon'ble Supreme Court of India, who has granted interim stay on 14th March, 2005 for stay of recovery by way of sale of property. Hon'ble Supreme Court of India vide its order dated November 02, 2017 directed to pay ₹ 798.64 Lac and 50% of Surcharge amount within a period of one year from the date of the order in four equal quarterly instalments. Accordingly, electricity expenses amount of ₹ 1055.06 Lac has been charged to revenue as an 'exceptional item' during the year 2017-18.

The Hon'ble Supreme Court of India vide its order dated 22nd October, 2018 and 29th March, 2019 granted permission for sale of movable property and granted 8 weeks time respectively. Till date the Steel Unit of the Company has already paid ₹ 1030.00 Lac and balance ₹ 25.06 Lac is due as on date.

- (ix) In view of non-incorporation of accounts of the Unit for the year 1992-93, subject to certain adjustments, the assets and liabilities of the unit continued to be incorporated as it is in the balance sheet of the Company since 31st March, 1993.

As per the order of the Hon'ble Supreme Court of India dated 22nd October, 2018 granting approval to sell moveable properties, the Steel Unit has disposed off certain damaged and obsolete inventories of more than 25 years old for a consideration of ₹ 292.83 Lac (Previous year ₹ 147.28 Lacs) during the year and recognized revenue. Accordingly, in the absence of details of quantity and value of opening inventory appearing in the books of account, value of stocks sold during the year of ₹ 292.83 Lac (Previous year ₹ 147.28 Lacs) has been reduced from inventory appearing in the balance sheet and treated as "opening finished goods stock" charged to revenue in the Note No. 24 of 'Other Expenses'.

5. With respect to the assignment of debts
- (a) During the year 2006-07, an agreement dated 22nd January, 2007 for One Time Settlement (OTS) of dues of Punjab National Bank (PNB) was entered into between the Company, PNB, Shri U.K. Modi (as Guarantor) and SBEC Sugar Limited (SSL), on the terms as contained in the PNB's Letter dated 28th September, 2006. Under the said agreement, PNB has agreed to assign all its claims against Steel Unit of the Company together with all securities and charges created by the Company to SSL on payment of full settlement amount of ₹ 2810.60 Lac together with interest. SSL made full payment to PNB of the settlement amount together with interest. PNB thereafter executed a Deed of Assignment on 15th May, 2012 in favour of SSL by which PNB assigned all its claims together with all securities and charges created by the Company in its favour to SSL. The Registrar of Companies has registered the modification to the charges in favour of SSL. The debts of MIL which was assigned to SSL had been further assigned to SBEC Bioenergy Limited (SBEL) on 31st December, 2012. Thereafter, in the month of June, 2018, SBEC Bioenergy Limited assigned the entire debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 6th June, 2018. In view of the above, the secured debt is now payable by the Company to SSL. The Company proposes to enter into revised terms of payment of this secured debt with SSL.
- (b) With reference to the Company's liabilities to IDBI Limited, a settlement agreement was concluded between the Company, IDBI Limited and SBEC Bio Energy Limited (SBEL) on 6th October, 2007. This settlement agreement was in terms of IDBI's letter dated 9th February, 2007. Under the said agreement IDBI agreed to assign its entire debt due and payable by the Company to SBEL subject to SBEL paying to IDBI its OTS claim amount of ₹ 1232.20 Lac. Acting on the said agreement, SBEL made a payment of ₹ 1232.20 Lac to IDBI together with interest. The said payment to IDBI of ₹ 1232.20 Lac along with interest was completed on 6th October 2007. IDBI has executed a Deed of Assignment on 5th March, 2018 in favour of SBEL by which IDBI assigned all its claims together with all securities and charges created by the Company in its favour to SBEL. The Registrar of Companies has registered the modification to the charges in favour of SBEL. Thereafter, in the month of June, 2018, SBEC Bioenergy Limited assigned the entire IDBI's debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 12th June, 2018. The said debt is now payable by this Company to SSL.
- The Company proposes to enter into fresh terms of payment of the IDBI's assigned debt with SSL.
- (c) With reference to this Company's liabilities to IFCI Limited, a settlement agreement dated 30th December, 2009 was concluded between this Company, IFCI Limited and SBEC Bio-Energy Limited (SBEL). This settlement agreement was in terms of IFCI's letter dated 30th December, 2009. Under the said settlement agreement, IFCI agreed to assign to SBEL its entire debt as due and payable by this Company to it subject to SBEL paying to IFCI its OTS claim of ₹ 775.00 Lac. Acting on the said settlement agreement, SBEL made a payment of ₹ 775.00 Lac to IFCI on 30th December, 2009 and in consideration thereof IFCI Limited executed a Deed of Assignment dated 19th April, 2012 and assigned its all claims against this Company together with the securities and charges in favour of SBEL. The Registrar of Companies has registered the modification to the charges in favour of SBEL. Thereafter, in the month of June, 2018, SBEC Bioenergy Limited assigned the entire IFCI's debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 12th June, 2018. The said secured debt is payable by this Company to SSL. The Company proposes to enter into fresh terms of payment of this debt with SSL.
- (d) International Asset Reconstruction Company Limited, the assignee of ICICI debt has assigned its debt to M/s. T.C. Healthcare Private Limited on 27th June, 2018 and its charge has been duly registered with Registrar of Companies. The Company proposes to enter into fresh terms of payment of this debt with TC Health Care Pvt. Ltd.
6. With respect to the proceedings before BIFR / AAIFR:-
- Since the Net Worth of the Company had completely eroded, a reference was made before BIFR under Sick Industrial Companies (Special Provisions) Act, 1985 in the year 1990 and on 14.03.1991 the Company was declared as "Sick Company" and IDBI was appointed as Operating Agency (OA) to prepare a rehabilitation scheme for the company.
- Efforts were made by the OA for preparation of a consensus scheme at different occasions but the same could not be prepared and finalized till the year 2016.
- However, during the pendency of the ongoing proceedings before the Ld. BIFR / AAIFR, the Government of India vide its notification dated 25.11.2016 notified the SICA Repeal Act, 2003 with effect from 01.12.2016 that in terms of the Section 4 (b) of the SICA Repeal Act, 2003, the proceedings pending before the Ld. BIFR or AAIFR shall stand abated. The relevant portion of the Section 4(b) act is reproduced herein below:
- "Any appeal preferred to the Appellate Authority or any reference made to the Board or any inquiry pending before the Board or any other authority or any proceeding of whatever nature pending before the Appellate Authority or the Board immediately before the commencement of this Act shall stand abated."*
- Accordingly, proceedings pending before AAIFR/BIFR have come to an end.

- 7.(a) The Securities and Exchange Board of India (SEBI), vide circular dated 30 May 2012, issued guidelines facilitating the exit of de-recognised/ non-operational stock exchanges and exit to the shareholders of Exclusively Listed Companies (ELCs) by allowing them to get listed on Nation-wide Stock Exchanges (NWSEs) after complying with the diluted listing norms of the NWSEs, failing which they would be moved to the Dissemination Board (DB). Thereafter, SEBI, vide circular dated 10 October 2016 (Circular), has provided a relaxed criterion for issue of further capital to enable listing of equity shares of such companies on the NWSEs, or in the alternative they must provide an exit option to the public shareholders. Subsequently SEBI vide its circular dated 5th January 2017 had extended the time limit for submission of plan of action by ELCs till 31st March, 2017.
- (b) Shri M.K. Modi, Managing Director has raised his contention in regard to the valuation report and its approval by Board of Directors again, which, in the opinion of the Board of Directors of the Company, is incorrect as the aforesaid valuation report was not at all required to be again put up before the Board for its approval and the action taken by the Company Secretary of sending the valuation report to NSE was in pursuance of the authority granted to him by the Board of Directors of the Company.

In order to prepare a valuation report and comply with the aforementioned circular issued by SEBI, Shri M.K. Modi and Shri U.K. Modi had jointly appointed Mr. Rakesh Gupta, partner of M/s Dass Gupta & Associates, Chartered Accountants to carry out the valuation of equity shares of MIL.

In addition to the above, Shri M.K. Modi and Shri U.K. Modi had jointly appointed Architect and Valuer Mona Chawla (in April 2017) for carrying out the valuation of Immovable Properties of Modi Industries Ltd. in Modinagar.

Pursuant to the consent received from both the Managing Directors i.e. Shri M.K. Modi and Shri U.K. Modi, a board resolution was executed and placed before the board for their approval for appointment of Mr. Rakesh Gupta to carry out the aforesaid process of valuation and for authorising Mr. Vimal Prasad Gupta on behalf of the company (MIL) to take all necessary steps to comply with the aforementioned SEBI circular.

Subsequent to the appointment of Mr. Rakesh Gupta, various meetings were scheduled at his office at Pitampura, New Delhi wherein Mr. Vimal Prasad Gupta was present to provide him all the relevant documents as and when requested for completing the valuation report in the given time.

Mr. Rakesh Gupta submitted his duly signed Valuation Report on 09.05.2017. Pursuant to the receipt of the report, the same was sent to NSE by Mr. Vimal Prasad Gupta through Courier on 09.05.2017. The prescribed Public Announcement as per SEBI Circular was subsequently published in the following News Papers on 24th May, 2017:

a-Rastriye Sahara, Hindi, Kanpur-UP-Edition;

b-Jan Satta, Hindi, Delhi – Edition;

c-Financial Express, English, National Daily.

The perusal of the report shows that the Fair value of the Equity share of Rs.10/- each of MIL as on 31.03.2016 is Rs. -403.96 i.e. Negative Rupees Four Hundred Three and Paise Ninety-Six only.

In view of the negative value of Equity Shares of MIL, promoters are not required to provide any exit opportunity to the shareholders and consequently the Company has been removed from Dissemination Board by NSE vide its Circular No. NSE/CML/35701 dated 1st September, 2017.

8. The outbreak of COVID-19 pandemic globally and in India has caused significant disturbance and slowdown of economic activity. The nationwide lockdown restrictions imposed by the Government of India w.e.f. 24th March 2020 led to complete shutdown of operations at the Distillery business of the Company which however restarted in a limited way from 7/4/2020. However, the Sugar manufacturing operation of the Company continued without any significant disruptions. Sugar offtake has been lower due to lack of its demand. After resumption of the Distillery Business, all the activities were carried out in normal course with the adoption of enhanced safety, security and other required measures. There has been no material impact on the business of the company though the sale and movement of finished products was affected for a short period of time initially due to lockdown.

- 9 (a) Electrode, Paint and Gas Units of the company are lying closed with effect from November 2016. The audited financial statements of these 3 Units and Central Accounts Department (“CAD”) of these three Units have not been received by the corporate office of the company for incorporation in the financial statements of the company for the financial years 2016-17, 2017-18, 2018-19 and 2019-20. Pending incorporation of audited financial statements of these 3 Units and CAD for the period 1st April, 2016 to 31st March, 2020, change in inter- unit net debit balances with other Units & corporate office of ₹.104.90 Lac as on 31st March, 2020 (credit balance of ₹. 32.39 Lac as on 31st March, 2019) due to non-incorporation of these financial statements has been shown under Current Liabilities of the Company as on 31st March, 2020 and 31st March, 2019 as “Inter- Unit Balances” as an interim measure as was done in case of closed Steel Unit as stated in Note No. 27(4) above. As soon as the audited financial statements of these four financial years i.e. 2016-17, 2017-18, 2018-19 and 2019-20 of these 3 Units and CAD are made available to the Corporate Office, the same would be incorporated in the financial statements of the company. The reason for non availability of the financials of the three units i.e. Electrode, Paints and Gas is that the access of the premises was restricted by the workers/union members who were sitting outside the concerned CAD office & ceiling of doors with the locks in the premises/CAD office and not allowing entry to the officials of the Company. Therefore, it was not possible for the three units to provide their accounts on time due to the above mentioned issues/problems. Presently the books of Account of these Units and CAD are under compilation which is a time consuming affair.

- (b) In view of above, as per past practice followed in case of closed Steel Unit, the following audited closing balances of Assets and Liabilities as on 31st March, 2016 of these 3 Units and CAD have been incorporated in the Balance Sheet of the Company

as on 31.03.2018, 31.03.2019 and 31.03.2020. Further, the contingent liabilities and Notes on financial statements relating to these 3 Units and CAD as on 31st March, 2016 have also been incorporated in these financial statements of the company for the financial years 2017-18, 2018-19 and 2019-20 without updating the amounts for the events/transactions that have taken place after 31st March, 2016.

- (c) Balances of Assets and Liabilities of these 3 closed Units and CAD as on 31st March, 2016 were as under:

(₹ in Lac)

Liabilities	As at 31.3.2016	Assets	As at 31.3.2016
Reserves and Surplus	(2,979.15)	Property, Plant and Equipments (Net)	407.28
Inter-Unit Balances (Net)	93.90	Long term loan and advances	96.90
Non-current Liabilities	1,882.76	Other non-current assets	6.90
Current Liabilities & Provisions	4,441.34	<b>Current Assets:</b>	
		Inventories	464.35
		Trade receivables	646.36
		Cash and Bank Balances	664.65
		Short-term Loans and Advances	1,047.78
		Other Current assets	104.63
<b>Total</b>	<b>3,438.85</b>	<b>Total</b>	<b>3,438.85</b>

10. The Company has entered into an agreement with U.P. Power Corporation Limited for its Residential Feeder SC No. 2005 on 29th March, 2000. In pursuance of that agreement, the Company has paid for the existing authorised occupants only after 1st July, 1998 computed prorata based on covered area of quarters occupied by the employees. In view of the above, no provision has been made for electricity charges of ₹. 131.46 Lac upto the period of permanent disconnection of residential feeder SC No. 2005 i.e. 31st May, 2001 (Previous year ₹. 131.46 Lac) for the unauthorized occupants and late payment surcharge/recovery charges amounting to ₹. 302.66 Lac upto 31st May, 2001 (Previous year ₹. 302.66 Lac). In accordance with the agreement, matter regarding waiver of late payment surcharge and recovery charges after 1st July, 1998 will be referred to the Government.
11. ESI authorities had raised a demand on the Company for ₹. 69.36 Lac (upto previous year ₹. 68.19 Lac) (inclusive of interest) towards Company's liability for ESI for the years 1968 to 1986 and no provision has been made against this liability.
12. Modinagar Municipal Committee had determined the basis/liability of house tax payable by the Company for the years 1982-83 to 2006-07 at ₹. 213.98 Lac. The said liability/demand/basis is disputed by the Company at various levels and the Company has deposited ₹. 16.51 Lac on account upto 31st March, 2020. Pending final decision of the Court/settlement and after taking into account the provision/ payment already made by the Company, there is a net liability of ₹ 188.63 Lac (upto the previous year ₹ 188.63 Lac), which is being disputed and has not been provided in the accounts.

13. Excise duty on uncleared manufactured finished goods and custom duty in respect of imported goods lying in bond in respect of Steel Unit amounting to ₹. 43.09 Lac and ₹. 24.35 Lac respectively is accounted for as and when such goods are cleared. However, this has no impact on the loss of the Company.

- 14.(a) The Company has adopted Accounting Standard 15 (Revised) on employees benefits with effect from 1st April, 2007 in respect of provision for Gratuity liability.

Details in respect of Gratuity (except for Gas, Electrode, Paint Units and CAD of these units) of the Company for the year 2019-20 and 2018-19 :

Details in respect of Gratuity are as under:

(₹ in Lac)

Liability to be recognized in Balance Sheet	As on 31.03.2020	As on 31.03.2019
Present value of Obligations	<b>803.87</b>	829.98
Fair Value of Plan Assets		
<b>Net Liability</b>	<b>803.87</b>	829.98
<b>Reconciliation of Opening and Closing Balances of Obligation</b>		
Obligation as at beginning of the year	<b>829.99</b>	884.72
Acquisition adjustment (Out)	-	-
Current Service Cost	<b>55.79</b>	52.58
Interest Cost	<b>62.99</b>	68.12
Actuarial Losses/(Gain)	<b>(18.36)</b>	(69.36)
Benefits paid	<b>(126.54)</b>	(106.08)
Obligations as at the end of the year	<b>803.87</b>	829.98
<b>Expenditure to be recognized during the year</b>		
Current Service Cost	<b>55.79</b>	52.58
Interest Cost	<b>62.99</b>	68.12
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) Recognized during the year	<b>(18.36)</b>	(69.36)
Total expenditure included in "Employees' Emoluments"	<b>100.42</b>	51.34
<b>Assumptions</b>		
Discount Rate (per annum)	<b>6.76%</b>	7.59%
Expected rate of Return on Assets (per annum)	<b>0%</b>	0%
Salary Escalation Rate	<b>7.00%</b>	8.00%

The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon tenure of service for each year of completed service subject to minimum five years of service payable at the time of separation upon superannuation or on exit otherwise.

- (b) (i) The Company has adopted Accounting Standard 15 (Revised) on employees benefits with effect from 1st April, 2008 in respect of Earned Leave.

Details in respect of Earned Leave (except for Gas, Electrode, Paint Units and CAD of these units) of the Company for the year 2019-20 and 2018-19:

- (ii) Details in respect of Earned Leave are as under:

(₹ in Lac)

Liability to be recognized in Balance Sheet	As on 31.03.2020	As on 31.03.2019
Present value of Obligations	44.64	45.44
Fair Value of Plan Assets	-	-
Net Liability	44.64	45.44
<b>Reconciliation of Opening and Closing Balances of Obligation</b>		
Obligation as at beginning of the year	45.44	44.11
Acquisition adjustment (Out)	-	-
Current Service Cost	6.27	5.67
Interest Cost	3.45	3.40
Actuarial Losses/(Gain)	(7.46)	(4.71)
Benefits paid	(3.06)	(3.03)
Obligations as at the end of the year	44.64	45.44
<b>Expenditure to be recognized during the year</b>		
Current Service Cost	6.27	5.67
Interest Cost	3.45	3.40
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) Recognized during the year	(7.46)	(4.71)
Total expenditure included in "Employees' Emoluments"	2.26	4.36
<b>Assumptions</b>		
Discount Rate (per annum)	6.76%	7.59%
Expected rate of Return on Assets (per annum)	0%	0%
Salary Escalation Rate	7.00%	8.00%

15. Based on the information/documents available with the Company, information as per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 with respect to trade payables and payable to suppliers of capital goods are as follows:

As at 31 <sup>st</sup> March, 2020				(in ₹ in lacs)
Description	Trade payables	Payable to suppliers of capital goods		Total
(i)	The Principal amount remaining unpaid to suppliers as at the end of accounting year.	157.28 *(116.24)	31.57	188.85 *(116.24)
(ii)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year.	**See Note below		
(iii)	The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during accounting year;	**See Note below		
(iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	**See Note below		
(v)	The amount of interest accrued during the year and remaining unpaid at the end of accounting year.	**See Note below		
(vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure U/s 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	**See Note below		

\* Figures in ( ) represent previous year figures.

\*\* No provision has been made for interest on dues of parties covered under MSME Act, 2006 for the period upto 31st March, 2020 in the books of account. Amount not ascertained.



16. Government of India has issued guidelines dated 15th January, 1987 which requires companies raising resources through issue of Debentures to create a Debenture Redemption Reserve. The Company has not created such a reserve in view of the accumulated losses.
17. During the year 2010-11, the Distillery Unit of the Company (Bottler) had entered into an agreement i.e. a "Bottling Agreement (including addendum to bottling agreement dated 26th April, 2012)" with MI Spirit India Private Ltd (MISIP) whereby the parties i.e. bottler and MISIP have agreed to the blending, manufacturing and bottling of the products by the bottler. Bottling agreement stated above was substantially amended with effect from 01.04.2018 wherein number of clauses have been deleted and/or modified. The amended agreement inter-alia stipulates that (i) MISIP will only carry out certain quality control functions (ii) definition of 'manufacturing expenses', manufacturing margin and selling and distribution expenses shall stand deleted (iii) the risk property, interest, title or ownership to the materials procured by the bottler shall always remain with the bottler (iv) the bottler shall be responsible for collection of all payment against invoices raised by the bottler and (v) in consideration of the company granting the rights as specified in the bottling agreement to the bottler in terms hereof and the sub license agreement, including rendering process services and marketing the products. The bottler shall pay to the Company license fee equal to 12% of the revenue generated (net of statutory charges levies, taxes and duties) from the sale of products.
18. Consequent to the losses, the Company had been declared a Sick Industrial Company on 14th March, 1991 in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. Show Cause Notice issued by BIFR for winding up pursuant to its order dated 28th October, 2013 has been stayed by AAIFR. Ministry of Finance, Department of Financial Services vide its Notification No. S.O.3568(E) & S.O. 3569(E) dated 25th November, 2016 repealed the SICA Therefore BIFR & AAIFR have also been dissolved. National Company Law Tribunal (NCLT) & National Company Law Appellate Tribunal (NCLAT) have been constituted by the Government, now such type of matters will be dealt by NCLT/NCLAT as and when referred to it. Company in its Board Meeting held on 20th May, 2019, has appointed M/s. KPMG India Private Limited for preparation of Scheme of Resolution of Liabilities of the Company for presenting before the appropriate Court/Tribunal/Forum etc. which is under preparation as on date. In view of the above, as well as improved performance of the operating units of the Company, the accounts of the company have been prepared on a going concern basis.
- 19 (a) No provision has been made for penal/delayed/simple/compound interest amounting to ₹ 24985.71 Lac upto 31st March, 2020 (for the year ₹ 1115.97 Lac) on term borrowings.
- (b) No provision has been made for interest/compound/penal interest of ₹ 8823.40 Lacs upto 31st March, 2020 on 15% Debentures (₹ 9,461.90 Lac upto 31.03.2019) [Refer Note No. 27(30)(A)(iii)].
- (c) The Sugar & Distillery Units of the Company have given a proposal for settlement of their dues with Allahabad Bank of ₹ 227.00 Lac against which an upfront payment of ₹. 50.00 Lac has already been made under 'No Lien Account' and included under "Other Bank Balances" and to pay the balance amount of ₹ 177.00 Lac in two equal monthly instalments after the receipt of sanction from the Bank. The shortfall in interest provision amounting to ₹ 168.84 Lac will be provided in the books of account in the year of approval of OTS proposal by the Bank which is pending.
- (d) The Sugar Unit of the Company has not made provision for interest (computed at 15.5% per annum) / bank charges amounting to ₹ 6873.45 Lac (for the year ₹ 981.07 Lac) on cash credit loan taken from Allahabad Bank in view of para (c) above.
- (e) Interest payable by closed Vanaspati Unit of the Company to Financial Institutions since the date of disbursement of the loan on simple rate of interest basis amounts to ₹ 1450.65 Lac upto 31st March, 2016 and the unit holds total interest provision of ₹ 732.41 Lac as on 31st March, 2016 resulting in the short provision of ₹ 718.24 Lac on simple interest basis.
- (f) No provision has been made for interest on Cash Credit amounting to ₹ 796.61 Lac (for the year ₹ 118.24 Lac). Further, response to the proposal submitted to the Bank for One Time Settlement (OTS) dues is awaited in Distillery Unit in view of para (b) above.
20. (a) The closed Vanaspati Unit had applied for Sales Tax Relief Exemption to U.P. Government in terms of Section 4A of U.P. Sales Tax Act. Consequent to rejection, the Company has filed a writ petition in Lucknow Bench of Allahabad High Court and Court had passed an order dated 21st February, 2013 that "the writ petition is allowed and impugned order dated 22nd April, 1992 is quashed. The opposite parties are directed to reconsider the case of the petitioner afresh, after giving personal opportunity of hearing and pass appropriate orders, in accordance with law." In compliance of High Court order, we had filed an application before the Secretary Level Committee (Constituted under Section 4A of the U.P. Trade Tax Act). As the matter is still pending before the authority, no provision has been made for sales tax liability of ₹ 2,455.78 Lac relating to the period May, 1991 to July, 1994 (previous year ₹ 2,455.78 Lac) {Note 27(9)(b)}.
- (b) The closed Vanaspati Unit had preferred an application for deferment of Sales-tax with effect from July, 1994 under Section 38 of the U.P. Sales Tax Act and the same has been rejected by the State Government. The Company has also filed Writ Petition against the rejection and consequent to the orders of the Court, the recovery of Sales-tax has been kept in abeyance. Accordingly, Sales-tax amounting to ₹ 440.46 Lac (previous year ₹ 440.46 Lac) relating to the period August, 1994 to March, 1996 has not been deposited with the authorities.
- The above writ petition filed by the Company was listed for hearing on 2nd May, 2008 at High Court, Lucknow Bench.

The Company had filed an affidavit with the Court that BIFR had passed an order dated 26th March, 2008 by virtue of which the Bench permitted the Commercial Tax Department, Government of U.P. to recover its outstanding dues, due after 30th June, 2007. The Company had also stated in the said affidavit that the Hon'ble Supreme Court of India had affirmed the order of the BIFR and therefore in view of the said orders of BIFR as affirmed by the Hon'ble Supreme Court, the said Writ Petition may be dismissed as infructuous. Accordingly the High Court, Lucknow Bench has dismissed the said writ petition as infructuous {Note 27(9)(b)}.

- (c) In accordance with the scheme announced by U.P. Government regarding Waiver of Interest & Penalty on Sales Tax, the Distillery Unit of the Company has paid and provided interest during 2005-06 of ₹. 54.77 Lac i.e. 10% of the total interest as per the scheme. No Dues Certificate of Sales Tax authorities is awaited.

#### 21. Operating Leases:

- (a) Electrode and Gas Units of the Company has taken following premises and Plant & Machinery on operating lease basis {Refer Note 27(9)(b)}.

Disclosure requirement as per AS-19 are as under:

(₹ in Lac)

Period	Year ended 31.03.2016	Year ended 31.03.2015
Not later than one year	82.07	82.20
Later than one year but not later than five years.	127.63	Nil
Later than five years.	Nil	Nil

The above includes:

- (i) During the financial year 2011-12, Gas Unit of the Company has entered into lease agreement, as amended, with Weld Excel India Ltd. (WEIL), a related party, taking Oxygen filling plant under operating lease for 2 years non cancelable lease period at monthly rent of ₹. 1.00 Lac up to 31st December, 2014 which was extended by one year in 2014-15. The Company has further renewed this agreement for One year up to 31st December, 2016 at the same rent.
- (ii) During the financial year 2010-11, Electrodes unit of the Company has taken office premises in Delhi on sublease basis from WEIL, a related party, under operating lease for an initial period of three years as non-cancelable period at monthly rent of ₹ 4.15 Lac and the lease was further renewed for a period of three years w.e.f. 1st April, 2013 at an increase of 15% over the current lease rent i.e. ₹ 4.78 Lac pm. Lease agreement has now been further renewed at reduced rent of ₹ 4.15 Lac pm for a period of three year w.e.f. 1st April, 2016.
- (iii) Electrodes unit of the Company has taken premises for office cum guest house cum residence of Managing Director in Chattarpur, New Delhi on operating lease basis and having sharing arrangement with WEIL with effect from 1st November,

2011 (for a period of two years and further extended till 31st December, 2016) at a monthly rent of ₹ 1.60 Lac with effect from 1st January, 2015 (our share net of recovery from Managing Director).

- (iv) 1633 cylinders (Previous year 1633 cylinders) taken from Weld Excel India Limited on operating lease at a monthly rent of ₹ 45/- per cylinder since 1st June, 2012 for three years, has been further renewed for another 5 year w.e.f. 1st June, 2015 on same rent.
- (b) Modi Distillery Unit has entered with in an operating lease agreement for Evaporatorion Plant on 01/10/2016 with G.S. Pharmabutor Private Limited, Modinagar which was extended for a period of three years on 01.10.2019. Details as under:

Particulars	Evaporatorion Plant	
	2019-20	2018-19
Lease Period	3 Years	3 Years
Total Lease Rent Payable	210.39 Lacs	180.00 Lacs
Paid during 2019-20	35.07 Lacs	30.00 Lacs
Payable during 2020-21	70.13 Lacs	30.00 Lacs
Payable during 2021-22 to not later than 5 years	105.19 Lacs	Nil

- (c) Modi Sugar Unit has entered with an operating lease agreement for 80 Ton PAN & Centrifugal Machine on 15.10.2017 with G.S. Pharmabutor Private Limited, Modinagar. Details as under:

Particulars	80 Ton PAN & Centrifugal Machine	
	2019-20	2018-19
Lease Period	3 Years	3 Years
Total Lease Rent Payable	126.00 Lac	126.00 Lac
Payable as on 31st March, 2020	22.75 Lac	64.75 Lac
Payable during 2020-21	22.75 Lac	42.00 Lac
Payable during 2021-22 to not later than 5 years	NIL	22.75 Lac

22. The Distillery Unit declared cessation and lock-out of the Unit with effect from 19th December, 1991 and 5th January, 1992 respectively. The lockout has since been lifted. The U.P. Government, suo moto, has referred the matter to the Industrial Tribunal to decide the legality of the lockout. Pending final decision, no provision has been made for wages ₹ 27.46 Lac for the lockout period.
23. Provision/payments (including value of perquisites) has been made to Managing Directors for the remuneration of ₹ 80.68 Lac in terms of shareholders resolution, which is subject to approval of the Financial Institutions.
24. No provision has been made for Earned Leave for Steel Unit upto 1991-92, amount unascertained.
25. Allahabad Bank had filed a recovery suit for recovery of ₹ 2141 Lac against Modi Industries Limited and others before the Debt Recovery Tribunal (DRT), Lucknow in April, 2005. The Company challenged the recovery suit on the grounds that bank required prior permission under section 22 (1) of

- the Sick Industrial Companies (Special Provisions) Act, 1985 for filing recovery suit. Debt Recovery Tribunal, Lucknow, allowed continuation of recovery suit against which Company filed appeal with Debt Recovery Appellate Tribunal, (DRAT) Allahabad. The DRAT had stayed further proceedings by DRT in the matter. A writ petition was filed by the Company before the Lucknow Bench of Allahabad High Court challenging the orders of the DRT, Lucknow and DRAT, Allahabad. The Lucknow Bench of Allahabad High Court noting the contention of the Company has disposed off the Writ Petition by its order dated 18th July, 2008. The Company has filed review petition against the said order seeking the quashing of the Allahabad Bank's suit before the DRT, which is still pending.
26. Due to a fire on 13-07-2019 in the office premises and records room of Sugar and Distillery Units of the Company, most of the records including supporting documents/invoices etc. of transactions attached with the vouchers for the Financial Year 2014-2015 to 2018-19 and for the period April 2019 to the date of fire were destroyed/damaged almost completely. These accounting records which includes initial accounting entries, reconciliations & other work sheets etc. will be re-generated and supporting records such as invoices, contracts, checks and records of electronic fund transfers etc. will be obtained from the third parties to the extent possible and this process will take considerable amount of time. In the meanwhile, since the accounting data including all ledgers stored in computer ERP system, were intact, this facilitated the preparation of Financial Statements of Sugar and Distillery Units of the Company for the Financial Year 2018-19 and 2019-20.
27. No confirmation letters were sent to debtors/creditors. In the absence of such confirmations, the balances in respect of Sundry Debtors/Creditors, borrowing loans and advances given including interest accrued and other accounts are taken as shown by the books of accounts and are subject to adjustments and reconciliation, if any.
28. In view of non-viability of the Vanaspati Unit, which was a separate business segment as per AS-17, Segment Reporting, the Company declared closure of the Unit with effect from 3rd February, 2003 and prior information, as required under law, was given to the State Government on 4th December, 2002. The closure is consistent with the Company's strategy to focus on its other viable manufacturing activities.
29. Delhi Excise Authorities issued Show Cause Notices and raised demand for ₹ 167.43 Lac towards Risk-Purchase of Country Liquor in view of non-supply of the same by Distillery Unit of the Company. Company has disputed the above demand and a Writ Petition was filed before the Hon'ble Delhi High Court who ordered the case to be referred back to Collector of Excise for taking final decision. The Collector of Excise vide its order dated 27th June, 2003 has confirmed the above demand against which the Company has filed a writ petition before the Hon'ble Delhi High Court. On the basis of orders of Hon'ble Delhi High Court, the Company has deposited ₹ 50.00 Lac till date against the above demand. No provision is considered necessary at this stage since the matter is sub-judice.
30. (A) **Exceptional Items of the current financial year:**
- (i) During the current financial year ended 31<sup>st</sup> March, 2020, the Sugar Unit of the Company has paid interest of ₹ 2783.90 Lacs on cane arrears for the Sugar Season 2015-16 and Sugar Season 2017-18 and ₹ 58.50 Lacs on commission payable to cane societies. Interest amount of ₹ 2783.90 Lacs related for the period upto 31<sup>st</sup> March, 2019.
- (ii) During the current year the company has paid quality claims of ₹ 222.58 Lacs which includes ₹ 156.04 Lacs relating to sales affected till 31.03.2019 and balance amount of ₹ 66.54 Lacs relates to closing stock as on 31.03.2019 which was sold later on.
- (iii) The Company had issued 2,27,960 partially convertible debentures (12.5% interest) of ₹ 250 each pursuant to the Board meeting held on 31.03.1986. Non-convertible portion of ₹ 200/- each is unpaid in respect of 1,63,046 debentures as on 31.03.2020 and further the details are given below.
- (a) The convertible part of ₹ 50/- of the fully paid-up debentures was duly converted into 5 equity shares of ₹ 10/- each as per the terms of the issue and non-convertible portion of ₹ 200/- each continued with Modi Industries Ltd.
- (b) Out of the total Debentures issued by the company, 57,869 number of Debentures were subscribed by the Promoter group, and subsequently, 57,012 Debentures were purchased by Citibank on 30.06.1989 from the Promoter Group. The said debentures were transferred to Citibank before the redemption period of the said Debentures. Subsequently, Citibank transferred the said 57,012 Debentures to Canbank Financial Services Ltd. on 31.12.1992 again much before the date of redemption of the said Debentures.
- (c) As per the terms of the issue of the Debenture document as well as Agreement executed between Modi Industries Ltd. and Debenture Trustee dated 31.05.1990, the said Debentures were required to be redeemed at best within 7 – 9 years. The Condition no. v of the issue of the said Debentures (as well as Article – III, Clause – v of the debenture agreement) deals with Redemption and the same is reproduced herein below:
- “The Non-convertible part of ₹ 200 of each Debenture shall be redeemed at par in three annual installments of ₹ 65/-, Rs. 65/- and ₹ 70/- at the end of 7, 8 and 9 years respectively from the date of allotment. The interest on the Debentures shall cease to accrue and shall cease to be payable from the dates of their redemption.”*
- (d) The records available with the company shows that the said Debentures purchased by Canbank Financial Services Ltd. were not presented for redemption on the expiry of 7th, 8th and 9th year respectively as per the terms of the issue of Debentures and the same were unlawfully transferred to 3A Capital Services Ltd. on 14.11.2015 and 09.02.2016. The transfer of the said 57,012 Debentures in favor of 3A

Capital Services Ltd. was inadvertently and under an incorrect impression of law was recorded by Modi Industries Ltd.

(e) The transfer in favour of 3A Capital Services Limited was per se bad since the same was done after the expiry of mandatory period of redemption as per the terms of the issue of Debentures as well as provisions of the Companies Act, 2013 (and the Companies Act, 1956). Modi Industries Ltd. in its Board Meeting held on 14.11.2019 had revoked the transfer of the said 57,012 Debentures in favour of 3A Capital Services Ltd. and has restored the same in favour of Canbank Financial Services Ltd. The said action taken by the company in its Board Meeting was duly communicated to 3A Capital Services Ltd. as well as to Canbank Financial Services Ltd. vide letters dated 14.11.2019 and 23.11.2019 respectively.

(f) After a lapse of almost 4 years since the incorrect purchase of the Debentures, 3A Capital Services Ltd. filed a petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 before NCLT, Allahabad inter alia claiming an amount of ₹ 850 Lac approx. against the said 57,012 Debentures. The petition filed by 3A Capital Services Ltd. was withdrawn on the first date of hearing i.e. 07.11.2019 with the liberty to file fresh petition.

(g) Pursuant to the above, Modi Industries Ltd. filed a Civil Suit before the District Court, Ghaziabad inter alia contending that 3A Capital Services Limited is not the rightful owner of the 12.5% 57,012 Non-Convertible Debentures held by them. The Ld. Civil Judge (Sr. Div.) District Court, Ghaziabad vide order dated 27.11.2019 was pleased to admit the said suit filed by the Company and further the Ld. Court granted an injunction against 3A Capital Services Ltd., inter alia, restraining 3A Capital Services Ltd. from seeking redemption of the 57,012 Debentures held by them.

(h) Thereafter, 3A Capital Services Ltd. has now again filed a fresh petition under Section 7 of the Insolvency and Bankruptcy Code 2016 before NCLT, Allahabad to recover an amount of Rs. 5800 lac approx. against the Debentures held by them, wherein the principal amount claimed is only ₹ 114.02 lac and the interest amount claimed is ₹ 5713.63 lac.

(i) The purported claim made by 3A Capital Services Limited in the petition filed before NCLT, Allahabad is not only baseless and frivolous but the same is hopelessly barred by time. 3A Capital Services Ltd. in support of their claim has relied upon the earlier Balance Sheet of the Modi Industries Ltd. to show that their claim is not time barred, however, the fact of the matter is that the reliance placed on the Balance Sheet is misplaced and misdirected and there is no admission of interest in the Balance Sheet.

(j) It is hereby clarified for all purposes the amount claimed by 3A Capital Services Ltd. is not admitted by Modi Industries Ltd and they have merely placed reliance on mere notes to accounts and the amount mentioned under the category of Contingent Liability (calculated since 2004) to show that there is admission of the amount claimed by 3A Capital Services Ltd. The so-called liability as claimed by 3A Capital Services Ltd. is not an admitted liability and that is why it is mentioned under the category of Contingent Liabilities and notes thus it was not provided for.

(k) The Company had also realized that the calculation of the amount in respect of the category of Debenture Holders carrying 12.5% which has been provided for up till the year 2004 was also incorrect keeping in mind the provision of the Companies Act, 2013 read with the relevant terms of the debenture document.

(l) In view of the above and also relying on the legal opinion, the Board of Directors of the Company on the recommendation of the Audit Committee of the Board approved provision / payment of interest till the specified / mandatory date of redemption of these debentures i.e. till 7th, 8th & 9th year from date of issue only and not thereafter.

(m) In view of the above the following scenario emerges;

(i) The interest that had to be provided in respect of the above said debentures was up to the date of redemption respectively, amounting to ₹ 541.00 Lacs (excluding principal)

(ii) The Interest amounting to ₹ 1,423.66 lac which had been wrongly provided up to 31.03.2004 in the P& L Account has been written back as an "Exceptional Item" in the Statement of Profit and Loss for the year ended 31st March, 2020 as per Accounting Standard 5 i.e. "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies"

(iii) Additionally, an interest amounting to ₹ 12,702.53 Lac (calculated from the Financial Year 1.04.2004 to 31.03.2019) which was put under the category of contingent liability and notes (interest not provided for) now stands omitted.

**(B) Exceptional Items of the previous year:**

During the previous financial year ended 31<sup>st</sup> March, 2019, the Sugar Unit of the Company has paid interest of ₹ 415.02 Lacs for the Sugar Season 2015-16 and partly for the sugar season 2017-18 Interest amount of ₹ 415.02 Lacs related for the period upto 31<sup>st</sup> March, 2018.

31. Deferred Tax Assets are ₹. 7,145.36 Lac as on 31st March, 2020 (Previous year ₹ 7,138.91 Lac) constituting mainly of unabsorbed depreciation, unabsorbed losses, provision for doubtful debts, provisions disallowed and interest on term loans disallowed in Income Tax. On conservative basis as required by the Accounting Standard 22, the net Deferred Tax Assets have not been recognized and position will be re-assessed at next balance sheet date. However, the estimated Deferred Tax Assets and Liabilities details are given as under:

(₹ in Lac)

Description	As at 31.3.2020	As at 31.3.2019
<b>Deferred Tax Assets :</b>		
(i) Disallowances under the Income Tax Act.	1399.51	1448.44
(ii) Provision for Doubtful Debts	477.06	381.49
(iii) Unabsorbed Depreciation	439.64	425.92
(iv) Unabsorbed Loss	5805.18	4883.06
<b>Total</b>	<b>8121.39</b>	<b>7138.91</b>
<b>Deferred Tax Liabilities:</b>		
(i) Expenses claimed in return but not charged to revenue in books of account	976.03	-
<b>Total</b>	<b>976.03</b>	<b>-</b>
<b>Deferred Tax Assets (Net)</b>	<b>7145.36</b>	<b>7138.91</b>

32. Till 31<sup>st</sup> March, 2016, certain Quarters of the Company were occupied unauthorisedly by ex-employees/outside. The Company has entered into "Agreement to Sell" for 215 (Previous year 215), such residential quarters with such parties. Sale consideration amounting to ₹ 504.50 Lac (Previous year ₹ 504.50 Lac) has been received as interest free advance. These "agreements" clearly stipulates that final sale of such quarters are subject to approval of Financial Institutions to whom these quarters have been mortgaged and the Company proposes to seek the same before affecting final sale of such quarters. Accordingly the sale of such quarters will be accounted for only on receipt of approval of Financial Institutions. Further the Company has been legally advised that it can enter into such "Agreements to Sell" {Refer Note 27(9)}.

33. (a) The Steel Unit of the Company has entered into few leases, including perpetual leases, agreements for certain portions of the factory land and building 40,141.91 Sq. Mtrs (Previous year 32,080.28 Sq. Mtr.) for which approval of financial institutions, to whom the factory land and buildings are mortgaged, is yet to be obtained. However, the Company has been legally advised that it can enter into such lease agreements. Further, the lease money was mainly utilized for payment of workers and statutory dues.

(b) The Company has entered into a perpetual lease agreement for certain portion of closed Soap factory, land & building (1584 sq. mtrs.) to a related party. As the said land and building is mortgaged with the financial institutions therefore the Company had sought the approval of IDBI Limited (the

lead financial institution) to the said transaction vide its letter dated 6th September, 2006. Since IDBI Limited did not respond, therefore the Company again wrote a letter to IDBI Limited on 5th April, 2007 requesting for its approval to the said transaction. The Company in the letter under reference also mentioned that if IDBI Limited does not respond to the Company's request, it will be deemed that the Company's request has been approved by IDBI Limited and the Company will go ahead with the said leasing agreement. The IDBI has so far not responded to the Company's letter.

34. (a) Recovery Certificate (RC) was issued on 1st May, 2004 on account of non payment of cane price / commission / interest due to Co-operative Societies for the sugar season 2003-04. The Hon'ble High Court has stayed the recovery proceedings against the Company subject to payment of dues upto 31st July, 2004. The Company has complied with the conditions regarding payment of cane price and commission on basic SMP upto 31st July, 2004. However, the Company has disputed the payment of interest of ₹ 142.00 Lac and recovery charges of ₹ 236.00 Lac in the Hon'ble Allahabad High Court which is still pending. On consideration of prudence, the Company has made provision for interest of ₹ 142.00 Lac during the year 2004-05.

(b) Recovery Certificate (RC) was issued on 10th August, 2007 on account of non payment of cane price / commission / interest due to Co-operative Societies for the sugar season 2006-07. The above RC also includes interest of ₹ 340.66 Lac upto 7th August, 2007 on cane price / commission payable to societies and recovery charges of ₹ 426.95 Lac which has not been provided for in the books of account. As per the Interim Order dated 27th February, 2008 of Hon'ble Supreme Court, there shall not be any recovery charges or interest for delayed payment at this stage.

(c) Recovery Certificate (RC) was issued on 18th March, 2008 on account of non payment of cane price / commission / interest due to Co-operative Societies for the sugar season 2007-08. The above RC also includes recovery charges of ₹ 413.50 Lac which has not been provided for in the books of account.

(d) Recovery Certificate (RC) was issued on 20th April, 2011 on account of non-payment of cane price / commission / interest due to Co-operative Societies for the sugar season 2010-11. The above RC also includes recovery charges of ₹ 268.25 Lac which has not been provided for in the books of account as stay granted by Hon'ble Allahabad High Court.

(e) Recovery Certificate (RC) was issued on 21st February, 2014 on account of non payment of cane price / commission / interest due to Co-operative Societies for the sugar season 2012-13. The above RC also includes interest of ₹ 1246.58 Lac and recovery charges of ₹ 450.79 Lac. No provision has been made for recovery charges in the books of account. Hon'ble Allahabad High Court vide its order dated 16th April, 2014 has stayed the recovery charges of ₹ 278.99 Lac. Further the Company has paid interest on cane arrears.

- (f) Following three recovery certificates were issued by Cane Commissioner for Sugar Season 2013-14 to 2015-16 on account of delayed – payment of cane price / interest due to Co-operative Societies:

(₹ in lac)

Sugar Season	Interest as per RC	Total Interest Liability	Recovery Charges
2013-14	803.85	2,138.58	1,704.67
2014-15	1,300.78	2,378.57	1,703.95
2015-16	979.65	1,763.36	1,394.81

(i) **Recovery Charges:**

Writ petitions were filed against recovery charges by the Company and Hon'ble Allahabad High Court vide its order dated 4<sup>th</sup> May, 2017 stayed recovery charges for the above three sugar seasons and directed the authorities to reconsider issue of 10% recovery charges in the light of directions issued in the case of Mahrajwa and others vs State of U.P. and others. Further proceedings are pending.

(ii) **Interest Charges:**

State Government waived interest charges of the above three sugar seasons. In a writ filed against the above by Rashtriya Kisan Mazdoor Sangathan, the Hon'ble Allahabad High Court set aside the above decision of the State Government for waiver of interest for all the three years 2012-13, 2013-14, 2014-15 and asked the Cane Commissioner to look into the grievance of farmers that has been so raised and then examine the claim of each and every Company on the parameters that have been so detailed in the order. Cane Commissioner will take final call in the matter within next four months from the date of receipt of certified copy of the order dated 09/03/2017 as per law.

Further proceedings are pending.

(g) No provision for Interest of ₹ 511.70 Lac for the period upto 31st March, 2020 for the Sugar Season 2019-20 has been made.

(h) No provision for interest of ₹ 2616.61 Lacs (Previous year ₹ 430.80 Lac) for the period upto 31st March, 2020 for the Sugar Season 2018-19 has been made.

(i) Recovery Certificate (RC) was issued on 20th February, 2020 on account of non payment of cane price/commission/Interest due to Co-operative Societies for the sugar season 2018-19. The above RC also includes recovery charges of ₹ 1041.79 Lac. In view of the direction issued in case of Mahrajwa (Supra) as stated in note 34(f)(i) above, no provision for recovery charges is considered necessary by the management.

(j) Recovery Certificate (RC) was issued on 12th October, 2020 on account of non payment of cane price/commission/Interest due to Co-operative Societies for the sugar season 2019-20. The above RC also includes recovery charges of Rs. 2416.46 Lac. In view of the direction issued in case of Mahrajwa (Supra) as stated in note 34(f)(i) above, no provision for recovery charges is considered necessary by the management.

35. Undertakings given to Financial Institutions on behalf of Lords Chloro Alkali Limited, Modi Rubber Limited and Bihar Sponge Iron Limited:

(a) To procure funds jointly/severally with other promoters to meet any shortfall in the resources of the Company for completing their projects and/or for working capital. The funds made available/to be made available can only be withdrawn with the prior approval of Financial Institutions and shall not involve any charge or lien on the assets of the said Companies.

(b) That the company shall not transfer, assign, pledge, hypothecate or otherwise dispose of in any manner its holding in their capital without Institutions' prior approval in writing.

36. The following are the particulars of dues on account of sales tax, excise duty, income tax and others as at 31st March, 2020 that have been disputed by the Company in appeals pending before appellate authorities {Refer Note No. 27(4) and 27(9)}.

Name of statute	Nature of the dues	Amount of dues (₹ Lac)	Amount deposited under protest (₹ Lac)	Period to which the amount relates	Forum where disputes is pending
U.P.VAT Act	VAT Tax, Penalty, Interest, Exemption to New Units.	2732.96	24.79	1982-83 to 1984-85, 1987-88, 1990-91 & 1991-92, May 91 to March 96	Allahabad High Court.
	VAT Tax and Penalty	@ 177.38	94.49	1984-85 to 1986-87, 1988-89, 1992-93, 2000-01 to 2001-02, 2007-08	Commercial Tax Tribunal, Ghaziabad
	VAT Tax and Penalty	455.26	254.28	1986-87, 1994-95 to 99-2000	Joint Commissioner (A), Ghaziabad.
	VAT Tax	0.12	-	2005-06	Deputy Commissioner. (Assessment), Modinagar.
	Penalty under VAT Tax	4.37	0.45	2008-09	Trade Tax Tribunal, Ghaziabad
Central Sales Tax Act	Central Sales Tax	148.25	13.10	1988-89, 1992-93, 1997-98 and 2000-01	Commercial Tax Tribunal, Ghaziabad.
	Central Sales Tax	51.17	20.30	1994-95 to 1996-97 and 1999-2000	Joint Commissioner Sales Tax, Ghaziabad
	Central Sales Tax	1.01	-	2005-06	Deputy Commissioner (A), Modinagar
State Sales Tax Act	State Tax	10.56	0.20	1992-93	Additional Commissioner, Sales Tax, Delhi.
	Sales Tax	5.97	2.00	1985-86, 1997-98, 2002-03, 2004-05 & 2005-06	State Tax
	Sales Tax	0.82	0.05	2014-15	State Tax
	Penalty (HGST)	0.30	-	1991-92	Tribunal Sales Tax, Chandigarh.
	State Tax	15.79	1.79	1989-90 to 1993-94, 1998-99 and 2006-07	Deputy Commissioner (A), States
Central Sales Tax Act (States)	Central Sales Tax	1.92	0.29	1988-89 to 1992-93.	Appellate Authority/ DC (Appeals), Delhi
Central Excise & Custom Act	Custom duty	*43.91	-	1.3.2001 to 25.4.2001	Civil Court, Ghaziabad.
	Excise Duty	0.70	-	2002-03 & 2003-04	Supreme Court of India.
	Excise Duty	70.40	-	2008-09 to 2012-13	Commissioner (Appeals), Meerut.
Central Excise & Custom Act	Excise Duty	167.43	50.00	1985-86	Delhi High Court
		0.49	0.25	2004-05	Allahabad High Court.
		0.74	0.20	1996-97	Commissioner of Central Excise, Ghaziabad.
		**56.66	-	February, 1981 to February, 1987 October 2002 to January 2005	CESTAT
		5.00	-	Information not available.	Information not available.
		6.34	6.34	2009 onwards	Supreme Court of India
Income Tax	Penalty	209.59	-	2007-08 and 2008-09	Income Tax Appellate Tribunal, New Delhi

@ Provided for ₹ 82.60 Lac in the Accounts

\*Provided for in the Accounts.

\*\*Provided for ₹ 32.20 Lac in the Accounts

37. **RELATED PARTIES DISCLOSURE**

1. **Entities under the control of the Company:**

Subsidiaries:

Own Investment (India) Limited

Your Investment (India) Limited

2. **Key Management Personnel :**

Shri Umesh Kumar Modi

Shri Mahendra Kumar Modi \*

\*Ceased to be Managing Director/Director with effect from 9th September, 2020.

3. **Other Related Parties with whom the Company had transactions etc :**

Enterprises over which the Key Management Personnel and their relatives are able to exercise significant influence:

Modipon Limited

Ashoka Mercantile Limited

Weld Excel India Limited

Bihar Sponge Iron Limited

SBEC Bio-energy Limited

SBEC Sugar Limited

Moderate Leasing & Capital Services Limited

Modi Hitech India Limited

Technicast Engineers Limited

SBEC System India Limited

Modi Mundipharma Private Limited

Win-Medicare Private Limited

Modi Motors Private Limited

Modi Illva India Private Limited

Modi Line Travel Services Private Limited

Modi Mundipharma Beauty Products Private Limited

Modi Senator (India) Private Limited

Jayesh Tradex Private Limited

A to Z Holding Private Limited

4. **Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2020:**

(A) **Transactions with the enterprises over which the Key Management Personnel and their relatives are able to exercise significant influence: (Refer Foot Note 1 below)**

(₹ in Lac)

	2019-20	2018-19
<b>Sale of Goods</b>		
SBEC Sugar Limited	4.70	10.32
Win Medicare Private Limited	1.20	1.70
Modi Illva India Private Limited	0.71	0.52
	<b>6.61</b>	12.54
<b>Purchase of Goods/Raw Materials</b>		
SBEC Sugar Limited	37.40	15.30
Jayesh Tradex Private Limited	133.01	85.51
Modi Hitech India Limited	19.30	17.01
Modi Motors Private Limited	9.12	3.01
Modi Mundi Pharma Beauty Products Private Limited.	3.06	13.53
Others	-	0.04
	<b>201.89</b>	134.40



	(₹ in Lac)	
	2019-20	2018-19
<b>Purchase of Assets</b>		
Jayesh Tradex Private Limited	5.63	3.37
<b>Purchase of Foreign Currency</b>		
Moderate Leasing & Capital Services Limited	0.80	2.18
<b>Rental Income</b>		
Win Medicare Private Limited	85.55	77.49
Modi Motors Private Limited	12.00	12.00
Modi Mundipharma Private Limited	10.89	10.89
SBEC Sugar Limited	0.15	0.15
Modi Mundi Pharma Beauty Products Pvt.Ltd.	0.36	0.36
Others	0.33	0.33
	<u>109.28</u>	<u>101.22</u>
<b>Payment of Lease Rent</b>		
SBEC Bio-energy Limited	9.49	9.49
<b>Expenses reimbursed</b>		
Win Medicare Private Limited	0.26	0.30
SBEC Sugar Limited	0.15	-
Jayesh Tradex Private Limited	0.64	0.89
	<u>1.05</u>	<u>1.19</u>
<b>Expenses realized</b>		
SBEC Sugar Limited	-	0.03
<b>Interest paid on Loan taken</b>		
Moderate Leasing & Capital Services Limited	45.63	491.53
<b>Loan and Advances taken</b>		
Moderate Leasing & Capital Services Limited	1074.00	1240.38
<b>Receiving of Services</b>		
Modi Line Travel Services Private Limited	19.93	27.06
SBEC Sugar Limited	0.68	-
	<u>20.61</u>	<u>27.06</u>
<b>Fund received</b>		
SBEC Sugar Limited	-	20.00
<b>Refund of Loan and Advance</b>		
Moderate Leasing & Capital Services Limited.	1052.47	3392.84
<b>(B) Balances outstanding at the year end:</b>		
(Refer Foot Note 1 below)		
<b>Interest recoverable</b>		
Ashoka Mercantile Limited {Foot Note No.1(b) and 6}	64.07	64.07
<b>Amount recoverable</b>		
Good	16.71	20.22
Doubtful	3.78	3.78
<b>Security deposit to Weld Excel India Limited</b>		
Against Cylinders	32.66	32.66
Against Oxygen Filling Plant {Foot Note No.1(b) and 5}	4.00	4.00

	(₹ in Lac)	
	2019-20	2018-19
<b>Security deposit recoverable for quarters</b>		
{Foot Note No.1(b) and 6}		
Ashoka Mercantile Limited	798.30	798.30
Modipon Limited	147.63	147.63
<b>Interest payable</b>		
Moderate Leasing & Capital Services Limited	41.07	88.32
<b>Amount payable</b>		
Weld Excel India Limited {Foot Note 1(b)}	323.15	323.15
SBEC Sugar Limited	623.53	642.99
SBEC Bioenergy Limited	19.60	10.27
Modi Mundi Pharma Beauty Products Private Limited	37.11	34.06
Jayesh Tradex Private Limited	37.47	32.20
Modi Motors Pvt. Ltd.	5.85	-
Modi Hitech India Limited	21.65	22.83
Modi Line Travel Services Private Limited	2.35	4.45
Others	5.69	5.69
<b>Unsecured Loan taken Outstanding</b>		
A to Z Holding Private Limited	24.89	24.89
Moderate Leasing & Capital Services Limited	110.65	-
Weld Excel India Limited {Foot Note 1(b)}	45.00	45.00

**(C) Payment to the Key Management Personnel:** (₹ in Lac)

	Year	
	2019-20	2018-19
i) <b>Amount payable (for gratuity)</b>	3.35	3.35
ii) <b>Shri Mahendra Kumar Modi@</b>	0.01	0.01

@Refer Foot Note 1(b) below.

**Foot Notes:**

- The above excludes amount payable/receivable to/from related parties in the books of Steel Unit in view of non-incorporation of Balance Sheets for these years on account of non-availability of opening audited balances as on 01.04.1993.
  - Transactions with the enterprises over which the Key Management Personnel and their relatives are able to exercise significant influence excludes amounts relating to Electrode, Paint and Gas Units and Central Accounts Department (CAD) for the years 2018-19 and 2019-20 in view of non-incorporation of financial statements of these units and CAD {Note No. 27(9)}.  
Balance outstanding as on 31st March, 2019 and 31st March, 2020 of related parties in the books of these units/CAD are not available. Hence, as stated in Note No. 27(9)(b) above, balances outstanding as on 31st March, 2016 and Foot Notes given below in 2015-16 have been repeated in the current year also without updating for changes, if any, happened subsequently.
- During the financial year 2010-11, Electrodes Unit of the Company has taken office premises in Delhi on sublease basis from Weld Excel India Limited (WEIL), a related party, under operating lease for an initial period of three years as non-cancelable period at monthly rent of ₹ 4.15 Lac and the lease was further renewed for a period of three years w.e.f. 1st April, 2013 at an increase 15% over the current lease rent i.e. ₹ 4.78 Lac per month. Lease agreement has now been further renewed at reduced rent of ₹ 4.15 Lac per month for a period of three years w.e.f. 1st April, 2016. {Refer Foot Note No.1(b) above}.
- Electrode Unit of the Company has taken premises for office cum guest house cum residence of Shri M.K. Modi in Chatarpur, New Delhi on operating lease basis and having sharing agreement with WEIL with effect from 1st November, 2011 (for a period of two years and further extended till 31st December, 2016) at monthly rent of ₹ 1.60 Lac with effect from 1st January, 2015 (our share net of recovery for Shri M.K. Modi). The Company is legally advised that sharing of lease/rent between related party are not covered under the provisions of related party transactions specified under section 188 of the Companies Act, 2013. {Refer Foot Note No.1(b) above}.

4. Electrode Unit of the Company had entered into a trade mark license agreement with WEIL with effect from 1st May, 2009 (for the period five years and further extended on 1st May, 2014 for next six years) wherein the right to use MODI's trade mark, logo and brand for arc welding filler metals and welding equipments was given to WEIL at a royalty of 1% of the net sale price. {Refer Foot Note No.1(b) above}.
5. Oxygen Filling Plant taken on operating lease for 2 years (non-cancelable) on 1st January, 2012 at monthly rent of ₹ 1.00 Lac was renewed for period of one year from 1st January, 2015 to 31st December, 2015. Lease period subsequently extended for one more year w.e.f. 1st January, 2016 at the same monthly rent of ₹ 1.00 Lac. {Refer Foot Note No.1(b) above}.
6. Unsecured Security deposits amounting to ₹ 798.30 Lac as on 31st March, 2016 given during May, 2011 against temporary possession of 43 (Previous year 47) houses in Modinagar on which interest charged @ 8.50% with effect from 1st April, 2014. {Refer Foot Note No.1(b) above}.
7. The Hon'ble Supreme Court in SLP (Civil) No. 23095-23097 of 2010 (M.K. Modi Vs. U.K. Modi) has passed an order dated 27th August, 2010 directing to maintain 'Status quo' with regard to the Management of the Company. An application was filed on 28th August, 2018 by the Company seeking clarification in the matter titled as M.K. Modi Vs. U.K. Modi & Ors. (SLP No. 23095-97 of 2010) before the Hon'ble Supreme Court of India. Clarification in the matter is still awaited.

In view of the above the Company could not appoint additional independent director to enable it to comply with the provisions of Section 177 and 188 of the Companies Act, 2013, with respect to transactions with the related parties where applicable. Further, most of the transactions entered into by the Company during the year ended 31st March, 2020 were in the ordinary course of business and were also on arm's length basis.

38. Deferred credit including liability for interest payable for unexpired period have been guaranteed by the Bankers of the Company against hypothecation of Gas Cylinders and Machinery purchased under the Scheme in Steel Unit.
39. Impairment of assets, if any, as per Accounting Standard AS-28 i.e. impairment of assets has not been ascertained in Sugar Unit.
40. Impact of componentization of Property, Plant & Equipment and ascertaining useful life and original cost/estimated value of such components as on 1st April, 2015 as required by the amended Schedule II of the Companies Act, 2013 is pending. Impact, if any, on the depreciation for the year ended 31st March, 2017, 31st March, 2018, 31st March, 2019 and 31st March, 2020 are yet to be ascertained by the Management.
41. Short term unsecured interest free advances amounting to ₹ 30.00 Lac given to a Party during the period April, 2017 to March, 2018 is outstanding as on 31st March, 2020 which has now been transferred to another party during the current financial year.
42. Previous year's figures have been regrouped wherever necessary.
43. Additional information as required by Schedule III of Companies Act, 2013:

(i) **Prior period items:**

(₹ in Lac)

Sl. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
(A)	<b>Income</b>	-	-
	<b>Total</b>	-	-
(B)	<b>Expenditure</b>		
	(i) Quality Claim	156.04	-
	(ii) Employees Benefit Expenses	0.05	-
	(iii) Reduction in Value of Closing Stock	66.54	-
	(iv) Other expenses (Net of reversal)	2.56	5.21
	<b>Total</b>	<b>225.19</b>	<b>5.21</b>

## (ii) Cost of materials consumed:

(₹ in Lac)

Sl. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
(a)	Sugar cane	28,111.45	28,426.33
(b)	Molasses	117.38	3.70
(c)	Extra neutral alcohol (ENA)	2,290.61	1,424.03
(d)	Vatted Malt Scotch Whisky	2,312.74	2,529.40
(e)	Blended Malt Scotch	219.80	200.74
(f)	Others	411.51	286.60
	<b>Total</b>	<b>33,463.49</b>	<b>32,870.80</b>

## (iii) Manufactured goods:

(₹ in Lac)

Sl. No.	Particulars	Sales @		Opening Inventory		Closing Inventory	
		For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	Sugar	32,580.58	29,536.07	6,673.33	5,919.00	5,454.83	6,673.33
(b)	Molasses (By product)	1,070.94	164.04	155.89	15.70	468.59	155.89
(c)	Bagasse (By product)	334.74	511.00	34.36	11.74	29.00	34.36
(d)	Spirit	9.61	60.97	13.04	81.35	73.66	13.04
(e)	Extra neutral alcohol (ENA)	-	-	0.40	0.40	-	0.40
(f)	Indian made foreign liquor (IMFL)	52,960.86	38,752.99	2,146.61	1,204.20	3,198.15	2,156.61
(g)	Blended Scotch Whisky	223.99	208.67	-	-	-	-
(h)	Bio-organic manure	23.45	25.06	-	3.27	-	-
(i)	Special denatured spirit	243.85	527.42	-	-	5.37	-
(j)	Paints & Varnish *	-	-	101.86	101.86	101.86	101.86
(k)	Disolved Acetylene *	-	-	3.42	3.42	3.42	3.42
(l)	Carbon di oxide *	-	-	0.33	0.33	0.33	0.33
(m)	Argon *	-	-	0.01	0.01	0.01	0.01
(n)	Oxygen *	-	-	0.23	0.23	0.23	0.23
(o)	Welding Electrodes*	-	-	130.13	130.13	130.13	130.13
(p)	Wires**#	-	-	2.52	2.52	2.52	2.52
(q)	Rods,Flats, Sections**	-	-	398.25	398.25	398.25	398.25
(r)	Oxygen Gas**	-	-	0.05	0.05	0.05	0.05
(s)	Scrap & Others**	-	-	54.81	54.81	54.81	54.81
	<b>TOTAL</b>	<b>87,448.02</b>	<b>69,786.22</b>	<b>9,725.24</b>	<b>7,927.27</b>	<b>9,921.21</b>	<b>9,725.24</b>

\*\* This represents figures of Steel Unit as at 31st March, 1992. { Refer Note No 27(4) }.

@ Inclusive of Excise-duty but excludes rebates and discounts.

# Refer Note No. 27(4)(f)(ix) for difference in value of opening and closing stocks of Rs.292.83 Lac.

(Previous year Rs.147.28 Lac)

\* This represents figures of Electrode, Paint and Gas Units as on 31st March 2016 {Refer Note no. 27(9)}

## (iv) \*Traded goods:-

(₹ in Lac)

SI No.	Particulars	Sales		Purchases		Opening Inventory		Closing Inventory	
		For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	Satina Uni. Stainer	-	-	-	-	0.01	0.01	0.01	0.01
(b)	Glowlite putty	-	-	-	-	0.01	0.01	0.01	0.01
(c)	Cane Pesticides	17.63	190.12	17.63	190.12	-	-	-	-
(d)	Oxygen Gas	-	-	-	-	0.03	0.03	0.03	0.03
(e)	Nitrogen Gas	-	-	-	-	0.14	0.14	0.14	0.14
(f)	Hydrogen Gas	-	-	-	-	0.65	0.65	0.65	0.65
(g)	N2H2 Mixure	-	-	-	-	0.06	0.06	0.06	0.06
(h)	Carbon di oxide Gas	-	-	-	-	0.01	0.01	0.01	0.01
(i)	Argon Gas	-	-	-	-	0.96	0.96	0.96	0.96
(j)	Zero Air Gas	-	-	-	-	0.02	0.02	0.02	0.02
(k)	Freight on above	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>17.63</b>	<b>190.12</b>	<b>17.63</b>	<b>190.12</b>	<b>1.89</b>	<b>1.89</b>	<b>1.89</b>	<b>1.89</b>

\* Except for cane Pesticides this represents figure of Electrodes, Paint and Gas Units as at 31st March, 2016. {Refer Note 27(9)}.

## (v) Services rendered:-

Particulars	(₹ in Lac)	(₹ in Lac)
	For the year ended 31 March 2020	For the year ended 31 March 2019
Product Development Charges	-	19.03
Bottling Charges	39.29	5.55
<b>TOTAL</b>	<b>39.29</b>	<b>24.58</b>

## (vi) Work-in-progress:-

(₹ in Lac)

S.I.No.	Particulars	Opening Inventory		Closing Inventory	
		For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	Sugar	177.01	129.35	246.92	177.01
(b)	Indian made foreign liquor (IMFL)	75.44	53.17	82.59	75.44
(c)	Paints & Varnish*	31.42	31.42	31.42	31.42
(d)	Welding Electrodes*	20.48	20.48	20.48	20.48
(e)	Flux*	0.78	0.78	0.78	0.78
(f)	Steel	40.32	40.32	40.32	40.32
	<b>TOTAL</b>	<b>345.45</b>	<b>275.52</b>	<b>422.51</b>	<b>345.45</b>

(vii) Other Information:-

(₹ in Lac)

Sl.No.	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(A)	<b>Value of imports on CIF basis:</b>		
	Raw materials(cost of material acquired)	911.40	1,103.78
(B)	<b>Expenditure in foreign currency:</b>		
(i)	Travelling	0.80	2.18
(ii)	Stores purchased	462.52	276.75
(C)	<b>Earning in foreign exchange</b>		
	Value of Export on FOB basis (including indirect export benefits availed by third parties)	-	-

Sl.No.	Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
		(₹ in Lac)	%age	(₹ in Lac)	%age
(D)	<b>Value of imports on CIF basis:</b>				
(a)	Raw materials consumed:				
(i)	Imported	2,584.77	7.72	2,786.83	8.48
(ii)	Indigenous	30,878.72	92.28	30,083.97	91.52
	<b>TOTAL</b>	<b>33,463.49</b>	<b>100.00</b>	<b>32,870.80</b>	<b>100.00</b>
(b)	<b>Spare parts and components consumed:</b>				
(i)	Imported	-	-	-	-
(ii)	Indigenous	414.89	100.00	485.53	100.00
	<b>TOTAL</b>	<b>414.89</b>	<b>100.00</b>	<b>485.53</b>	<b>100.00</b>

**Foot-note:-**

As segregation between spare parts and components is not possible, the value of consumption of spare parts and components has been aggregated. The figures given in (vii)(D)(b) above are as certified by the Officials of the Company.

**For and on behalf of the Board of Directors  
of Modi Industries Limited**

As per our report of even date.

**For P. R. Mehra & Co.,**  
Chartered Accountants,  
(Regn.No.000051N)

**Umesh Kumar Modi**  
(DIN-00002757)  
Chairman & Managing Director

**Rakesh Kumar Modi**  
(DIN-00022286)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

**Shobit Nehra**  
(ACS-31863)  
Company Secretary

Dated: 05.11.2020  
Place: Modinagar

# INDEPENDENT AUDITOR'S REPORT

To the Members of Modi Industries Limited

## Report on the Audit of the Consolidated Financial Statements

### 1. Adverse Opinion

We have audited the accompanying Consolidated Financial Statements of Modi Industries Limited (hereinafter referred to as "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2020, the Consolidated Statement of Profit and Loss and the Consolidated Cash flow Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying Consolidated Financial Statements do not give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and also do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, of their consolidated loss and their consolidated cash flows for the year ended on that date.

### 2. Basis for Adverse Opinion

- (A) The books of accounts, vouchers and other documents of the closed Steel Unit of the Holding Company for 1992-93 were not made available to us and consequently audit could not be conducted in respect of the same. {Note No. 27(4) of the Consolidated Financial Statements}. Therefore, the attached Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement does not include: (a) the financial data / impact of working results and of declaration of closure / post-closure transactions, which includes sales and realization of depot sales / dues from debtors, provision / payment of final dues of employees and payments to various parties and manufacturing / personnel / administration expenses etc., of the Steel Unit for the year 1992-93 during which the Unit had operated for ten months the exclusion of which, in our opinion, substantially impairs the presentation of above Consolidated Financial Statements of the Group especially in view of the fact that (i) the assets and liabilities of Steel Unit constituted 28% and 43% respectively of the total Assets & Liabilities of the Company as at 31st March, 1992 and the Income & Expenditure of the Steel Unit constituted 30% and 32% respectively of the total Income & Expenditure of the Company for the said year which resulted in a loss of Rs.787.22Lac for the Unit and (b) impact on assets, liabilities and cash flows on account of non-incorporation of transactions / balance sheets for the years 1993-94 to 2019-20 as stated in Note No. 27(4)(c) of the Consolidated Financial Statements.
- (B) The books of accounts, vouchers and other documents of the closed Electrodes, Paints and Gas Units and CAD (hereinafter collectively referred to as "3 Units & CAD") of the Holding Company for the years 2016-17 to 2019-20 were also not made available to us and consequently audit could not be conducted in respect of the same. {Note No. 27(9) of the Consolidated Financial Statements}. Therefore, the attached Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement does not include: (a) the financial data / impact of working results and of declaration of closure / post-closure transactions, which includes realization of depot sales / dues from debtors / consignees, provision / payment of final dues of employees, impairment loss, if any, for these 3 closed Units and payments to various parties and manufacturing / personnel / administration expenses etc., of these 3 Units & CAD for the year 2016-17 during which these 3 Units & CAD had operated / worked for more than 6 months, the exclusion of which, in our opinion, also substantially impairs the presentation of above Consolidated Financial Statements of the Group especially in view of the fact that the assets and liabilities of these 3 Units & CAD (excluding inter-unit balances) were Rs.3,438.85Lac and Rs.6,324.10Lac respectively as at 31st March, 2016 and the Income (net of excise-duty realized) & Expenditure of these 3 Units & CAD were Rs.4,759.60Lac and Rs.5,663.79Lac respectively for the said year which resulted in a net loss of Rs.904.19Lac for the 3 Units & CAD for the year ended 31st March, 2016 and (b) impact on assets, liabilities, loss and cash flows on account of non-incorporation of financial statements of these 3 Units & CAD for the years 2017-18, 2018-19 and 2019-20 also as stated in Note No. 27(9).
- (C) We draw attention to Note No.27(26) regarding accounting records including supporting documents for the period 1st April, 2019 to 13th July, 2019, financial year 2018-19 and certain previous financial years which got destroyed / damaged in the fire on 13th July, 2019 in the office premises and records room of Sugar and Distillery Units of the company. Accordingly, we were unable to obtain and evaluate audit evidence such as purchase invoices, bills, contracts etc., to be able to test check and draw reasonable conclusion on those supporting evidences / transactions which got destroyed / damaged in fire as the management is still in the process of reconstructing these supporting documents.
- (D) Material Uncertainty related to Going Concern: The Holding Company has been incurring huge losses continuously (losses for the nine years i.e. 2011-12 to 2019-20 amounts to Rs.22,183.98 Lac), accumulated losses of Rs.29,092.64Lac as on 31st March, 2020 which are far in excess of paid-up equity capital & reserves (excluding revaluation reserve) of Rs.991.68 Lac as on that date and the company was

declared a sick company on 14th March, 1991 and was also issued a show cause notice for winding up by the Board for Industrial & Financial Restructuring on 28th October, 2013. Sick Industries Companies Act, 1985 repealed with effect from 01.12.2016. With the repeal of the SICA 1985, the Hon'ble BIFR and AAIFR ceases to exist and all matters and applications pending before the Hon'ble BIFR and AAIFR also abate. Presently, the company's current liabilities as per the financial statements as on 31st March, 2020 which also includes cane grower's dues of Rs.25,695Lac(excluding un-provided interest on cane arrears upto 31st March, 2020) exceeded its current assets as per the Standalone Financial Statements as on 31st March, 2020 by Rs.25,206.82Lac. In our opinion, these events / conditions along with our observations in paragraph 2(B) above and substantial amount of arrears of cane grower's dues cast significant doubt on the ability of the Holding Company to continue as a going concern. However, refer Note No. 27(18) regarding steps being taken by the management for treating the Holding Company as a going concern.

- (E) We draw attention to Note No. 27(30)(A)(iii) regarding interest payable on 12.5% debentures wherein, by relying on the legal opinion, the Holding Company has: (i) retained liability of Rs.541Lac in the books of account being interest payable till the specified date of maturity of these debentures and written back the excess amount of interest payable of Rs.1,423.66Lac in the books of account during the current financial year as an "Exceptional Item" and (ii) accordingly, not quantified and disclosed as on 31.03.2020 the amount of non-provision of interest in the Consolidated Financial Statements (As on 31st March, 2019, non-provision of Rs.12,702.53Lac was disclosed in the financial statements). Since the matter (i.e. interpretation of terms and conditions contained in the documents/agreements with debenture holders/trustees) is sub-judice as stated in Note No. 27(30)(A)(iii), we, at this stage, are unable to express our opinion on the adequacy of interest provision retained in the books of account as on 31.03.2020.
- (F) Non-provision of interest aggregating to Rs.3,128.31 Lac on cane arrears for Sugar Seasons 2018-19 and 2019-20. {Note No. 27(34) (g & h)}.
- (G) Further to our comments in paragraphs 2(A) to (F) above, we report that:
- i. Understatement of accumulated losses on account of non-incorporation of impact of operational / working results / declaration of closure and post closure transactions of Steel Unit for the year 1992-93 and over-statement of assets and under-statement of liabilities as on 31st March, 2020, amount / impact unascertained. {Refer Note No. 27(4) of Consolidated Financial Statements and Paragraph 2(A) above}.
  - ii. Understatement of accumulated losses on account of non-incorporation of operational / working results / declaration of closure and post closure transactions of 3 Units & CAD for the financial years 2016-17 to 2019-20 and over-statement of assets and under-statement of liabilities as on 31st March, 2020, amount / impact unascertained. {Refer Note No. 27(9) and Paragraph 2(B) above}.
  - iii. Understatement of losses on account of: (a) non-provision of interest on loans and overdues, if any, of Micro, Small and Medium Enterprises, obsolete inventories, doubtful debtors / loan and advances and impairment loss, and (b) on account of not conducting physical verification of inventories and property, plant & equipment etc. in Steel Unit as stated in Note Nos 27(4)(f)(i) to (vii) and Note No. 27(5) of the Consolidated Financial Statements. Amount of non-provision / under-statement of losses not ascertained by the management.
  - iv. Understatement of losses on account of: (a) non-provision of interest on loans and overdues, if any, of Micro, Small and Medium Enterprises, obsolete inventories, doubtful debtors / loan and advances and impairment loss, and (b) on account of not conducting physical verification of inventories and property, plant & equipment etc. in closed Electrode, Paints, Vanaspati and Gas units and CAD as stated in Note No. 27(9) of the Consolidated Financial Statements. Amount of non-provision / under-statement of losses not ascertained by the management.
  - v. Non-provision of impairment loss, amount unascertained by the management, of assets of Sugar Unit of the Holding Company as stated in Note No. 27(39).
  - vi. Impact of componentization of property, plant & equipment and ascertaining useful life and original cost / estimated value of such components as on April 01, 2015, as required by the amended Schedule II of the Companies Act, 2013, is pending. Impact, if any, on the depreciation expense for the 5 years ended March 31, 2016 to 31st March, 2020 are yet to be ascertained by the management of Holding Company. [Note No. 27(40)].
  - vii. Non-provision of interest on overdues of Micro, Small and Medium Enterprises as stated in foot-note in Note No. 27(15). Amount of provision not ascertained.
  - viii. (1) Non-provision of late payment surcharge / recovery charges Rs.302.66Lac (Previous year Rs.302.66Lac) {Note No. 27(10)};  
(2) Non-provision of ESI demand Rs.69.36Lac (previous year Rs.68.19Lac) {Note No. 27(11)};  
(3) Non-provision of House-tax demand Rs.188.63Lac (Previous year Rs.188.63Lac) {Note No. 27(12)};



- (4) Non-provision of simple, penal and compound interest of Rs.24,985.71Lac (for the year Rs.1,115.97Lac) on term loans, Rs.8,823.40Lac on debentures {Note No. 27(19)(a & b)} and interest / bank charges Rs.7,670.06Lac (for the year Rs.1,099.31Lac) on cash credit from banks {Note No. 27(19)(d) & (f)};
- (5) Non-provision of Wages Rs.27.46Lac (Previous year Rs.27.46Lac) for the lock-out period {Note No. 27(22)};
- (6) Non-provision of recovery charges of Rs.413.50Lac (Previous Year Rs.413.50Lac) for sugar season 2007-08. {Note No. 27(34)(c)}.
- (H) Confirmation of Debit / Credit balances of debtors / creditors / lenders and of certain banks were not obtained. Impact on Consolidated Financial Statements is not ascertainable. {Note No. 27(27)}.
- (I) Our audit observations under sections 143(1) & 186 of The Companies Act, 2013 are as under:
- (i) The Holding Company had given unsecured interest free security deposits amounting to: (i) Rs.1,100Lac during May 2011 against temporary possession of 59 houses to Ashoka Mercantile Limited (“AML”), a related party as on 31st March, 2020 and (ii) Rs.147.63Lac during the earlier years against temporary possession of 9 houses to Modipon Limited (“MPL”), also a related party as on 31st March, 2020. The outstanding amounts as on 31st March, 2016 in the books of account of MD office i.e. CAD were Rs.798.30Lac (43 houses) and Rs.147.63Lac (9 houses) in respect of AML and MPL respectively. In view of non-incorporation of financial statements of 3 Units and CAD as stated in paragraph 2(B) above, the balance outstanding as on 31st March, 2020 is not available. These houses were not occupied by any of the employees of the company as on 31st March, 2016 and the present status of the same is not available. In our opinion, the above unsecured loans given by the company [i.e. a sick company as mentioned in Note No. 27(18)] to two related parties amounting to Rs.945.93Lac were shown as deposits by the company as on 31st March, 2016 (present status not available) since date of payment on which interest @ 8.5% has been charged with effect from 1st April, 2014 to 31st March, 2016 (subsequent status not available) from AML since it expressed its inability to refund the amount and no interest has been charged from MPL since inception. {Refer Note Nos. 27(9), 27(37)(4)(B) and Foot-notes 1(b) and 6 of Note No. 27(37)}.
- (ii) As stated in Note No. 27(41), short term unsecured interest free advance amounting to Rs.30Lac given to a company during 2017-18 is not in compliance with the provisions of section 186 of the Companies Act, 2013.
- (J) We further report that, without considering items mentioned at paragraphs 2 (A) to (E), (G)(i) to (vii), (H) and (I) above, the possible effects of which could not be determined, had the observations made by us in paragraph 2(F) & (G)(viii) above been considered, the loss for the year would have been Rs.45,652.29Lac (as against the reported loss of Rs.43.20Lac), accumulated losses in Note No. 2 would have been Rs.74,707.64Lac (as against the reported figure of Rs.29,098.55Lac) and current liabilities would have been Rs.1,00,897.59Lac (as against the reported figure of Rs.55,288.50Lac).

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

### 3. Emphasis of Matter

- (i) Unpaid amounts of unclaimed debentures, if any, as on 31.03.2020 to be deposited with Investor Education and Protection Fund has not been identified by the Holding Company.
- (ii) Cars costing Rs.63.51Lac (Previous Year Rs.70.60Lac) purchased in the name of employees are yet to be transferred to the name of the Holding Company. However, these persons have given disclaimer in favour of the company. (Refer Foot-Note D of Note No. 10).
- (iii) We invite attention to Note No. 27(32) regarding entering into agreements to sell 215 residential quarters, Note No. 27(33)(a) regarding entering into lease, including perpetual lease, agreements for 40,141.91 Sq. Meters of factory land & buildings and Note No. 27(33)(b) regarding entering into perpetual lease agreement for 1584 Sq. Meters of factory land for which the approvals of financial institutions, to whom these quarters and factory land & buildings are mortgaged, were not obtained.
- (iv) We invite attention to Note No. 27(20)(a) regarding reasons for not making provision for disputed Sales-tax demand of Rs.2,455.78Lac excluding interest of closed Vanaspati Unit. Refer paragraph 2 (B) above.

- (v) We invite attention to Note No. 27(34)(a), (d) to (f) regarding demands of recovery charges of Rs.5,758.47Lac (previous YearRs.5,758.47Lac) received on account of non-payment of cane price / commission / interest as these are disputed by the company / obtained stay order as stated therein. Further, demands of recovery charges of Rs.3,458.25Lac for sugar seasons 2018-19 & 2019-20 has been received which, in the opinion, of the management is not payable in view of the reasons stated in Note No. 34(i) & (j). We also invite attention to Note No. 27(37)(f) regarding non-provision of interest for sugar seasons 2013-14 to 2015-16 amounting to Rs.6,280.51Lac (previous yearRs.6,280.51Lac) where order of cane commissioner in this regard is still awaited.
- (vi) We draw attention to Note No. 27(8) regarding procedure followed by the company for delisting of equity shares of the Holding Company which ultimately resulted in removal of the Holding Company from the Dissemination Board by NSE whereas Shri M.K. Modi had expressed certain objections / reservations which inter-alia includes valuation report of Dass Gupta & Associates, Chartered Accountants. View of the Board of Directors of the Holding Company are furnished in Note No. 27(7)(b). We are not expressing our opinion / views on the above issues.

Our opinion is not qualified in respect of the matters mentioned in paragraph 3 above.

#### **4. Information Other than the Financial Statements and Auditor's Report Thereon**

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to the Board's Report, Corporate Governance and shareholders information but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the figures appearing in the other information don't incorporate figures of: (i) Balance Sheets of Steel Unit as on 31st March, 2019 and 31st March, 2020(ii) financial statements of Electrodes, Paints and Gas Units and CAD and (iii) non-provision for certain expenses. We have concluded that the other information to the extent it relates to financial results in the Director's Report and its Annexures is materially misstated due to non-incorporation of financial statements of these Units & CAD of the Holding Company and non-provision of certain expenses.

#### **5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the Consolidated Financial Statements, management of the Holding company is responsible for assessing the Holding Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Holding Company or to cease operations, or has no realistic alternative but to do so. The Holding Company's Board of Directors are also responsible for overseeing the Holding Company's financial reporting process.

#### **6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Holding Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Holding Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **7. Other Matter**

We did not audit the financial statements of both the subsidiaries, whose financial statements reflect total assets of Rs.53.39Lac (Previous year Rs.53.06Lac) as at 31st March, 2020, the total revenue of Rs.1.98Lac (Previous year Rs.2.07Lac) and cash outflows (net) amounting to Rs.0.38Lac (Previous year cash inflows Rs.1.52Lac) for the year then ended. These financial statements and other financial information have been audited by other auditor whose reports have been furnished to us and our opinion is based solely on the report of the other auditor.

## **8. Report on Other Legal and Regulatory Requirements**

- (i) As required by section 143(3) of the Act, we report that:
- a. We / other auditor whose reports have been relied upon by us have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except in respect of Units and CAD of the Holding Company as mentioned in paragraph 2(A) to (C) above. In case of Steel Unit, no details, information and explanations are available for the opening and closing assets and liabilities as on 1st April, 2019 and 31st March, 2020 respectively and for contingent liabilities and additional information etc. as on 1st April, 2019 and 31st March, 2020 in view of non-incorporation of: (i) the financial statements of Steel Unit for 1992-93 and (ii) Balance Sheets for the financial years 1993-94 to 2019-20 as stated in Note No.27(4)(c). In case of 3 Units (Electrodes, Paints and Gas) and CAD, no information / details are available for incorporation of financial statements of these 3 Units & CAD for the year 2016-17 to 2019-20. {Refer Note No. 27(9)} {(See paragraphs 2(A) & (B) above). In case of Sugar and Distillery Units, refer our observations given in paragraph 2(C) above regarding non-availability of certain supporting documents destroyed in fire;
  - b. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except:

(i) in respect of Steel Unit, where audited balances of opening and closing assets, liabilities, contingent liabilities and additional information etc. as on 1st April, 2019 and 31st March, 2020 respectively were not available and consequently not incorporated in the books of account {Refer Note No. 27(4)}, (ii) In respect of 3 Units and CAD, no information / details were made available to us for audit of financial statements for the years 2016-17 to 2019-20 {Refer Note No. 27(9)}, (iii) for destruction of part of supporting documents mentioned in our observations given in paragraph 2(C) above and (iii) for the effects of other matters described in paragraph 2 in the 'Basis for Adverse Opinion' section of our report above.

- c. The Consolidated Balance Sheet dealt with by this report are in agreement with the books of accounts maintained for the purpose of preparation of the Consolidated Financial Statements of all subsidiaries, units and accounting centres taken together {other than Steel Unit and 3 Units (Electrodes, Paints and Gas) & CAD} as on 31st March, 2020 as consolidated with the Balance Sheet of Steel Unit, 3 Units & CAD as stated in Notes Nos. 27(4) (c) & (d) and 27(9) of the Consolidated Financial Statements and hence is not in agreement with the books of account of the Holding Company as a whole. Further, the Consolidated Cash Flow Statement for the year ended on that date, which does not include adjustments for Cash Flows from investing / financing activities and changes in assets and liabilities in view of non-availability of audited Balance Sheet of Steel Unit as on 31st March, 2019 & 31st March, 2020 and of 3 Units (Electrodes, Paints and Gas) & CAD as on 31st March, 2019 & 31st March, 2020, is also not in agreement with the books of account. (Refer foot-note 1 of Consolidated Cash Flow Statement). Except for non-incorporation of Statement of profit and loss of Steel Unit for the year 1992-93 and of 3 Units (Electrode, Paints and Gas) & CAD for the financial years 2016-17 to 2019-20, the Consolidated Statement of Profit and Loss is in agreement with the books of accounts of the remaining Units, corporate office and of subsidiaries.
- d. Subject to our observations in paragraph 2 above, in our opinion, the Consolidated Statement of Profit and Loss and the Consolidated Balance Sheet, so far as they relate to the subsidiary companies and remaining units i.e. other than Steel, Electrodes, Paints and Gas Units and CAD, comply with the requirements of the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. However, in view of non-availability and consequently non-incorporation of audited (i) opening and closing balances as on 1st April, 2019 and 31st March, 2020 respectively of assets, liabilities, contingent liabilities and other additional information etc. and (ii) Statement of Profit and Loss for 1992-93 of Steel Unit {Refer Paragraph 2(A) above} and non-availability and consequently non-incorporation of audited financial statements of Electrodes, Paints and Gas Units and CAD for the financial years 2016-17 to 2019-20 {Refer Note No. 27(9) and Paragraph 2(B) above}, the aforesaid Consolidated Financial Statements do not comply with the requirements of Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 for the Group as a whole.
- e. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements, so far as they relate to subsidiary companies and the remaining Units i.e. other than Steel, Electrodes, Paints and Gas Units and CAD, give the information required by the Act in the manner so required except for non-disclosure of part information relating to micro, small and medium enterprises {Refer Note No. 27(17)}. In the case of Steel Unit, in view of non-incorporation of Balance Sheets of Steel unit as on 31st March, 2020 and 31st March, 2019 on account of non-availability and consequently non-incorporation of audited opening balances as on 1st April, 2019 and 1st April, 2018 respectively of assets, liabilities, contingent liabilities and other additional information etc., and in the case of 3 Units (Electrodes, Paints and Gas) & CAD, in view of non-incorporation of Balance Sheets as on 31st March, 2019 & 31st March, 2020 on account of non-availability and consequently non-incorporation of audited financial statements for the year 2016-17 to 2019-20, the Consolidated Financial Statements of the Group do not give the information required by the Companies Act, 2013 in the manner so required for the Group as a whole {Refer Note Nos. 27(4) & 27(9)}.
- f. The matters described in the Basis for Adverse Opinion section and Emphasis of Matter section of our report above, in our opinion, will have an adverse effect on the functioning of the Holding Company.
- g. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor who is appointed under section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies is disqualified, as on 31st March, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
- Further, the Holding Company was legally advised earlier that provisions of Section 274(1)(g) of the Companies Act, 1956, which corresponds to section 164(2) of the Companies Act, 2013, are prospective in nature and the defaults made by it prior to 13th December, 2000, for non-payment of deposits/interest on deposits on due dates and non-redemption of debentures on due dates, are not covered by Section 164(2) of the Companies Act, 2013, on which we have relied upon.
- h. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the 'Basis for Adverse Opinion' section of our report above.
- i. With respect to the adequacy and the operating effectiveness of internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company and its subsidiary companies incorporated in India, refer to **Annexure 1**.

- j. During the current financial year, in view of our observations in paragraph 2(B) above, we are unable to comment on whether the managerial remuneration has been paid or provided in accordance with the requisite approval of the Central Government as mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- k. 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 our information and according to the explanations given to us:
- i. Subject to our observations in paragraph 2 (A)&(B) above, the Holding Company has various pending litigations which could impact its financial position and the same has been suitably disclosed under Contingent Liability and Notes to Accounts under Note No. 27.
  - ii. The Holding Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. Amounts of unclaimed debentures and interest accrued to be transferred to Investor Education and Protection Fund has not been quantified by the Holding Company.

**For P.R. Mehra & Co**  
Chartered Accountants  
(Firm's Registration No. 000051N)

**Laxman Prasad**  
(Partner)

Membership No:013910  
UDIN:200113910AAAAC1870

Place: Modinagar

Dated: 05<sup>th</sup> November, 2020

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#### **ANNEXURE "1" TO THE INDEPENDENT AUDITOR'S REPORT OF MODI INDUSTRIES LIMITED FOR THE YEAR ENDED 31st MARCH, 2020**

#### **Report on the Internal Financial Controls with reference to Consolidated Financial Statements 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 Industries Limited (hereinafter referred to as the "the Holding Company") and its subsidiary companies as of March 31, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Holding Company for the year ended on that date.

#### **1. Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control 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.

#### **2. Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Consolidated Financial Statements 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 as prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls over financial reporting with reference to Consolidated financial statements. 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 with reference to these Consolidated Financial Statements were 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 over financial reporting with reference to these Consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to these Consolidated financial statements included obtaining an understanding of

internal financial controls with reference to these Consolidated financial statements, 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 judgement, 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 and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Financial Statements.

### **3. Meaning of Internal Financial Controls over financial reporting with reference to these Consolidated Financial Statements**

A Company's internal financial controls over financial reporting with reference to these Consolidated Financial Statements 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 controls over financial reporting with reference to these Consolidated financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) 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 (3) 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.

### **4. Inherent Limitations of Internal Financial Controls over financial reporting with reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, 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 with reference to these Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **5. Disclaimer of Opinion**

According to the information and explanations given to us, the subsidiary companies which are companies incorporated in India, have maintained adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Financial Statements were operating effectively as at 31st March, 2020 whereas in the case of Holding Company, it has neither established nor evaluated its internal financial controls over financial reporting with reference to these Consolidated Financial Statements on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Mainly because of this reason and also our comments in Paragraph 2 of statutory audit report of even date on Consolidated Financial Statements of the Holding Company, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Holding Company had adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and whether such internal financial controls were operating effectively as at March 31, 2020.

However, according to the information and explanations given to us and based on our audit of the Consolidated Financial Statements, the following material weaknesses have been noticed as at March 31, 2020 for which remedial action by the management of the holding company is yet to be initiated:

- a) No physical verification of fixed assets has been conducted by the Management since 1989 in Sugar and Distillery Units and of closed Steel Unit and Corporate Office and since 2001-02 in respect of other closed units. Fixed asset register needs to be updated for: (i) locations in case of furniture and fixture and (ii) recording of additions / deletions of certain previous years.
- b) The inventory of stores and spare-parts of all units and inventory of the closed Steel Unit since the year 1992-93, closed Vanaspati Unit since long and other closed units (Electrodes, Paint and Gas) since the year 2016-17 has not been physically verified by the management.
- c) The books of accounts, vouchers and other documents of the Steel Unit for 1992-93 were not made available to us and consequently audit of financial assets, liabilities and contingent liabilities and of Internal Financial Controls could not be conducted of the Unit. {Note No. 27(4)}. Therefore, as stated in Paragraph 2(A) of audit report of even date, the attached

Balance Sheet, Statement of Profit and Loss and Cash Flow Statement does not include: (a) the financial data / impact of working results and of declaration of closure / post-closure transactions, which includes realization of depot sales / dues from debtors, provision / payment of final dues of employees and payments to various parties and manufacturing / personnel / administration expenses etc., of the Steel Unit of the company for the year 1992-93 during which the Unit had operated for ten months the exclusion of which, in our opinion, substantially impairs the presentation of Consolidated Financial Statements of the Group and (b) impact on assets, liabilities and cash flows on account of non-incorporation of transactions / balance sheets for the years 1993-94 to 2019-20 and non-physical verification of inventory and fixed assets as stated in Note No. 27(4).

- d) The books of accounts, vouchers and other documents of the closed Electrodes, Paint, Gas Units and of Central accounts department ("CAD") of these 3 Units (hereinafter referred to as "3 Units & CAD") for 2016-17 to 2019-20 were not made available to us and consequently audit of financial statements and Internal Financial Controls could not be conducted in respect of these 3 Units and CAD. {Note No. 27(9)}. Therefore, as stated in Paragraph 2(B) of audit report of even date, the attached Balance Sheet, Statement of Profit and Loss and Cash Flow Statement does not include: (a) the financial data / impact of working results and of declaration of closure / post-closure transactions, which includes realization of depot sales / dues from debtors, provision / payment of final dues of employees, if any, and payments to various parties and manufacturing / personnel / administration expenses etc., of these 3 Units & CAD for the years 2016-17 {during which these 3 Units & CAD had operated / worked for more than 6 months the exclusion of which, in our opinion, also substantially impairs the presentation of Consolidated Financial Statements of the Group}, and (b) impact on assets, liabilities, expenses, income and cash flows on account of non-incorporation of transactions / balance sheets for the years 2017-18 to 2019-20 and non-physical verification of inventory and fixed assets as stated in Note No. 27(9).
- e) We note that the Distillery Unit has incurred sale promotion expenses {cost of gift items Rs.2,354.67Lac (previous year Rs.2,115.17Lac) and trade scheme expenses Rs.1,934.40Lac (previous year Rs.1,441.32Lac) which is claimed as reimbursement from the Distillery Unit by sale promotion agents (SPAs) on secondary sales i.e. on sale made by the State corporations to their customers}. In our opinion, internal financial controls over these expenses needs to be improved upon to safeguard the interests of the company.
- f) Confirmation of Debit / Credit balances of debtors / creditors are not being obtained by the Holding Company since long. Impact on the Consolidated Financial Statements is not ascertainable.

We have considered the disclaimer above in determining the nature, timing and extent of audit tests applied in our audit of the Consolidated Financial Statements of the Group and the disclaimer has affected our opinion on the Consolidated Financial Statements of the Group and we have issued an adverse opinion on the Consolidated Financial Statements of the Group for the year ended 31st March, 2020.

**For P.R. Mehra & Co**  
Chartered Accountants  
(Firm's Registration No. 000051N)

**Laxman Prasad**  
(Partner)  
Membership No:013910

Place: Modinagar  
Dated: 05<sup>th</sup> November, 2020

# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020

(₹ in Lac)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>I EQUITY AND LIABILITIES :</b>			
<b>(1) Shareholders' funds:</b>			
(a) Share Capital	1	371.66	371.66
(b) Reserves & Surplus	2	(26,405.57)	(26,362.37)
		<u>(26,033.91)</u>	<u>(25,990.71)</u>
<b>(2) Minority Interest</b>		<b>0.04</b>	<b>0.05</b>
<b>(3) Non-current liabilities :</b>			
(a) Long term borrowings	3	5,020.95	6,917.40
(b) Other long term liabilities	4	1,626.56	1,617.19
(c) Long term provisions	5	1,003.91	1,020.45
		<u>7,651.42</u>	<u>9,555.04</u>
<b>(4) Current liabilities :</b>			
(a) Short term borrowings	6	1,828.97	1,828.97
(b) Trade payables:	7		
(i) Micro and Small Enterprises		106.22	73.05
(ii) Other than Micro and Small Enterprises		38,651.46	33,471.05
(c) Other current liabilities	8	13,743.23	15,089.33
(d) Short term provisions	9	958.63	665.92
		<u>55,288.50</u>	<u>51,128.32</u>
<b>TOTAL</b>		<b>36,906.06</b>	<b>34,692.70</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment:			
i) Tangible assets	10	5,949.96	5,877.45
ii) Intangible assets	11	1.33	1.44
iii) Capital work-in-progress	11 (A)	38.06	48.50
(b) Non-current investments	12	570.72	606.82
(c) Long term loans and advances	13	225.41	235.19
(d) Other non-current assets (Fixed Tangible)		6.90	6.90
		<u>6,792.38</u>	<u>6,776.30</u>
<b>(2) Current assets</b>			
(a) Inventories	14	12,855.45	12,708.57
(b) Trade receivables	15	10,675.55	9,539.97
(c) Cash and bank balances:-			
(i) Cash and cash equivalents	16(i)	2,105.37	1,635.57
(ii) Other bank balances	16(ii)	1,380.57	1,315.22
(d) Short term loans and advances	17	2,683.05	2,217.15
(e) Other current assets	18	413.69	499.92
		<u>30,113.68</u>	<u>27,916.40</u>
<b>TOTAL</b>		<b>36,906.06</b>	<b>34,692.70</b>
<b>Significant Accounting Policies and other notes to Consolidated Financial Statements</b>	26 & 27		

The accompanying notes are an integral part of the Consolidated Financial Statements.

For and on behalf of the Board of Directors  
of Modi Industries Limited

As per our report of even date.

**For P. R. Mehra & Co.,**  
Chartered Accountants,  
(Regn.No.000051N)

**Umesh Kumar Modi**  
(DIN-00002757)  
Chairman & Managing Director

**Rakesh Kumar Modi**  
(DIN-00022286)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

**Shobit Nehra**  
(ACS-31863)  
Company Secretary

Dated: 05.11.2020

Place: Modinagar



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

( ₹ in Lac)

Sl. No.	Particulars	Note No.	For the year ended 31st March 2020	For the year ended 31st March 2019
I	Revenue from operations	19	87,514.75	70,010.03
	Less:- Excise duty		27,325.90	18,817.95
			<b>60,188.85</b>	51,192.08
II	Other income	20	1,198.62	932.13
III	<b>Total Revenue ( I + II )</b>		<b>61,387.47</b>	52,124.21
IV	<b>Expenses:-</b>			
	Cost of materials consumed		33,463.49	32,870.80
	Purchases of stock-in-trade		17.63	190.12
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(273.03)	(1,867.90)
	Employee benefits expense	22	3,445.82	3,208.31
	Finance costs	23	792.57	727.92
	Depreciation and amortization expense	10&11	289.79	272.56
	Other expenses	24	22,052.85	18,626.77
	<b>Total expenses</b>		<b>59,789.12</b>	54,028.58
V	Profit/(Loss) before exceptional and extra-ordinary items and tax ( III-IV )		1,598.36	(1,904.37)
VI	<b>Exceptional items :</b>	27(30)		
	(a) Interest on Cane Arrears & Commission		(2,842.46)	(415.02)
	(b) Quality Claims paid		(222.58)	-
	(c) Excess provision for interest on 12.5 debentures written back		1,423.66	-
VII	Profit/(Loss) before extra-ordinary items and tax (V+VI)		(43.02)	(2,319.39)
VIII	<b>Extra-ordinary items</b>		-	-
IX	Profit/(Loss) before tax ( VII+VIII )		(43.02)	(2,319.39)
X	<b>Tax expenses</b>	27(31)	-	-
	(1) Current tax		0.24	0.25
	(2) Earlier Year Tax Provision written back		(0.06)	-
XI	Profit/(Loss) for the period		(43.20)	(2,319.64)
XII	Profit/(Loss) from continuing operations		93.80	(2,217.39)
XIII	Profit/(Loss) from discontinuing operations	27(4) (e)	(137.00)	(102.25)
XIV	Tax expense of discontinuing operations		-	-
XV	Profit/(Loss) from discontinuing operations (after Tax) (XIII+XIV)		(137.00)	(102.25)
XVI	<b>Profit/(Loss) for the period (XII-XV)</b>		<b>(43.20)</b>	(2,319.64)
XVII	<b>Basic /Diluted Earnings per equity share of ₹ 10 each ( in Rupees)</b>	27(36)	<b>(1.49)</b>	(70.28)
	<b>Significant Accounting Policies and other notes to Consolidated Financial Statements</b>	26 & 27		

The accompanying notes are an integral part of the Consolidated Financial Statements.

**For and on behalf of the Board of Directors  
of Modi Industries Limited**

As per our report of even date.

**For P. R. Mehra & Co.,**  
Chartered Accountants,  
(Regn.No.000051N)

**Umesh Kumar Modi**  
(DIN-00002757)  
Chairman & Managing Director

**Rakesh Kumar Modi**  
(DIN-0002286)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

**Shobit Nehra**  
(ACS-31863)  
Company Secretary

Dated: 05.11.2020

Place: Modinagar

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

( ₹ in Lac)

PARTICULARS	2019-20	2018-19
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit/(Loss) before Tax	(43.20)	(2,319.39)
<b>Less: Adjustment for :</b>		
i) Interest Income	60.91	40.34
ii) Profit on Sale of Fixed Assets	0.99	54.93
iii) Profit on Sale/redemption of Investment	15.02	-
iv) Excess Provision written back	1,589.44	5.55
v) Unclaimed credit balances W/back	14.27	65.92
vi) Depreciation written back	0.07	0.22
vii) Dividend Income	84.00	84.00
	<u>1,764.70</u>	<u>250.96</u>
<b>Add: Adjustments for :</b>	<b>(1,807.90)</b>	<b>(2,570.35)</b>
i) Depreciation	289.79	272.56
ii) Assets written off/Loss on sale of Assets/Stores	0.01	8.11
iii) Investment Wrttien off/Loss on Sale of Investment	2.60	0.07
iv) Interest Expenses on borrowings	735.91	677.28
v) Provision for Doubtful Debts & Advances	306.06	241.06
vi) Amounts/Claims/Bad Debts written off (Net of provisions)	0.50	16.39
vii) Provision for obsolete Raw Material, spare-parts & stores	14.00	17.00
viii) Provision for Dimunitin in the value of Long Term Investment	10.26	18.83
	<u>1,359.13</u>	<u>1,251.30</u>
Operating Profit/(Loss) before Working Capital Changes	<b>(448.77)</b>	<b>(1,319.05)</b>
 Adjustments for :		
Trade Receivables	<b>(1,441.88)</b>	<b>(2,278.49)</b>
Inventories	<b>(160.92)</b>	<b>(2,008.10)</b>
Trade Payable	<b>5,676.16</b>	<b>6,605.83</b>
Loans/Advances and other assets	<b>(458.26)</b>	<b>(370.77)</b>
Other bank balances	<b>(65.35)</b>	<b>251.97</b>
Cash Generated from Operations	<b>3,100.98</b>	<b>881.39</b>
Income tax paid/ refund ( Net )	<b>74.36</b>	<b>(73.46)</b>
<b>Net Cash from Operating Activities (A)</b>	<b><u>3,175.34</u></b>	<b><u>807.93</u></b>
 <b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	<b>(324.27)</b>	<b>(239.80)</b>
Sale of Fixed Assets	<b>6.11</b>	<b>64.21</b>
Sale/redemption of Investment	<b>38.26</b>	<b>-</b>
Interest Received	<b>80.41</b>	<b>25.09</b>
Dividend Received	<b>84.00</b>	<b>84.00</b>
<b>Net Cash Flow from Investing Activities (B)</b>	<b><u>(115.49)</u></b>	<b><u>(66.50)</u></b>

( ₹ in Lac)

PARTICULARS	2019-20	2018-19
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Secured term borrowings from bank	-	-
Secured borrowings from banks	-	-
Unsecured Fixed Deposits paid	-	<b>(60.86)</b>
Unsecured borrowings from others (net)	<b>(1,638.84)</b>	<b>860.43</b>
Interest paid on borrowings	<b>(637.97)</b>	<b>(649.00)</b>
Secured Debentures Paid	<b>(42.66)</b>	<b>(90.42)</b>
<b>Net Cash from Financing Activities (C)</b>	<b>(2,319.47)</b>	<b>60.15</b>
<b>*Inter Unit Balances (Net) (D) (Foot-note 1 &amp; 2 below)</b>	<b>(270.58)</b>	(267.16)
<b>Net Increase/(decrease) in cash andCash Equivalents (A+B+C+D)</b>	<b>469.80</b>	534.42
<b>Opening Cash and Cash Equivalents</b>	<b>1,635.57</b>	1,101.15
<b>Closing Cash and Cash Equivalents</b>	<b>2,105.37</b>	1,635.57

**Foot Notes:**

- In view of non availability of audited balance sheet as on 31.03.2020 and 31.03.2019 of Steel Unit, cash flow from investing/financing activities and changes in current assets & liabilities of steel unit are not included in the Cash Flow Statement except for inclusion of net outflow of ₹ 198.07 Lac (Previous Year out flow of ₹ 212.38 Lac) on account of net increase inter unit balance appearing in Note 8 i.e. Other Current liabilities.{Refer Note No.27(4)}.
- In view of non availability of audited balance sheet as on 31.03.2020 and 31.03.2019 of Electrode, Paint, Gas & Central Accounts Department (CAD)of these three Units, cash flow from investing/financing activities and changes in current assets & liabilities of above units are not included in the Cash Flow Statement except for inclusion of net outflow of ₹ 72.51 Lac (Previous Year net outflow ₹ 54.78 Lac) on account of net increase in inter unit balance appearing in Note 8 i.e., Other Current Liabilities {Refer Note No.27(9)}.
- Figures in brackets represents outflows.
- Previous Year figures have been rearranged/regrouped wherever considered necessary.

**For and on behalf of the Board of Directors  
of Modi Industries Limited**

As per our report of even date.

**For P. R. Mehra & Co.,**  
Chartered Accountants,  
(Regn.No.000051N)

**Laxman Prasad**  
Partner  
Membership No. 013910

Dated: 05.11.2020  
Place: Modinagar

**Umesh Kumar Modi**  
(DIN-00002757)  
Chairman & Managing Director

**Rakesh Kumar Modi**  
(DIN-00022286)  
Director

**Shobit Nehra**  
(ACS-31863)  
Company Secretary

## Notes forming part of the consolidated financial statements for the year ended 31st March, 2020

### Note no.1: SHARE CAPITAL

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Authorised:-</b>		
40,00,000 Equity shares of ₹. 10/- each	400.00	400.00
1,00,000 15% Redeemable cumulative Preference shares of ₹. 100/- each	100.00	100.00
	<b>500.00</b>	<b>500.00</b>
<b>Issued, subscribed and paid up:-</b>		
33,09,214 Equity shares of ₹. 10/- each fully paid-up	330.92	330.92
40,741 15% Redeemable cumulative Preference shares of ₹. 100/- each fully paid-up	40.74	40.74
<b>TOTAL</b>	<b>371.66</b>	<b>371.66</b>

#### Foot notes:

- (1) (a) Details of equity shares held by each shareholder holding more than 5 percent shares as at the end of financial year are as under:

Name of share holder	As at 31.03.2020		As at 31.03.2019	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) Status Mark Finvest Limited	228714	6.91	228714	6.91
(ii) K K Modi Investment & Financial Services Pvt. Ltd.	231751	7.00	231751	7.00

- (b) Details of preference shares held by each shareholder holding more than 5 percent shares as at the end of financial year are as under:

Name of share holder	As at 31.03.2020		As at 31.03.2019	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) ICICI Bank	7794	19.13	7794	19.13
(ii) The Oriental Insurance Company Limited	6550	16.08	6550	16.08
(iii) The New India Assurance Company Limited	13624	33.44	13624	33.44
(iv) The United India Insurance Company Limited	4093	10.05	4093	10.05
(v) General Insurance Corporation of India	3560	8.74	3560	8.74
(vi) National Insurance Company Limited	4912	12.06	4912	12.06

- (2) (a) Cumulative Preference Shares were due for redemption on 31st December, 2010. The company moved Misc. Application (MA) u/s 22(3) of the SICA before Hon'ble BIFR, whereby it had sought extension and suspension of obligation in relation to the 15% Preference Shares concerning Preference Shareholders for two years. The Hon'ble BIFR vide its order dated 18th January, 2011 dismissed the application of the Company. Consequent to the order, the company had written letters to the Institutional Preference Shareholders for settlement and redemption of Preference Shares. Further, negotiations are pending and preference shares are overdue for redemption as on 31st March, 2020.

- (b) Arrears of dividend on Cumulative Preference Shares amounts to ₹ 178.72 Lac ( upto 31st March 2019 ₹ 172.61).

**Note no. 2: RESERVES & SURPLUS**

( ₹ in Lac)

Sl.No.	Particulars	Opening Balance	Addition	Deduction	Closing Balance
(1)	Capital Reserve	459.34	-	-	459.34
(2)	General Reserve	22.93	-	-	22.93
(3)	Special Reserve	1.09	-	-	1.09
(4)	Capital Redemption Reserve	25.11	-	-	25.11
(5)	Shares Premium	22.57	-	-	22.57
(6)	Debenture Redemption Reserve	113.00	-	-	113.00
	Revaluation Reserve	2,012.51	-	-	2,012.51
(7)	Other Reserves/Funds:-				
	-Storage fund for Molasses Account	30.94	5.50	-	36.44
(8)	Surplus i.e. balance in Statement of Profit and Loss	(29,049.86)	(43.20)	5.50	(29,098.56)
	<b>TOTAL</b>	<b>(26,362.37)</b>	<b>(37.70)</b>	<b>5.50</b>	<b>(26,405.57)</b>
	Previous year	(24,042.73)	(2,313.54)	6.10	(26,362.37)

**Foot-note:-**

- Storage fund for Molasses ₹ 5.50 Lac (previous year ₹ 6.10 lac) is created @ ₹ 1.50 per Qtl. of Molasses sold as per the provision of "The Molasses control (Regulation of fund for erection of storage facilities) order, 1976" and is to be utilised for construction or erection of storage facilities for Molasses.

**Note no. 3: LONG TERM BORROWINGS**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Secured:-</b>		
Bonds/debentures	-	-
Term loans from banks (see-foot note below )	8.10	8.10
Term loans from others	-	-
Loans and advances from related parties	-	-
<b>Unsecured:-</b>		
Bonds/debentures	-	-
Term loans from banks	-	-
Working Capital Finance from others	2,815.16	4,559.66
Deposits	-	-
Loans and advances from related parties	-	-
-From Others	2,197.69	2,349.64
Long term maturities of finance lease obligations	-	-
<b>TOTAL</b>	<b>5,020.95</b>	<b>6,917.40</b>

**Foot-note:-**

Secured by hypothecation of vehicles and is repayable in monthly installments. Status of defaults, if any, as on 31st March,2020, not available since relates to closed units.{Note No.27(9)}

**NOTE NO. 4 : OTHER LONG TERM LIABILITIES**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
Trade payable	-	-
<b>Others:</b>		
Security received against houses	890.28	890.28
Security received from others	223.99	211.65
Advance received against houses {Note No.27 (32)}	504.50	504.50
Other liabilities	7.79	10.76
<b>TOTAL</b>	<b>1,626.56</b>	<b>1,617.19</b>

**Note no. 5:LONG-TERM PROVISIONS**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Provision for employee benefits:-</b>		
Provision for gratuity:-		
As per last balance sheet	931.79	964.09
Add: Provided during the year	12.35	7.05
Less: Paid/ Payable during the year	29.63	39.35
<b>Sub total (A)</b>	<b>914.51</b>	<b>931.79</b>
<b>Provision for leave encashment:-</b>		
As per last balance sheet	88.66	85.75
Add: Provided during the year	1.31	3.08
Less: Paid/ Payable during the year	0.57	0.17
<b>Sub total (B)</b>	<b>89.40</b>	<b>88.66</b>
<b>TOTAL (A+B)</b>	<b>1,003.91</b>	<b>1,020.45</b>

**Note no. 6: SHORT TERM BORROWINGS**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Secured:-</b>		
Loans repayable on demand:-		
-from banks		
-Cash credit (including interest accrued)(see-foot note below)	1,498.19	1,498.19
-overdraft from bank against pledge of FDR's	285.78	285.78
-from others	-	-
Loans and advances from related parties	-	-
Other loans and advances	-	-

**Note no. 6 (Contd.)**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Unsecured:-</b>		
Loans repayable on demand:-		
-from banks	-	-
-from others	-	-
Loans and advances from related parties:-		
-Weld Excel India Limited	45.00	45.00
Deposits	-	-
Other loans and advances	-	-
<b>TOTAL</b>	<b>1,828.97</b>	<b>1,828.97</b>

**Foot-note:-**

- Cash credit of ₹ 1498.19 Lac ( including interest accrued and due of ₹ 17.61 Lac ) is secured by hypothecation of Raw Materials, Stock in Progress, Finished Goods, Stores and Spares and Book Debts and guaranteed by a Director.{ Refer Note No. 27(5)(a)}.
- Cash credit of ₹ 58.16 Lac from Allahabad Bank is in default since 1996 and ₹ 1440.03 Lac from PNB is in default since 1992. Interest payable on cash credit has not been paid since then. {Refer Note No. 27(19)(c,d & f) and Note No. 27(5)(a)}.

**Note no. 7: TRADE PAYABLES**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Micro and Small Enterprises:</b>		
Purchase of raw materials and stores	106.22	73.05
<b>Other than Micro and Small Enterprises :</b>		
(i) Purchase of raw materials and stores	31,548.32	29,909.82
(ii) Creditors for Services received	6,134.01	2,574.91
(iii) Customers/ Agents for purchase of goods	969.13	986.32
Sub Total	38,651.46	33,471.05
<b>TOTAL</b>	<b>38,757.68</b>	<b>33,544.10</b>

**Note no.8: OTHER CURRENT LIABILITIES**

(₹ in Lac)

Particulars	As at	As at
	31.03.2020	31.03.2019
Current maturities of long-term debts (unsecured)		
-From related parties:-		
- A to Z Holding Pvt. Ltd.	24.89	24.89
- Moderate Leasing & Capital Services Ltd.	109.31	-
-From others	271.07	122.77
Current maturities of long-term debts (secured)		
-From banks	2.42	2.42
-From other parties (see foot-note 1)	1,506.85	1,506.85
Deferred credits {Note No.27 (38)}	35.11	35.11
Interest accrued but not due on borrowings (unsecured)	89.16	90.70
Interest accrued but not due on borrowings (secured)	0.09	0.09
Interest accrued and due on borrowings (secured)	1,707.46	1,707.46
Interest accrued and due on borrowings (unsecured)		
-from banks	-	-
-from others	263.85	119.53
Unpaid matured debentures and interest accrued thereon (secured):- (see foot-note 2)		
-Debentures (Net of calls in arrears)	391.09	433.75
-Interest accrued thereon {Refer Note No.27(30)(iii)}	790.01	2,424.28
Unreconciled Inter-unit balances { Note Nos.27(4) and 27(9)}	854.22	1,086.57
Other Payable:-		
Employees dues	1,116.70	1,104.58
Statutory liabilities	3,418.10	3,620.02
Security received from others	77.97	83.45
Other liabilities	3,084.93	2,726.86
<b>Total</b>	<b>13,743.23</b>	<b>15,089.33</b>

**Notes:****(1) Others:-**

- (a) Loans aggregating to ₹ 1377.87 Lac (IDBI ₹ 627.74 Lac, ICICI ₹ 235.00 Lac, IFCI ₹ 287.66 Lac, LIC ₹ 138.97 Lac, GIC and its subsidiaries ₹ 88.50 Lac) are secured against securities as mentioned in 2(b) below. {Refer Note Nos.27(5)(b),(c)& (d)}.
- (b) Loan of ₹ 8.08 Lac from Government of Uttar Pradesh under the Industrial Subsidised Housing Scheme is secured by 1st Mortgage of Land and tenements constructed under the Scheme.Details of default not available.
- (c) Loan from IDBI under Technical Development Fund Scheme amounting to ₹ 74.70 Lac is secured against Electrolyser and Copper Electrodes Machine.{Refer Note No.27(5)(b)}.
- (d) Loan taken under Equipment Finance Scheme amounting to ₹ 46.20 Lac is secured against Effluent treatment plant. {Refer Note No.27(5)(c)} and loan repayment is in default prior to year 1996 and interest payable has not been paid since then.

**(2) Debentures:-**

- (a) (i) 1,63,046 (Previous year 1,75,374)-12.5% Mortgage Debentures (Non-Convertible part of Rs. 200/- each) redeemable in three yearly instalments of ₹ 65.00, ₹ 65.00 and ₹ 70.00 respectively commencing from the expiry of seventh year from the date of allotment i.e. 29th February, 1988 and due for payment. Interest not paid from 29th February, 1988 to the date of redemption {Refer Note No.27(30)(A)(iii)}.
- (ii) 20,000-15% Mortgage Debentures of ₹ 100/- each redeemable at 5% premium on the expiry of seventh year from the date of allotment i.e. 18th December 1987 and due for payment. Interest not paid since 1987- 88.
- (iii) 4,500-15% Mortgage Debentures of ₹ 1000/- each redeemable upto 20th August, 1990 and due for payment. 1,000 Debentures redeemed during the year 1998-99 for which discharged debenture certificates not yet received. Interest not paid since 1987- 88.
- (b) The above debentures are secured by Joint Mortgage of all fixed assets present and future by hypothecation of the said assets and by deposit of title deeds relating to company's immovable properties, floating charges on all movable/ current assets, other than assets referred in foot notes 1(b,c,d) above and foot note 1 of Note 6.

**Note no. 9: SHORT-TERM PROVISIONS**

(₹ in Lac)

Particulars	As at	As at
	31.03.2020	31.03.2019
<b>Provision for employee benefits:-</b>		
<b>Provision for gratuity:-</b>		
As per last balance sheet	264.07	288.07
Add: Provided during the year	85.06	40.78
Less: Paid during the year	80.24	64.78
<b>Sub total (A)</b>	<b>268.89</b>	<b>264.07</b>
<b>Provision for leave encashment:-</b>		
As per last balance sheet	8.78	10.23
Add: Provided during the year	3.06	1.67
Less: Paid during the year	2.49	3.12
<b>Sub total (B)</b>	<b>9.35</b>	<b>8.78</b>
<b>Others:-</b>		
<b>Provision for State Excise Duty</b>		
As per last balance sheet	354.09	57.98
Less: Paid during the year	319.34	23.23
Add: Provided during the year	606.98	319.34
<b>Sub total</b>	<b>641.73</b>	<b>354.09</b>
<b>Provision for Incentive:</b>	<b>38.42</b>	<b>38.42</b>
<b>Provision for Tax (D)</b>	<b>0.24</b>	<b>0.56</b>
<b>Sub total (C)</b>	<b>680.39</b>	<b>393.07</b>
<b>TOTAL (A+B+C+D)</b>	<b>958.63</b>	<b>665.92</b>

**Note no. 10: PROPERTY, PLANT AND EQUIPMENT:TANGIBLE ASSETS**

( ₹ in Lac)

Particulars	Gross			Depreciation			Net carrying amount 31.03.2020	
	Opening balance	Additions	Disposals / Written off.	Closing balance	Other adjustment	For the year		Other adjustment Sold / Adj. Addback
Land (A)	2,023.50	-	-	2,023.50	-	-	-	2,023.50
Buildings ( B & C )	1,477.73	27.26	-	1,504.99	1,081.58	22.58	-	1,104.16
Plant & Equipment*	12,203.07	281.43	1.90	12,482.60	8,941.77	204.72	1.75	9,144.74
Furniture & Fixtures	351.90	2.27	1.34	352.83	316.48	2.05	1.31	317.22
Vehicles (D)	433.37	-	7.10	426.27	322.74	11.11	5.20	328.65
Office equipment	378.01	12.90	5.15	385.76	332.36	10.96	2.11	341.14
Water supply & drainage	59.85	-	-	59.85	55.88	-	-	55.88
Others	15.62	5.12	-	20.74	14.79	-	-	14.79
<b>TOTAL</b>	<b>16,943.05</b>	<b>328.98</b>	<b>15.49</b>	<b>17,256.54</b>	<b>11,065.60</b>	<b>251.42</b>	<b>10.37</b>	<b>11,306.58</b>
Previous year	16,741.27	274.25	72.28	16,943.05	10,876.12	244.37	54.67	11,065.60

(A) Company's Land at Modinagar & Meerut was revalued as at 31st March, 1992 at Current Replacement Cost on the basis of valuation report. The appreciation on revaluation ₹. 924.66 Lac was credited to the Revaluation Reserve. The Land was previously revalued as on 31st March 1985 and the appreciation of ₹. 1087.85 Lac on such revaluation also stands credited to the Revaluation Reserve.

(B) Buildings include Land, Furniture, Fixture & Fittings acquired for a lumpsum consideration of ₹. 2.25 Lac in the year 1947.

(C) Includes a sum of ₹. 96.58 Lac (Previous year ₹. 96.58 Lac) towards permanent improvement to the rented properties.

(D) Includes Five (Previous year Six) cars costing ₹ 63.51 Lac (Previous year ₹. 70.60 Lac) WDV ₹. 32.03 Lac (Previous year ₹. 39.26 Lac) purchased in the name of Employees who have given disclaimer in favour of the Company.

(E) Excludes depreciation on loose tools ₹. 0.03 Lac (Previous year ₹. 0.03 Lac) and ₹. 38.23 Lac (Previous year ₹. 27.91 Lac) on additions to assets of Steel Unit.

(F) Details of Land & Building given on operating lease has not been disclosed separately.

\* Includes ₹. 15.74 Lac being the written down value of Assets of Vanaspati Unit which is lying closed since 2002.

**Note no. 11: Intangible assets**

( ₹. in Lac)

Particulars	Gross			Amortisation			Net carrying amount 31.03.2020
	Opening balance	Additions	Disposals / Written off.	Opening balance	For the year	Closing balance	
Computer software	103.13	-	-	103.13	101.69	0.11	1.33
<b>TOTAL</b>	<b>103.13</b>	<b>-</b>	<b>-</b>	<b>103.13</b>	<b>101.69</b>	<b>0.11</b>	<b>1.33</b>
Previous year	103.13	-	-	103.13	101.44	0.25	1.44

**Note no. 11(A): Capital Work in Progress**

( ₹ in Lac)

Particulars	Gross			Amortisation			Net carrying amount 31.03.2020
	Opening balance	Additions	Disposals / Written off.	Opening balance	For the year	Closing balance	
Machinery	37.97	-	-	37.97	-	-	37.97
Capacity Enhancement of Plant	10.44	17.67	28.11	-	-	-	-
Buildings	0.09	-	-	0.09	-	-	0.09
<b>TOTAL</b>	<b>48.50</b>	<b>17.67</b>	<b>28.11</b>	<b>38.06</b>	<b>-</b>	<b>-</b>	<b>38.06</b>
Previous year	82.95	51.88	86.33	48.50	-	-	48.50



**Note no. 12: NON CURRENT INVESTMENTS**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Trade investments</b>		
<b>Other investments</b>		
<b>(a) Investment in Equity Instruments:- (unquoted )</b>		
10,50,000 fully paid-up shares of ₹ 10/-each in Indofil Industries Limited	437.43	437.43
86,750 Fully paid-up shares of ₹ 10/- each in Modi Spinning & Weaving Mills Company Limited	8.68	8.68
Less : Provision for diminution of value of Investments	(8.68)	(8.68)
1,500 Fully paid up shares of ₹ 100 each in Associated Drilling & Services Limited (Formerly Known as Associated Tube Wells (India) Limited	1.50	1.50
Less : Provision for diminution of value of Investments	(1.50)	(1.50)
95,000 Fully paid up shares of ₹ 10/- each in Xerox India Limited	9.50	9.50
40,000 Fully paid up shares of ₹ 10/- each in Modi Hightech India Limited (formerly known as Morgardshammer India Limited)	4.00	4.00
48,000 Fully paid up shares of ₹ 10/- each in Win Medicare Private Limited	4.80	4.80
10,000 Fully paid up shares of ₹ 10/- each in Modigarh Chemicals Private Limited	1.00	1.00
20,000 Fully paid up shares of ₹ 10/- each in Modi Santa Fe India Private Limited	2.00	2.00
Less : Provision for diminution of value of Investments	(1.68)	(1.64)
4,000 Fully paid up shares of ₹ 10/- each in Bekaert Engg. (India) Private Limited	0.40	0.40
Less : Provision for diminution of value of Investments	(0.29)	(0.27)
17,350 Fully paid up shares of ₹ 10/- each in Rajputana Fertilizers Limited (foot note 5)	-	-
17,350 Fully paid up shares of ₹ 10/- each in Haryana Distillery Limited # (foot note 5)	-	-
17,350 Fully paid up shares of ₹ 10/- each in Rajputana Developers Limited (foot note 6)	-	-
<b>Quoted:-</b>		
7,00,000 fully paid-up shares of ₹ 10/-each in Modipon limited.	20.00	20.00

**Note no. 12: (Contd.)**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
19,99,960 fully paid-up shares of ₹ 10/-each in Bihar Sponge Iron Limited.	200.00	200.00
Less: Provision for Diminution in value of Shares	(192.80)	(182.60)
8,00,000 fully paid-up shares of ₹ 10/-each in Modi Rubber Limited.	80.00	80.00
62,755 fully paid-up shares of ₹ 10/-each in Lord Chloro Alkali Limited	6.28	6.28
4 fully paid-up shares of ₹ 10/- each in Mukund Limited.	0.01	0.01
<b>(b) Investment in preference shares:- ( quoted )</b>		
1 fully-paid preference Share of ₹ 10/- each in Mukund Limited	-	-
67 Fully-paid preference Share of ₹ 100/- each in Modi Spinning & Weaving Mills Company Limited	0.07	0.07
<b>(c) Investment in Government or trust securities:- ( quoted )</b>		
75551.226 fully-paid Units in U T I Infrastructure Fund-Growth Plan (Redeemed during the year)	-	25.84
<b>Total</b>	<b>570.72</b>	<b>606.82</b>

**Foot Notes:**

- |     |   |        |        |
|-----|---|--------|--------|
| (1) | Carrying amount of quoted investments   | 113.49 | 149.53 |
| (2) | Market value of quoted investments  | 362.25 | 541.73 |
| (3) | Carrying amount of unquoted investments   | 457.23 | 457.29 |
| (4) | Aggregate provision for diminution in value of investments  | 204.95 | 194.69 |
| (5) | Modi Spinning & Weaving Mills Company Limited ("MSWM") one of the investee companies, in compliance of BIFR sanctioned scheme has allotted above shares free of cost to the company (One share against five equity shares held by Shareholders of MSWM as on record date i.e 12.11.2009 |        |        |
| (6) | Subsidiary companies have received 17,350 fully paid up Equity Share (in the ratio as per holding in RFL) of Rajputana Developers Limited free of cost from Shri K K Modi as part of the promoter group of RDL on account of restructuring of Rajputana Fertilizers Limited.            |        |        |

**Note no. 13: LONG TERM LOANS AND ADVANCES**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
Capital advances (Unsecured considered good)	27.43	21.70
Doubtful	1.90	1.90
Less: Allowances for Doubtful	(1.90)	(1.90)
<b>Security Deposits:-</b>		
-Secured, considered good	-	-
-Unsecured, considered good		
-Related parties:( Weld Excel India Limited)	36.66	36.66
-Others	141.66	157.17
- Doubtful	4.70	4.70
Less: Allowances for Doubtful	(4.70)	(4.70)
<b>Other Loans and Advances:-</b> (Unsecured, considered good )		
(a) Prepaid expenses	0.20	0.20
(b) Amount recoverable	11.46	11.46
(c) Loans to employees	-	-
(d) Loans to others	8.00	8.00
<b>TOTAL</b>	<b>225.41</b>	<b>235.19</b>

**Note no.14: INVENTORIES**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
(a) Raw materials	646.84	637.42
(b) Raw materials (in transit )	186.36	201.70
(c) Work-in-progress	422.51	345.45
(d) Finished goods *	9,921.20	10,018.07
(e) Stock-in-trade	1.89	1.89
(f) Stores and spare parts	1,652.41	1,479.77
(g) Loose tools	24.24	24.27
<b>TOTAL</b>	<b>12,855.45</b>	<b>12,708.57</b>

\* Refer Note No. 27 (4)(f)(ix) for Steel Unit finished goods.

**Note no. 15 TRADE RECEIVABLES**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Trade receivables outstanding for a period exceeding 6 months:-</b>		
-Secured, considered good	4.56	4.56
-Unsecured, considered good	1,030.25	462.79
-Doubtful	1,250.09	1,105.49
Less:-		
Allowance for bad and doubtful debts	(1,250.09)	(1,105.49)

**Note no. 15 (Contd.)**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Other Debts:-</b>		
-Secured, considered good	91.08	91.08
-Unsecured, considered good	9,549.66	8,981.54
-Doubtful	278.94	117.24
Less:-		
Allowance for bad and doubtful debts	(278.94)	(117.24)
<b>TOTAL</b>	<b>10,675.55</b>	<b>9,539.97</b>

**Note no. 16 CASH AND BANK BALANCES**

( ₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) Cash and cash equivalents:-		
(a) Balances with banks:		
-In Current Accounts	2,055.41	1,588.27
-In FDR's	2.45	2.45
(b) Cheques, drafts on hand	37.39	34.85
(c) Cash on hand	10.09	9.97
(d) Others:-		
-Postage imprest & stamps in hand	0.03	0.03
<b>TOTAL</b>	<b>2,105.37</b>	<b>1,635.57</b>
(ii) Other bank balances:-		
(a) Earmarked balance with banks/ post office:-		
- Saving account ( molasses storage fund )	0.38	0.38
- Fixed deposits ( molasses storage fund )*	36.79	30.67
(b) Fixed deposits with banks (Pledged with Excise/Sales Tax/ PF Authorities)	144.55	160.93
(c) Fixed deposits with banks (Pledged for tender)	46.42	46.42
(d) Fixed Deposits with Banks (Pledged against overdraft)	310.33	310.33
(e) Balance with banks held as margin money against guarantees	728.94	672.71
(f) Bank deposits with upto 12 months maturity	34.18	14.88
(g) Bank deposits with more than 12 months maturity	28.98	28.90
(h) Deposits with Banks in-no lien accounts	50.00	50.00
<b>TOTAL</b>	<b>1,380.57</b>	<b>1,315.22</b>

\*These FDR's are in the joint name of Modi Sugar Mills and Sub Inspector, Molasses Excise.

**Note no. 17 SHORT-TERM LOANS AND ADVANCES**

(₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(a) Loans and advances to related parties:-</b>		
(i) -Secured considered good	-	-
(ii) -Unsecured considered good		
-Bihar Sponge Iron Ltd.	1.91	1.80
-Win Medicare Pvt. Ltd.	0.21	0.23
-Modipon Limited	8.69	8.69
(iii) -Doubtful		
-Modi Senator Pvt. Ltd.	0.85	0.85
- Technicast Engineers Ltd.	0.51	0.51
Less: Allowance for doubtful	(1.36)	(1.36)
<b>(b) Others (unsecured, considered good):-</b>		
(i) Unutilized balances of CENVAT/ VAT/ GST	64.20	34.92
(ii) Tax deducted at Source	0.21	-
(iii) Loans & Advances to employees	17.23	10.77
(iv) Prepaid expenses	333.51	369.20
(v) Amount recoverable	214.23	213.12
(vi) Deposits with excise / sales tax authorities	454.17	95.18
(vii) Others	341.18	314.59
<b>(c) Others (doubtful):-</b>		
(i) Loans & Advances to employees	3.07	3.02
(ii) Amount recoverable	24.55	24.55
(iii) Others	97.67	97.92
Less: Allowance for doubtful	(125.25)	(125.49)
<b>(d) Security Deposits:-</b>		
Secured considered good	18.50	18.50
Unsecured considered good	283.04	204.22
Related parties (Unsecured consider good) :-		
Ashoka Mercantile Ltd. {Foot-Note 6 of Note No.27(37)}	798.30	798.30
Modipon Limited	147.63	147.63
Doubtful	48.84	48.84
Less: Allowance for doubtful	(48.84)	(48.84)
<b>Total</b>	<b>2,683.05</b>	<b>2,217.15</b>

**Note no. 18 OTHER CURRENT ASSETS**

(₹ in Lac)

Particulars	As at 31.03.2020	As at 31.03.2019
Tax deducted at source	63.08	82.78
Tax collected at source	-	0.19
Income Tax adjusted against Penalty	179.26	233.95
Interest accrued on fixed deposits with banks	47.76	66.96
Amount recoverable	8.59	12.56
Interest receivable on Security deposit with related party{Foot-Note 6 of Note No.27(37)}		
- Ashoka Mercantile Limited	64.07	64.07
Rent receivables:-		
-Unsecured, considered good	29.19	17.67
-Doubtful	22.78	22.78
Less:-		
Allowance for bad and doubtful debts	(22.78)	(22.78)
Deferred revenue expenditure	11.07	11.07
Stores and spare parts *	10.67	10.67
<b>TOTAL</b>	<b>413.69</b>	<b>499.92</b>

\*Net value of Store & spare parts of Vanaspati Unit which is lying closed since 2002.

**Note no. 19: REVENUE FROM OPERATIONS**

(₹ in Lac)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Sale of products	87,465.65	69,976.34
Sale of services	39.29	24.58
Other operating revenue	9.81	9.11
<b>TOTAL</b>	<b>87,514.75</b>	<b>70,010.03</b>

**Note no. 20: OTHER INCOME**

(₹ in Lac)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Interest income	60.91	40.34
Dividend received (gross)	84.00	84.00
Rental income	461.20	425.19
Profit on sale of fixed assets	0.99	54.93
Profit on Sale/redemption of Investment	15.02	
Excess provision written back	165.78	5.55
Unclaimed Credit Balances W/Back	14.27	65.92
Depreciation Written Back	0.07	0.22
Sale of Opening Obsolete Inventory {Refer Note No. 27(4f)(ix)}	292.83	147.28
Foreign Currency fluctuation gain (Net)	6.35	14.88
Other non-operating income	93.61	93.82
Other Services	3.59	-
<b>TOTAL</b>	<b>1,198.62</b>	<b>932.13</b>

**Note no. 21 CHANGE IN INVENTORIES OF FINISHED GOODS , WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(₹ in Lac)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
<b>(A) Finished goods</b>		
Opening stock *	9,534.99	8,189.40
Less: Closing stock	9,423.62	9,827.82
<b>Sub Total (A)</b>	<b>111.37</b>	<b>(1,638.42)</b>
<b>(B) Stock in trade</b>		
Opening stock	1.89	1.89
Less: Closing stock	1.89	1.89
<b>Sub Total (B)</b>	<b>-</b>	<b>-</b>
<b>(C) Goods in process</b>		
Opening stock	345.45	275.52
Less: Closing stock	422.51	345.45
<b>Sub Total (C)</b>	<b>(77.06)</b>	<b>(69.93)</b>
<b>(D) By Product</b>		
Opening stock	190.25	30.70
Less: Closing stock	497.59	190.25
<b>Sub Total (D)</b>	<b>(307.34)</b>	<b>(159.55)</b>
<b>Net (Increase) / Decrease in Stock (A+B+C+D)</b>	<b>(273.03)</b>	<b>(1,867.90)</b>

\* Refer Note No. 27(4)(f)(ix) for difference in value of opening stocks of ₹ .292.83 Lac (Previous Year ₹ .147.28 Lac.)

**Note no. 22 EMPLOYEE BENEFITS EXPENSES**

(₹ in Lac)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Salary, wages, gratuity & other allowances	3,125.04	2,875.11
Contribution to provident and other funds	164.20	157.79
Staff welfare expenses	156.58	175.41
<b>TOTAL</b>	<b>3,445.82</b>	<b>3,208.31</b>

**Note no. 23 FINANCE COSTS**

(₹ in Lac)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
(a) Interest expenses:- (Note Nos. 27(4)(f)(i) & (ii), 27(5) and 27(19))		
(i) On borrowings	735.91	677.28
(ii) On statutory dues	52.11	31.05
(iii) On trade payables	-	12.79
(iv) On security	1.72	3.27
(v) On car loans taken by employees	1.92	2.62
(vi) On others	0.91	0.91
(b) Other borrowing costs	-	-
(c) Net gain/loss on foreign currency transactions and translation	-	-
<b>TOTAL</b>	<b>792.57</b>	<b>727.92</b>

**Note no. 24 OTHER EXPENSES**

(₹ in Lac)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Consumption of stores & spare parts	975.89	874.53
Consumption of packing materials	5,967.14	4,583.93
Power & fuel	215.04	229.88
Repairs to machinery	1,190.06	1,224.85
Repairs to building	156.94	214.19
Lease rent/Rent	165.43	150.13
Rates & taxes	568.33	561.29
Excise duty on stock	748.49	811.73
Opening finished goods stock charged to Revenue {Refer Note No.27(4f)(ix)}	292.83	147.28
Insurance	47.42	36.11
Auditor's remuneration (see foot-note below)	29.15	27.16
Loss on sale of fixed assets	-	8.11
Loss on sale of Stores	0.01	-
Stores Written Off	10.18	17.57
Less: Adjustment of provision for obsolete stores	(10.18)	(17.57)
Donations	0.70	0.75
Bad debts written-off	-	35.19
Less : Adjustment of provision for doubtful debts	-	(18.80)
Claims / amounts written-off	0.50	14.11
Less : Adjustment of provision for doubtful	-	(14.11)
Investment Wriien Off	-	0.07
Loss on redemption of Investment	2.60	-
Provision for obsolete spare-parts & stores	14.00	17.00

<b>Note no. 24 (Contd.)</b>	<b>( ₹ in Lac)</b>	
<b>Particulars</b>	<b>For the Year ended 31.03.2020</b>	<b>For the Year ended 31.03.2019</b>
Provision for doubtful debts, advances and Security Deposits	<b>306.06</b>	241.06
Provision for Diminution in value of Investments	<b>10.26</b>	18.83
Freight/ transport & forwarding	<b>758.04</b>	595.21
Commission to selling agents	<b>1,549.91</b>	1,394.09
Discount & sale promotion	<b>4,432.68</b>	3,659.88
Advertisement expenses	<b>3.75</b>	34.81
Travelling expenses	<b>222.95</b>	228.29
Legal & professional charges	<b>277.86</b>	287.66
Licence Fee {Note No. 27(17)}	<b>3,675.24</b>	2,818.33
Retainership Expenses	<b>147.61</b>	132.98
Net gain/loss on foreign currency transactions & translaion	-	-
Product Display Charges	<b>17.42</b>	19.59
Other general expenses	<b>276.54</b>	292.64
<b>TOTAL</b>	<b>22,052.85</b>	18,626.77

**Note:**

**Auditor's remuneration:-**

(a) As auditor	<b>11.81</b>	12.78
(b) For taxation matters (Tax Audit fee)	<b>9.67</b>	9.61
(c) For company law matters	-	-
(d) For other services including certification work	<b>6.77</b>	3.95
(e) For reimbursement of expenses	<b>0.90</b>	0.82
<b>TOTAL</b>	<b>29.15</b>	27.16

**NOTE NO.**

**25. BASIS OF PREPARATION**

- (i) These Consolidated Financial Statements have been prepared by the parent Company i.e. Modi Industries Limited herein after referred to as "the Company" to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ['Act'] read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable and in particular Accounting Standard 21(AS 21)-'Consolidated Financial Statements'.
- (ii) The list of Companies which are included in consolidation and the Company's holdings therein are as under:

<b>Name of the Company</b>	<b>Percentage holding</b>	
	<b>2020</b>	<b>2019</b>
Own Investment (India) Limited	99.89%	99.89%
Your Investment (India) Limited	99.93%	99.93%

Each of the above Companies is incorporated in India and financial statements are drawn up to the same reporting date as that of the parent Company i.e. 31st March, 2020.

- (iii) The Consolidated Financial Statements have been prepared to comply in all material respect with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013.
- (iv) The Consolidated Financial Statements have been prepared under the historical cost convention on an accrual basis, except where revaluation/ impairment is made.
- (v) The Accounting Policies have been consistently applied by the Company and are consistent with those used in the previous year unless specified otherwise in the Notes on Accounts.
- (vi) The Consolidated Financial Statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized Profits/Losses.
- (vii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements except as stated in notes on accounts.
- (viii) Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders.

Minority interest in the net assets of consolidated subsidiaries consists of:

- (a) The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
- (b) The minority share of movements in equity since the date parent subsidiary relationship came into existence.
- (ix) Minority Interest's share of Net Profit/(Loss) for the year of consolidated subsidiaries is identified and adjusted against the profit/loss after tax of the group.

**26 ACCOUNTING POLICIES:**

**(1) INVENTORY VALUATION**

- (a) Stocks of raw materials and stores and spares are valued at weighted/moving average cost. (Net of input tax credit) or net realizable value whichever is less.
- (b) Loose tools are valued at depreciated cost.
- (c) Cost of machinery spares, which can be used only in connection with an item of Property, Plant & Equipment and whose use is expected to be irregular, are charged to revenue over useful life of the principal item.

- (d) Goods-in-transit are valued at cost.
- (e) Finished goods/Goods-in-Process are valued at lower of cost and net realisable value except by-product i.e. molasses which is valued at net realizable value. Cost inter-alia, includes direct cost, depreciation, excise duty, lease rentals and factory overheads but excludes general administration and selling expenses, Corporate Office administration expenses and Interest. The closing stocks out of inter divisional transfer of goods, is being treated as finished goods instead of raw materials/stores and valued accordingly.

**(2) PROPERTY, PLANT AND EQUIPMENT**

- (i) Major improvements to Property, Plant and Equipment that increases the future benefits from the existing assets beyond its previously assessed standard of performance is included in the gross block and is depreciated over the remaining life of the original assets.
- (ii) Financing cost (upto the date the assets are ready to be put to use for commercial production) relating to borrowed funds attributable to acquisition or construction of Property, Plant and Equipments are included in the gross book value of Property, Plant and Equipments to which they relate.

**(3) DEPRECIATION**

- (a) Depreciation on Plant & Machinery is provided on Straight Line Method except in Corporate Office. In respect of other assets including Office Equipments, depreciation is provided on Written Down Value Method in all units except Sugar and Steel Units where it is provided on Straight Line Method.
- (b) Depreciation on additions/deletions is charged on prorata basis and in accordance with Schedule II of the Companies Act, 2013.
- (c) Depreciation on assets costing upto ₹ 5,000/- has been fully depreciated in the year of purchase.

**(4) INTANGIBLE ASSETS:**

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer Software is amortized over a period of five years.

**(5) REVENUE RECOGNITION:**

- (i) Export incentives under the duty entitlement pass book scheme is recognized on accrual basis.
- (ii) Revenue arising by use of Company's properties by others yielding rent is recognized when no significant uncertainty as to measurability or collectability exists.
- (iii) Sale of goods is recognized at the point of dispatch of goods to customers.

**(6) INVESTMENTS:**

Long-term investments are valued at cost less provision for diminution, other than temporary, in the value of investments.

**(7) RETIREMENT BENEFITS:**

- (a) Contribution to Provident Fund is made at a predetermined rate to the Provident Fund Trust and charged to the Statement of Profit and Loss on accrual basis.
- (b) Gratuity Liability is accounted for on accrual basis, computed actuarially, except for Steel Unit upto 31st March, 2002 which is accounted for on cash basis.
- (c) Leave encashment is accounted for on accrual basis, computed actuarially.

**(8) OPERATING LEASE:**

Lease payments under an operating lease are recognized as an expense in Statement of Profit and Loss on a straight line basis over the lease term.

**(9) ACCOUNTING FOR GOVERNMENT GRANTS:**

As stipulated in Accounting Standard - 12 "Accounting for Government Grants", the Government grants (subsidy) that are receivable as compensation for expenses or losses incurred in a previous accounting period is recognized and disclosed in the statement of the period in which they became receivables.

**27. CONTINGENT LIABILITIES AND OTHER NOTES:**

(₹ in Lac)

Particulars	AS AT	AS AT
	31.03.2020	31.03.2019
1. (a) Claims against the Company not acknowledged as debts :		
i) Workmen (excluding unascertainable amounts)	410.71	403.11
ii) Others	224.12	236.29
(b) Disputed Liability for Excise-duty, Sales-tax, Entry-tax matters and liquidated damages on Provident Fund dues {excluding interest unascertainable and undisputed Sales Tax/ penalty demands (net of provision made of ₹62.21 Lac) of ₹175.24 Lac}.	1307.67	1317.28
(c) Income Tax	209.59	209.59
(d) Bills discounted	148.59	148.59
2. Estimated amount of contracts remaining to be executed on Capital Account ₹ 118.94 Lac (Previous Year ₹ 75.05 Lac).		

3. Guarantees given to Sales-tax/Excise Departments on behalf of Companies in the same group amounts to ₹ 139.42 Lac (Previous year ₹ 139.42 Lac). Information regarding outstanding position is not available. This excludes guarantees of ₹ 109.63 Lac (Previous year ₹ 109.63 Lac) vacated by Sales Tax Department for which guarantee bonds not yet received back.

4. (a) The Steel Unit is lying closed since 24th January, 1993 due to strike/lock-out and thereafter closure was declared with effect from 24th November, 1993, as the Unit was found to be unviable. The Company has not been able to obtain access to the accounting, financial and production records of the unit necessary for updating the said books of accounts/ compiling the data to prepare the annual accounts as well as for finalizing the audit for the year ended 31st March, 1993. Transactions subsequent to the closure of the unit could not be incorporated in the annual accounts of 1992-93 and onwards in view of pending access to the earlier accounts viz., 1st April, 1992 to 24th January, 1993, the absence of which would leave the books still incomplete. However, the Statement of Profit and Loss for the current financial year 2019-20 and from 1993-94 to 2018-19 have been incorporated in current financial year and in various previous financial years respectively. As an interim measure credit balance of ₹ 959.12 Lac (Previous year credit balance of ₹ 1118.96 Lac) have been clubbed with Current Liabilities of the Company as on 31st March, 2020 and 31st March, 2019 respectively as "Inter- Unit Balances" pending incorporation of (i) Annual Accounts for the period 1st April, 1992 to 31st March, 1993 and (ii) assets and liabilities including inter unit balances arising on account of transactions for the period 1st April, 1993 to 31st March, 2020.

(b) The financial results for the year 1992-93 would be incorporated as soon as the Company is able to obtain access to/reconstruct the financial, accounting and production records.

(c) In view of above, as per past practice, the audited opening balances of Assets and Liabilities, quantitative details, contingent liabilities (excluding old electricity dues – Refer Note 4f(viii)) and notes of the Steel Unit as on 1st April, 1992, have been incorporated in the Standalone financial Statements subject to (i) reduction of unsecured loans taken by ₹ 278.95 Lac in view of write back on account of one-time settlement (O.T.S.) of dues with Hong Kong and Shanghai Banking Corporation Limited (HSBC) during the year 2004-05, and further reduction of ₹ 45.00 Lac on account of payment during 2005-06 of O.T.S. to H.S.B.C.; (ii) reduction of Property, Plant and Equipments (net) by ₹ 794.01 Lac being depreciation provided during 1993-94 to 2019-20 on Property, Plant & Equipment (iii) reduction in opening inventory by ₹ 440.11 Lac and (iv) decrease in Inter-Unit balance by ₹ 1701.79 Lac. The above inter-unit balance will actually represent either net decrease in assets or net increase in liabilities as on 31st March, 2020 over balances as on 31st March, 1993 of the Steel Unit.

(d) Assets and Liabilities of the Steel Unit incorporated in the Balance Sheet of the Company as on 31.03.2019 and 31.03.2020 are as under:

(₹ in Lac)

Liabilities	As at 31.3.2020	As at 31.3.2019	Assets	As at 31.3.2020	As at 31.3.2019
Secured Loans	3421.08	3421.08	Property, Plant and Equipments (Net)	405.73	411.58
Current Liabilities & Provisions	2838.28	2838.28	Investments	0.11	0.11
Accumulated Profits/(Losses) (net):	(2412.04)	(2275.04)	Current Assets & Advances: Inventories	900.03	1192.86
1993-94 to 1995-96 (687.81)			Sundry Debtors	1199.25	1199.25
1996-97 and 1997-98 (58.56)			Cash and Bank Balances	150.78	150.78
1998-99 to 2000-01 (29.83)			Loans and Advances	249.70	249.70
2001-02 to 2003-04 56.53			Miscellaneous Expenditure (to the extent not written off or adjusted)	11.07	11.07
2004-05 300.90			Inter-unit Balances	(282.18)	(18.25)
2005-06 (36.67)			Loss for the year 1991-92	787.22	787.22
2006-07 (18.94)					
2007-08 (10.86)					
2008-09 (24.40)					
2009-10 172.48					
2010-11 (152.17)					
2011-12 (141.82)					
2012-13 (167.86)					
2013-14 93.97					
2014-15 (131.58)					
2015-16 (203.70)					
2016-17 (54.96)					
2017-18 (1077.51)					
2018-19 (102.25)					
2019-20 (137.00)					
<b>Total</b>	<b>3847.32</b>	<b>3984.32</b>	<b>Total</b>	<b>3847.32</b>	<b>3984.32</b>

(e) Statement of Profit and Loss of the Steel Unit for the year ended 31st March, 2020 and 31st March, 2019 (excluding inter-unit rental income of ₹ 83.77 Lac) (Previous year ₹ 90.74 Lac) is as under:

(₹ in Lac)

Particulars	2019-20	2018-19
<b>INCOME :</b>		
Rental Income	436.51	400.68
Profit on sale of Property, Plant & Equipment	-	52.77
Other Services	3.60	-
Sale of opening inventory (See Note No. 4f(ix) below)	292.83	147.28
	<b>732.94</b>	<b>600.73</b>

Particulars	₹ in Lac	
	2019-20	2018-19
<b>EXPENDITURE :</b>		
Employees Benefit Expenses	123.61	144.66
Finance Cost	329.07	303.64
Depreciation	44.08	33.75
Legal & Professional Expenses	18.79	26.23
Opening Finished Stock Charge to revenue	292.83	147.28
Other Expenses	61.56	47.42
Loss for the year	137.00	102.25

(f) The Profit and Loss Account/Statement of Profit and Loss of Steel Unit for the years 1993-94 to 2019-20 are subject to the following notes on accounts:-

- (i) In view of non-availability of book balance of liabilities towards PNB, IDBI and IFCI in the books of Steel Unit of the Company on account of non-incorporation of annual accounts and balance sheets of Steel Unit {Refer Note 27 (4) (a to c) of Annual Accounts}, the difference between OTS amounts and book balances could not be ascertained.
- (ii) No-provision of interest, amount unascertained, is required to be made, on loans from other Financial Institutions as the existing amounts appearing in the books of accounts of the Company will be more than sufficient in view of in-principle approval/discussions being held for one time settlement of dues with the Financial Institutions.
- (iii) The impact, if any, on account of non-availability and consequently non incorporation of audited opening balances of assets and liabilities of the Steel Unit as on 1st April, 2019;
- (iv) Non-provision of obsolete/damaged stocks and Property, Plant and Equipments, if any, in view of non-incorporation of earlier year's accounts and non-physical verification of these inventories since 1992-93 and Property, Plant & Equipment since the year 1989;
- (v) Non-confirmation/reconciliation of balances of debtors, creditors, banks, financial institutions etc. and impact, if any, on the Statement of Profit and Loss;
- (vi) Non-provision of doubtful debts and loans & advances, amount unascertained;
- (vii) Non-provision of Impairment, if any, of the Property, Plant and Equipments as per Accounting Standard (AS 28) i.e. Impairment of Assets, amount unascertained.
- (viii) (a) Uttar Pradesh Electricity Board (now U.P. Power Corporation Ltd.) raised various demand notices against electricity dues of ₹ 798.64 Lac and late payment surcharge amounting to ₹ 512.84 Lac on the Steel unit of the Company.  
(b) The Company filed writ petition in Allahabad High Court challenging the said demand notices. The Hon'ble Allahabad High Court dismissed the writ petition filed by the Company. The Company filed Special Leave Petition (SLP) with the Hon'ble Supreme

Court of India, who has granted interim stay on 14th March, 2005 for stay of recovery by way of sale of property. Hon'ble Supreme Court of India vide its order dated November 02, 2017 directed to pay ₹ 798.64 Lac and 50% of Surcharge amount within a period of one year from the date of the order in four equal quarterly instalments. Accordingly, electricity expenses amount of ₹ 1055.06 Lac has been charged to revenue as an 'exceptional item' during the year 2017-18.

The Hon'ble Supreme Court of India vide its order dated 22nd October, 2018 and 29th March, 2019 granted permission for sale of movable property and granted 8 weeks time respectively. Till date the Steel Unit of the Company has already paid ₹ 1030.00 Lac and balance ₹ 25.06 Lac is due as on date.

- (ix) In view of non-incorporation of accounts of the Unit for the year 1992-93, subject to certain adjustments, the assets and liabilities of the unit continued to be incorporated as it is in the balance sheet of the Company since 31st March, 1993.

As per the order of the Hon'ble Supreme Court of India dated 22nd October, 2018 granting approval to sell moveable properties, the Steel Unit has disposed off certain damaged and obsolete inventories of more than 25 years old for a consideration of ₹ 292.83 Lac (Previous year ₹ 147.28 Lacs) during the year and recognized revenue. Accordingly, in the absence of details of quantity and value of opening inventory appearing in the books of account, value of stocks sold during the year of ₹ 292.83 Lac (Previous year ₹ 147.28 Lacs) has been reduced from inventory appearing in the balance sheet and treated as "opening finished goods stock" charged to revenue in the Note No. 24 of 'Other Expenses'.

#### 5. With respect to the assignment of debts

- (a) During the year 2006-07, an agreement dated 22nd January, 2007 for One Time Settlement (OTS) of dues of Punjab National Bank (PNB) was entered into between the Company, PNB, Shri U.K. Modi (as Guarantor) and SBEC Sugar Limited (SSL), on the terms as contained in the PNB's Letter dated 28th September, 2006. Under the said agreement, PNB has agreed to assign all its claims against Steel Unit of the Company together with all securities and charges created by the Company to SSL on payment of full settlement amount of ₹ 2810.60 Lac together with interest. SSL made full payment to PNB of the settlement amount together with interest. PNB thereafter executed a Deed of Assignment on 15th May, 2012 in favour of SSL by which PNB assigned all its claims together with all securities and charges created by the Company in its favour to SSL. The Registrar of Companies has registered the modification to the charges in favour of SSL. The debts of MIL which was assigned to SSL had been further assigned to SBEC Bioenergy Limited (SBEL) on 31st December, 2012. Thereafter, in the month of June, 2018, SBEC Bioenergy Limited assigned the entire debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 6th June, 2018. In view of the above, the secured debt is now payable by the Company to SSL. The Company proposes to enter into revised terms of payment of this secured debt with SSL.



- (b) With reference to the Company's liabilities to IDBI Limited, a settlement agreement was concluded between the Company, IDBI Limited and SBEC Bio Energy Limited (SBEL) on 6th October, 2007. This settlement agreement was in terms of IDBI's letter dated 9th February, 2007. Under the said agreement IDBI agreed to assign its entire debt due and payable by the Company to SBEL subject to SBEL paying to IDBI its OTS claim amount of ₹ 1232.20 Lac. Acting on the said agreement, SBEL made a payment of ₹ 1232.20 Lac to IDBI together with interest. The said payment to IDBI of ₹ 1232.20 Lac along with interest was completed on 6th October 2007. IDBI has executed a Deed of Assignment on 5th March, 2018 in favour of SBEL by which IDBI assigned all its claims together with all securities and charges created by the Company in its favour to SBEL. The Registrar of Companies has registered the modification to the charges in favour of SBEL. Thereafter, in the month of June, 2018, SBEC Bioenergy Limited assigned the entire IDBI's debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 12th June, 2018. The said debt is now payable by this Company to SSL.

The Company proposes to enter into fresh terms of payment of the IDBI's assigned debt with SSL.

- (c) With reference to this Company's liabilities to IFCI Limited, a settlement agreement dated 30th December, 2009 was concluded between this Company, IFCI Limited and SBEC Bio-Energy Limited (SBEL). This settlement agreement was in terms of IFCI's letter dated 30th December, 2009. Under the said settlement agreement, IFCI agreed to assign to SBEL its entire debt as due and payable by this Company to it subject to SBEL paying to IFCI its OTS claim of ₹ 775.00 Lac. Acting on the said settlement agreement, SBEL made a payment of ₹ 775.00 Lac to IFCI on 30th December, 2009 and in consideration thereof IFCI Limited executed a Deed of Assignment dated 19th April, 2012 and assigned its all claims against this Company together with the securities and charges in favour of SBEL. The Registrar of Companies has registered the modification to the charges in favour of SBEL. Thereafter, in the month of June, 2018, SBEC Bioenergy Limited assigned the entire IFCI's debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 12th June, 2018. The said secured debt is payable by this Company to SSL. The Company proposes to enter into fresh terms of payment of this debt with SSL.
- (d) International Asset Reconstruction Company Limited, the assignee of ICICI debt has assigned its debt to M/s. T.C. Healthcare Private Limited on 27th June, 2018 and its charge has been duly registered with Registrar of Companies. The Company proposes to enter into fresh terms of payment of this debt with TC Health Care Pvt. Ltd.

#### 6. With respect to the proceedings before BIFR / AAIFR:-

Since the Net Worth of the Company had completely eroded, a reference was made before BIFR under Sick Industrial Companies (Special Provisions) Act, 1985 in the year 1990 and on 14.03.1991 the Company was declared as "Sick Company" and IDBI was appointed as Operating Agency (OA) to prepare a rehabilitation scheme for the company.

Efforts were made by the OA for preparation of a consensus scheme at different occasions but the same could not be prepared and finalized till the year 2016.

However, during the pendency of the ongoing proceedings before the Ld. BIFR / AAIFR, the Government of India vide its notification dated 25.11.2016 notified the SICA Repeal Act, 2003 with effect from 01.12.2016 that in terms of the Section 4 (b) of the SICA Repeal Act, 2003, the proceedings pending before the Ld. BIFR or AAIFR shall stand abated. The relevant portion of the Section 4(b) act is reproduced herein below:

"Any appeal preferred to the Appellate Authority or any reference made to the Board or any inquiry pending before the Board or any other authority or any proceeding of whatever nature pending before the Appellate Authority or the Board immediately before the commencement of this Act shall stand abated."

Accordingly, proceedings pending before AAIFR/BIFR have come to an end.

- 7.(a) The Securities and Exchange Board of India (SEBI), vide circular dated 30 May 2012, issued guidelines facilitating the exit of de-recognised/ non-operational stock exchanges and exit to the shareholders of Exclusively Listed Companies (ELCs) by allowing them to get listed on Nation-wide Stock Exchanges (NWSEs) after complying with the diluted listing norms of the NWSEs, failing which they would be moved to the Dissemination Board (DB). Thereafter, SEBI, vide circular dated 10 October 2016 (Circular), has provided a relaxed criterion for issue of further capital to enable listing of equity shares of such companies on the NWSEs, or in the alternative they must provide an exit option to the public shareholders. Subsequently SEBI vide its circular dated 5th January 2017 had extended the time limit for submission of plan of action by ELCs till 31st March, 2017.

In order to prepare a valuation report and comply with the aforementioned circular issued by SEBI, Shri M.K. Modi and Shri U.K. Modi had jointly appointed Mr. Rakesh Gupta, partner of M/s Dass Gupta & Associates, Chartered Accountants to carry out the valuation of equity shares of MIL.

In addition to the above, Shri M.K. Modi and Shri U.K. Modi had jointly appointed Architect and Valuer Mona Chawla (in April 2017) for carrying out the valuation of Immovable Properties of Modi Industries Ltd. in Modinagar.

Pursuant to the consent received from both the Managing Directors i.e. Shri M.K. Modi and Shri U.K. Modi, a board resolution was executed and placed before the board for their approval for appointment of Mr. Rakesh Gupta to carry out the aforesaid process of valuation and for authorising Mr. Vimal Prasad Gupta on behalf of the company (MIL) to take all necessary steps to comply with the aforementioned SEBI circular.

Subsequent to the appointment of Mr. Rakesh Gupta, various meetings were scheduled at his office at Pitampura, New Delhi wherein Mr. Vimal Prasad Gupta was present to provide him all the relevant documents as and when requested for completing the valuation report in the given time.

Mr. Rakesh Gupta submitted his duly signed Valuation Report on 09.05.2017. Pursuant to the receipt of the report, the same was sent to NSE by Mr. Vimal Prasad Gupta through Courier on 09.05.2017. The prescribed Public Announcement as per SEBI Circular was subsequently published in the following News Papers on 24th May, 2017:

a-Rastriye Sahara, Hindi, Kanpur-UP-Edition;

b-Jan Satta, Hindi, Delhi – Edition;

c-Financial Express, English, National Daily.

The perusal of the report shows that the Fair value of the Equity share of ₹ 10/- each of MIL as on 31.03.2016 is ₹ -403.96 i.e. Negative Rupees Four Hundred Three and Paise Ninety-Six only.

In view of the negative value of Equity Shares of MIL, promoters are not required to provide any exit opportunity to the shareholders and consequently the Company has been removed from Dissemination Board by NSE vide its Circular No. NSE/CML/35701 dated 1st September, 2017.

- (b) Shri M.K. Modi, Managing Director has raised his contention in regard to the valuation report and its approval by Board of Directors again, which, in the opinion of the Board of Directors of the Company, is incorrect as the aforesaid valuation report was not at all required to be again put up before the Board for its approval and the action taken by the Company Secretary of sending the valuation report to NSE was in pursuance of the authority granted to him by the Board of Directors of the Company.

8. The outbreak of COVID-19 pandemic globally and in India has caused significant disturbance and slowdown of economic activity. The nationwide lockdown restrictions imposed by the Government of India w.e.f. 24th March 2020 led to complete shutdown of operations at the Distillery business of the Company which however restarted in a limited way from 7/4/2020. However, the Sugar manufacturing operation of the Company continued without any significant disruptions. Sugar offtake has been lower due to lack of its demand. After resumption of the Distillery Business, all the activities were carried out in normal course with the adoption of enhanced safety, security and other required measures. There has been no material impact on the business of the company though the sale and movement of finished products was affected for a short period of time initially due to lockdown.

- 9 (a) Electrode, Paint and Gas Units of the company are lying closed with effect from November 2016. The audited financial statements of these 3 Units and Central Accounts Department (“CAD”) of these three Units have not been received by the corporate office of the company for incorporation in the financial statements of the company for the financial years 2016-17, 2017-18, 2018-19 and 2019-20. Pending incorporation of audited financial statements of these 3 Units and CAD for the period 1st April, 2016 to 31st March, 2020, change in inter-unit net debit balances with other Units & corporate office of ₹ 104.90 Lac as on 31st March, 2020 (credit balance of ₹ 32.39 Lac as on 31st March, 2019) due to non-incorporation of these financial statements has been shown under Current Liabilities of the Company as on 31st March, 2020 and 31st March, 2019 as “Inter- Unit Balances” as an interim measure as was done in case of closed Steel Unit as stated in Note No. 27(4) above. As soon as the audited financial statements of these four financial years i.e. 2016-17, 2017-18, 2018-19 and 2019-20 of these 3 Units and CAD are made available to the Corporate Office, the same would be incorporated in the financial statements of the company. The reason for non availability of the financials of the three units i.e. Electrode, Paints and Gas is that the access of the

premises was restricted by the workers/union members who were sitting outside the concerned CAD office & ceiling of doors with the locks in the premises/CAD

office and not allowing entry to the officials of the Company. Therefore, it was not possible for the three units to provide their accounts on time due to the above mentioned issues/problems. Presently the books of Account of these Units and CAD are under compilation which is a time consuming affair.

- (b) In view of above, as per past practice followed in case of closed Steel Unit, the following audited closing balances of Assets and Liabilities as on 31st March, 2016 of these 3 Units and CAD have been incorporated in the Balance Sheet of the Company as on 31.03.2018, 31.03.2019 and 31.03.2020. Further, the contingent liabilities and Notes on financial statements relating to these 3 Units and CAD as on 31st March, 2016 have also been incorporated in these financial statements of the company for the financial years 2017-18, 2018-19 and 2019-20 without updating the amounts for the events/transactions that have taken place after 31st March, 2016.
- (c) Balances of Assets and Liabilities of these 3 closed Units and CAD as on 31st March, 2016 were as under:

(₹ in Lac)

Liabilities	As at 31.3.2016	Assets	As at 31.3.2016
Reserves and Surplus	(2,979.15)	Property, Plant and Equipments (Net)	407.28
Inter-Unit Balances (Net)	93.90	Long term loan and advances	96.90
Non-current Liabilities	1,882.76	Other non-current assets	6.90
Current Liabilities & Provisions	4,441.34	<b>Current Assets:</b>	
		Inventories	464.35
		Trade receivables	646.36
		Cash and Bank Balances	664.65
		Short-term Loans and Advances	1,047.78
		Other Current assets	104.63
<b>Total</b>	<b>3,438.85</b>	<b>Total</b>	<b>3,438.85</b>

10. The Company has entered into an agreement with U.P. Power Corporation Limited for its Residential Feeder SC No. 2005 on 29th March, 2000. In pursuance of that agreement, the Company has paid for the existing authorised occupants only after 1st July, 1998 computed prorata based on covered area of quarters occupied by the employees. In view of the above, no provision has been made for electricity charges of ₹ 131.46 Lac upto the period of permanent disconnection of residential feeder SC No. 2005 i.e. 31st May, 2001 (Previous year ₹ 131.46 Lac) for the unauthorized occupants and late payment surcharge/recovery charges amounting to ₹ 302.66 Lac upto 31st May, 2001 (Previous year ₹ 302.66 Lac). In accordance with the agreement, matter regarding waiver of late payment surcharge and recovery charges after 1st July, 1998 will be referred to the Government.
11. ESI authorities had raised a demand on the Company for ₹ 69.36 Lac (upto previous year ₹ 68.19 Lac) (inclusive of interest) towards Company's liability for ESI for the years 1968 to 1986 and no provision has been made against this liability.
12. Modinagar Municipal Committee had determined the basis/liability of house tax payable by the Company for the years

1982-83 to 2006-07 at ₹ 213.98 Lac. The said liability/demand/ basis is disputed by the Company at various levels and the Company has deposited ₹ 16.51 Lac on account upto 31st March, 2020. Pending final decision of the Court/settlement and after taking into account the provision/ payment already made by the Company, there is a net liability of ₹ 188.63 Lac (upto the previous year ₹ 188.63 Lac), which is being disputed and has not been provided in the accounts.

13. Excise duty on uncleared manufactured finished goods and custom duty in respect of imported goods lying in bond in respect of Steel Unit amounting to ₹ 43.09 Lac and ₹ 24.35 Lac respectively is accounted for as and when such goods are cleared. However, this has no impact on the loss of the Company.

- 14.(a) The Company has adopted Accounting Standard 15 (Revised) on employees benefits with effect from 1st April, 2007 in respect of provision for Gratuity liability.

Details in respect of Gratuity (except for Gas, Electrode, Paint Units and CAD of these units) of the Company for the year 2019-20 and 2018-19 :

Details in respect of Gratuity are as under:

(₹ in Lac)		
Liability to be recognized in Balance Sheet	As on 31.03.2020	As on 31.03.2019
Present value of Obligations	803.87	829.98
Fair Value of Plan Assets	-	-
Net Liability	803.87	829.98
<b>Reconciliation of Opening and Closing Balances of Obligation</b>		
Obligation as at beginning of the year	829.99	884.72
Acquisition adjustment (Out)	-	-
Current Service Cost	55.79	52.58
Interest Cost	62.99	68.12
Actuarial Losses/(Gain)	(18.36)	(69.36)
Benefits paid	(126.54)	(106.08)
Obligations as at the end of the year	803.87	829.98
<b>Expenditure to be recognized during the year</b>		
Current Service Cost	55.79	52.58
Interest Cost	62.99	68.12
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) Recognized during the year	(18.36)	(69.36)
Total expenditure included in "Employees' Emoluments"	100.42	51.34
<b>Assumptions</b>		
Discount Rate (per annum)	6.76%	7.59%
Expected rate of Return on Assets (per annum)	0%	0%
Salary Escalation Rate	7.00%	8.00%

The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon tenure of service for each year of completed service subject to minimum five years of service payable at the time of separation upon superannuation or on exit otherwise.

- (b) (i) The Company has adopted Accounting Standard 15 (Revised) on employees benefits with effect from 1st April, 2008 in respect of Earned Leave.

Details in respect of Earned Leave (except for Gas, Electrode, Paint Units and CAD of these units) of the Company for the year 2019-20 and 2018-19:

- (ii) Details in respect of Earned Leave are as under:

(₹ in Lac)		
Liability to be recognized in Balance Sheet	As on 31.03.2020	As on 31.03.2019
Present value of Obligations	44.64	45.44
Fair Value of Plan Assets	-	-
Net Liability	44.64	45.44
<b>Reconciliation of Opening and Closing Balances of Obligation</b>		
Obligation as at beginning of the year	45.44	44.11
Acquisition adjustment (Out)	-	-
Current Service Cost	6.27	5.67
Interest Cost	3.45	3.40
Actuarial Losses/(Gain)	(7.46)	(4.71)
Benefits paid	(3.06)	(3.03)
Obligations as at the end of the year	44.64	45.44
<b>Expenditure to be recognized during the year</b>		
Current Service Cost	6.27	5.67
Interest Cost	3.45	3.40
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) Recognized during the year	(7.46)	(4.71)
Total expenditure included in "Employees' Emoluments"	2.26	4.36
<b>Assumptions</b>		
Discount Rate (per annum)	6.76%	7.59%
Expected rate of Return on Assets (per annum)	0%	0%
Salary Escalation Rate	7.00%	8.00%

15. Based on the information/documents available with the Company, information as per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 with respect to trade payables and payable to suppliers of capital goods are as follows:

As at 31 <sup>st</sup> March, 2020				(in ₹ in lac)
Description		Trade payables	Payable to suppliers of capital goods	Total
(i)	The Principal amount remaining unpaid to suppliers as at the end of accounting year.	157.28 *(116.24)	31.57	188.85 *(116.24)
(ii)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year.	**See Note below		
(iii)	The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during accounting year;	**See Note below		
(iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	**See Note below		
(v)	The amount of interest accrued during the year and remaining unpaid at the end of accounting year.	**See Note below		
(vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure U/s 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**See Note below		

\* Figures in ( ) represent previous year figures.

\*\* No provision has been made for interest on dues of parties covered under MSME Act, 2006 for the period upto 31st March, 2020 in the books of account. Amount not ascertained.

16. Government of India has issued guidelines dated 15th January, 1987 which requires companies raising resources through issue of Debentures to create a Debenture Redemption Reserve. The Company has not created such a reserve in view of the accumulated losses.
17. During the year 2010-11, the Distillery Unit of the Company (Bottler) had entered into an agreement i.e. a "Bottling Agreement (including addendum to bottling agreement dated 26th April, 2012)" with MI Spirit India Private Ltd (MISIP) whereby the parties i.e. bottler and MISIP have agreed to the blending, manufacturing and bottling of the products by the bottler. Bottling agreement stated above was substantially amended with effect from 01.04.2018 wherein number of clauses have been deleted and/or modified. The amended agreement inter-alia stipulates that (i) MISIP will only carry out certain quality control functions (ii) definition of 'manufacturing expenses', manufacturing margin and selling and distribution expenses shall stand deleted (iii) the risk property, interest, title or ownership to the materials procured by the bottler shall always remain with the bottler (iv) the bottler shall be responsible for collection of all payment against invoices raised by the bottler and (v) in consideration of the company granting the rights as specified in the bottling agreement to the bottler in terms hereof and the sub license agreement, including rendering process services and marketing the products. The bottler shall pay to the Company license fee equal to 12% of the revenue generated (net of statutory charges levies, taxes and duties) from the sale of products.
18. Consequent to the losses, the Company had been declared a Sick Industrial Company on 14th March, 1991 in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. Show Cause Notice issued by BIFR for winding up pursuant to its order dated 28th October, 2013 has been stayed by AAIFR. Ministry of Finance, Department of Financial Services vide its Notification No. S.O.3568(E) & S.O. 3569(E) dated 25th November, 2016 repealed the SICA Therefore BIFR & AAIFR have also been dissolved. National Company Law Tribunal (NCLT) & National Company Law Appellate Tribunal (NCLAT) have been constituted by the Government, now such type of matters will be dealt by NCLT/NCLAT as and when referred to it. Company in its Board Meeting held on 20th May, 2019, has appointed M/s. KPMG India Private Limited for preparation of Scheme of Resolution of Liabilities of the Company for presenting before the appropriate Court/Tribunal/Forum etc. which is under preparation as on date. In view of the above, as well as improved performance of the operating units of the Company, the accounts of the company have been prepared on a going concern basis.
- 19 (a) No provision has been made for penal/delayed/simple/compound interest amounting to ₹ 24985.71 Lac upto 31st March, 2020 (for the year ₹ 1115.97 Lac) on term borrowings.
- (b) No provision has been made for interest/compound/penal interest of ₹ 8823.40 Lacs upto 31st March, 2020 on 15% Debentures (₹ 9,461.90 Lac upto 31.03.2019) [Refer Note No. 27(30)(A)(iii)].

- (c) The Sugar & Distillery Units of the Company have given a proposal for settlement of their dues with Allahabad Bank of ₹ 227.00 Lac against which an upfront payment of ₹ 50.00 Lac has already been made under 'No Lien Account' and included under "Other Bank Balances" and to pay the balance amount of ₹ 177.00 Lac in two equal monthly instalments after the receipt of sanction from the Bank. The shortfall in interest provision amounting to ₹ 168.84 Lac will be provided in the books of account in the year of approval of OTS proposal by the Bank which is pending.
- (d) The Sugar Unit of the Company has not made provision for interest (computed at 15.5% per annum) / bank charges amounting to ₹ 6873.45 Lac (for the year ₹981.07 Lac) on cash credit loan taken from Allahabad Bank in view of para (c) above.
- (e) Interest payable by closed Vanaspati Unit of the Company to Financial Institutions since the date of disbursement of the loan on simple rate of interest basis amounts to ₹ 1450.65 Lac upto 31st March, 2016 and the unit holds total interest provision of ₹ 732.41 Lac as on 31st March, 2016 resulting in the short provision of ₹ 718.24 Lac on simple interest basis.
- (f) No provision has been made for interest on Cash Credit amounting to ₹ 796.61 Lac (for the year ₹ 118.24 Lac). Further, response to the proposal submitted to the Bank for One Time Settlement (OTS) dues is awaited in Distillery Unit in view of para (b) above.

20. (a) The closed Vanaspati Unit had applied for Sales Tax Relief Exemption to U.P. Government in terms of Section 4A of U.P. Sales Tax Act. Consequent to rejection, the Company has filed a writ petition in Lucknow Bench of Allahabad High Court and Court had passed an order dated 21st February, 2013 that "the writ petition is allowed and impugned order dated 22nd April, 1992 is quashed. The opposite parties are directed to reconsider the case of the petitioner afresh, after giving personal opportunity of hearing and pass appropriate orders, in accordance with law." In compliance of High Court order, we had filed an application before the Secretary Level Committee (Constituted under Section 4A of the U.P. Trade Tax Act). As the matter is still pending before the authority, no provision has been made for sales tax liability of ₹ 2,455.78 Lac relating to the period May, 1991 to July, 1994 (previous year ₹2,455.78 Lac) {Note 27(9)(b)}.

(b) The closed Vanaspati Unit had preferred an application for deferment of Sales-tax with effect from July, 1994 under Section 38 of the U.P. Sales Tax Act and the same has been rejected by the State Government. The Company has also filed Writ Petition against the rejection and consequent to the orders of the Court, the recovery of Sales-tax has been kept in abeyance. Accordingly, Sales-tax amounting to ₹ 440.46 Lac (previous year ₹ 440.46 Lac) relating to the period August, 1994 to March, 1996 has not been deposited with the authorities.

The above writ petition filed by the Company was listed for hearing on 2nd May, 2008 at High Court, Lucknow Bench. The Company had filed an affidavit with the Court that BIFR had passed an order dated 26th March, 2008 by virtue of which the Bench permitted the Commercial Tax Department, Government of U.P. to recover its outstanding dues, due after

30th June, 2007. The Company had also stated in the said affidavit that the Hon'ble Supreme Court of India had affirmed the order of the BIFR and therefore in view of the said orders of BIFR as affirmed by the Hon'ble Supreme Court, the said Writ Petition may be dismissed as infructuous. Accordingly the High Court, Lucknow Bench has dismissed the said writ petition as infructuous {Note 27(9)(b)}.

(c) In accordance with the scheme announced by U.P. Government regarding Waiver of Interest & Penalty on Sales Tax, the Distillery Unit of the Company has paid and provided interest during 2005-06 of ₹ 54.77 Lac i.e. 10% of the total interest as per the scheme. No Dues Certificate of Sales Tax authorities is awaited.

## 21. Operating Leases:

- (a) Electrode and Gas Units of the Company has taken following premises and Plant & Machinery on operating lease basis {Refer Note 27(9)(b)}.

Disclosure requirement as per AS-19 are as under  
(₹ in Lac)

Period	Year ended 31.03.2016	Year ended 31.03.2015
Not later than one year	82.07	82.20
Later than one year but not later than five years.	127.63	Nil
Later than five years.	Nil	Nil

The above includes:

- (i) During the financial year 2011-12, Gas Unit of the Company has entered into lease agreement, as amended, with Weld Excel India Ltd. (WEIL), a related party, taking Oxygen filling plant under operating lease for 2 years non cancelable lease period at monthly rent of ₹ 1.00 Lac up to 31st December, 2014 which was extended by one year in 2014-15. The Company has further renewed this agreement for One year up to 31st December, 2016 at the same rent.
- (ii) During the financial year 2010-11, Electrodes unit of the Company has taken office premises in Delhi on sublease basis from WEIL, a related party, under operating lease for an initial period of three years as non-cancelable period at monthly rent of ₹ 4.15 Lac and the lease was further renewed for a period of three years w.e.f. 1st April, 2013 at an increase of 15% over the current lease rent i.e. ₹ 4.78 Lac pm. Lease agreement has now been further renewed at reduced rent of ₹ 4.15 Lac pm for a period of three year w.e.f. 1st April, 2016.
- (iii) Electrodes unit of the Company has taken premises for office cum guest house cum residence of Managing Director in Chattarpur, New Delhi on operating lease basis and having sharing arrangement with WEIL with effect from 1st November, 2011 (for a period of two years and further extended till 31st December, 2016) at a monthly rent of ₹ 1.60 Lac with effect from 1st January, 2015 (our share net of recovery from Managing Director).
- (iv) 1633 cylinders (Previous year 1633 cylinders) taken from Weld Excel India Limited on operating lease at a monthly rent of Rs.45/- per cylinder since 1st June, 2012 for three years, has been further renewed for another 5 year w.e.f. 1st June, 2015 on same rent.

- (b) Modi Distillery Unit has entered with in an operating lease agreement for Evaporatorion Plant on 01/10/2016 with G.S. Pharmabutor Private Limited, Modinagar which was extended for a period of three years on 01.10.2019. Details as under:

Particulars	Evaporatorion Plant	
	2019-20	2018-19
Lease Period	3 Years	3 Years
Total Lease Rent Payable	210.39 Lacs	180.00 Lacs
Paid during 2019-20	35.07 Lacs	30.00 Lacs
Payable during 2020-21	70.13 Lacs	30.00 Lacs
Payable during 2021-22 to not later than 5 years	105.19 Lacs	Nil

- (c) Modi Sugar Unit has entered with an operating lease agreement for 80 Ton PAN & Centrifugal Machine on 15.10.2017 with G.S. Pharmabutor Private Limited, Modinagar. Details as under:

Particulars	80 Ton PAN & Centrifugal Machine	
	2019-20	2018-19
Lease Period	3 Years	3 Years
Total Lease Rent Payable	126.00 Lac	126.00 Lac
Payable as on 31st March, 2020	22.75 Lac	64.75 Lac
Payable during 2020-21	22.75 Lac	42.00 Lac
Payable during 2021-22 to not later than 5 years	NIL	22.75 Lac

22. The Distillery Unit declared cessation and lock-out of the Unit with effect from 19th December, 1991 and 5th January, 1992 respectively. The lockout has since been lifted. The U.P. Government, suo moto, has referred the matter to the Industrial Tribunal to decide the legality of the lockout. Pending final decision, no provision has been made for wages ₹ 27.46 Lac for the lockout period.
23. Provision/payments (including value of perquisites) has been made to Managing Directors for the remuneration of ₹ 80.68 Lac in terms of shareholders resolution, which is subject to approval of the Financial Institutions.
24. No provision has been made for Earned Leave for Steel Unit upto 1991-92, amount unascertained.
25. Allahabad Bank had filed a recovery suit for recovery of ₹ 2141 Lac against Modi Industries Limited and others before the Debt Recovery Tribunal (DRT), Lucknow in April, 2005. The Company challenged the recovery suit on the grounds that bank required prior permission under section 22 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985 for filing recovery suit. Debt Recovery Tribunal, Lucknow, allowed continuation of recovery suit against which Company filed appeal with Debt Recovery Appellate Tribunal, (DRAT) Allahabad. The DRAT had stayed further proceedings by DRT in the matter. A writ petition was filed by the Company before the Lucknow Bench of Allahabad High Court challenging the orders of the DRT, Lucknow and DRAT, Allahabad. The Lucknow Bench of Allahabad High Court noting the contention of the Company has disposed off the Writ Petition by its order dated 18th July, 2008. The Company has filed review petition against the said order seeking the quashing of the Allahabad Bank's suit before the DRT, which is still pending.

26. Due to a fire on 13-07-2019 in the office premises and records room of Sugar and Distillery Units of the Company, most of the records including supporting documents/invoices etc. of transactions attached with the vouchers for the Financial Year 2014-2015 to 2018-19 and for the period April 2019 to the date of fire were destroyed/damaged almost completely. These accounting records which includes initial accounting entries, reconciliations & other work sheets etc. will be re-generated and supporting records such as invoices, contracts, checks and records of electronic fund transfers etc. will be obtained from the third parties to the extent possible and this process will take considerable amount of time. In the meanwhile, since the accounting data including all ledgers stored in computer ERP system, were intact, this facilitated the preparation of Financial Statements of Sugar and Distillery Units of the Company for the Financial Year 2018-19 and 2019-20.
27. No confirmation letters were sent to debtors/creditors. In the absence of such confirmations, the balances in respect of Sundry Debtors/Creditors, borrowing loans and advances given including interest accrued and other accounts are taken as shown by the books of accounts and are subject to adjustments and reconciliation, if any.
28. In view of non-viability of the Vanaspati Unit, which was a separate business segment as per AS-17, Segment Reporting, the Company declared closure of the Unit with effect from 3rd February, 2003 and prior information, as required under law, was given to the State Government on 4th December, 2002. The closure is consistent with the Company's strategy to focus on its other viable manufacturing activities.
29. Delhi Excise Authorities issued Show Cause Notices and raised demand for ₹ 167.43 Lac towards Risk-Purchase of Country Liquor in view of non-supply of the same by Distillery Unit of the Company. Company has disputed the above demand and a Writ Petition was filed before the Hon'ble Delhi High Court who ordered the case to be referred back to Collector of Excise for taking final decision. The Collector of Excise vide its order dated 27th June, 2003 has confirmed the above demand against which the Company has filed a writ petition before the Hon'ble Delhi High Court. On the basis of orders of Hon'ble Delhi High Court, the Company has deposited ₹50.00 Lac till date against the above demand. No provision is considered necessary at this stage since the matter is sub-judice.
30. (A) **Exceptional Items of the current financial year:**
- During the current financial year ended 31st March, 2020, the Sugar Unit of the Company has paid interest of ₹ 2783.90 Lacs on cane arrears for the Sugar Season 2015-16 and Sugar Season 2017-18 and Rs.58.50 Lacs on commission payable to cane societies. Interest amount of ₹ 2783.90 Lacs related for the period upto 31st March, 2019.
  - During the current year the company has paid quality claims of Rs.222.58 Lacs which includes Rs.156.04 Lacs relating to sales affected till 31.03.2019 and balance amount of Rs.66.54 Lacs relates to closing stock as on 31.03.2019 which was sold later on.
  - The Company had issued 2,27,960 partially convertible debentures (12.5% interest) of ₹ 250 each pursuant to the Board meeting held on 31.03.1986. Non-

convertible portion of ₹ 200 each is unpaid in respect of 1,63,046 debentures as on 31.03.2020 and further details are given below.

(a) The convertible part of ₹ 50/- of the fully paid-up debentures was duly converted into 5 equity shares of ₹ 10/- each as per the terms of the issue and non-convertible portion of ₹ 200/- each continued with Modi Industries Ltd.

(b) Out of the total Debentures issued by the company, 57,869 number of Debentures were subscribed by the Promoter group, and subsequently, 57,012 Debentures were purchased by Citibank on 30.06.1989 from the Promoter Group. The said debentures were transferred to Citibank before the redemption period of the said Debentures. Subsequently, Citibank transferred the said 57,012 Debentures to Canbank Financial Services Ltd. on 31.12.1992 again much before the date of redemption of the said Debentures.

(c) As per the terms of the issue of the Debenture document as well as Agreement executed between Modi Industries Ltd. and Debenture Trustee dated 31.05.1990, the said Debentures were required to be redeemed at best within 7 – 9 years. The Condition no. v of the issue of the said Debentures (as well as Article – III, Clause – v of the debenture agreement) deals with Redemption and the same is reproduced herein below:

*“The Non-convertible part of ₹ 200 of each Debenture shall be redeemed at par in three annual installments of ₹ 65/-, Rs. 65/- and ₹ 70/- at the end of 7, 8 and 9 years respectively from the date of allotment. The interest on the Debentures shall cease to accrue and shall cease to be payable from the dates of their redemption.”*

(d) The records available with the company shows that the said Debentures purchased by Canbank Financial Services Ltd. were not presented for redemption on the expiry of 7th, 8th and 9th year respectively as per the terms of the issue of Debentures and the same were unlawfully transferred to 3A Capital Services Ltd. on 14.11.2015 and 09.02.2016. The transfer of the said 57,012 Debentures in favor of 3A Capital Services Ltd. was inadvertently and under an incorrect impression of law was recorded by Modi Industries Ltd.

(e) The transfer in favour of 3A Capital Services Limited was per se bad since the same was done after the expiry of mandatory period of redemption as per the terms of the issue of Debentures as well as provisions of the Companies Act, 2013 (and the Companies Act, 1956). Modi Industries Ltd. in its Board Meeting held on 14.11.2019 had revoked the transfer of the said 57,012 Debentures in favour of 3A Capital Services Ltd. and has restored the same in favour

of Canbank Financial Services Ltd. The said action taken by the company in its Board Meeting was duly communicated to 3A Capital Services Ltd. as well as to Canbank Financial Services Ltd. vide letters dated 14.11.2019 and 23.11.2019 respectively.

(f) After a lapse of almost 4 years since the incorrect purchase of the Debentures, 3A Capital Services Ltd. filed a petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 before NCLT, Allahabad inter alia claiming an amount of ₹ 850 Lac approx. against the said 57,012 Debentures. The petition filed by 3A Capital Services Ltd. was withdrawn on the first date of hearing i.e. 07.11.2019 with the liberty to file fresh petition.

(g) Pursuant to the above, Modi Industries Ltd. filed a Civil Suit before the District Court, Ghaziabad inter alia contending that 3A Capital Services Limited is not the rightful owner of the 12.5% 57,012 Non-Convertible Debentures held by them. The Ld. Civil Judge (Sr. Div.) District Court, Ghaziabad vide order dated 27.11.2019 was pleased to admit the said suit filed by the Company and further the Ld. Court granted an injunction against 3A Capital Services Ltd., inter alia, restraining 3A Capital Services Ltd. from seeking redemption of the 57,012 Debentures held by them.

(h) Thereafter, 3A Capital Services Ltd. has now again filed a fresh petition under Section 7 of the Insolvency and Bankruptcy Code 2016 before NCLT, Allahabad to recover an amount of Rs. 5800 lac approx. against the Debentures held by them, wherein the principal amount claimed is only ₹ 114.02 lac and the interest amount claimed is ₹ 5713.63 lac.

(i) The purported claim made by 3A Capital Services Limited in the petition filed before NCLT, Allahabad is not only baseless and frivolous but the same is hopelessly barred by time. 3A Capital Services Ltd. in support of their claim has relied upon the earlier Balance Sheet of the Modi Industries Ltd. to show that their claim is not time barred, however, the fact of the matter is that the reliance placed on the Balance Sheet is misplaced and misdirected and there is no admission of interest in the Balance Sheet.

(j) It is hereby clarified for all purposes the amount claimed by 3A Capital Services Ltd. is not admitted by Modi Industries Ltd and they have merely placed reliance on mere notes to accounts and the amount mentioned under the category of Contingent Liability (calculated since 2004) to show that there is admission of the amount claimed by 3A Capital Services Ltd. The so-called liability as claimed by 3A Capital Services Ltd. is not an admitted liability and that is why it is mentioned under the category of Contingent Liabilities and notes thus it was not provided for.

(k) The Company had also realized that the calculation of the amount in respect of the category of Debenture Holders carrying 12.5% which has been provided for up till the year 2004 was also incorrect keeping in mind the provision of the Companies Act, 2013 read with the relevant terms of the debenture document.

(l) In view of the above and also relying on the legal opinion, the Board of Directors of the Company on the recommendation of the Audit Committee of the Board approved provision / payment of interest till the specified / mandatory date of redemption of these debentures i.e. till 7th, 8th & 9th year from date of issue only and not thereafter.

(m) In view of the above the following scenario emerges;

(i) The interest that had to be provided in respect of the above said debentures was up to the date of redemption respectively, amounting to ₹ 541.00 Lacs (excluding principal)

(ii) The Interest amounting to ₹ 1,423.66 lac which had been wrongly provided up to 31.03.2004 in the P& L Account has been written back as an "Exceptional Item" in the Statement of Profit and Loss for the year ended 31st March, 2020 as per Accounting Standard 5 i.e. "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies"

(iii) Additionally, an interest amounting to ₹ 12,702.53 Lac (calculated from the Financial Year 1.04.2004 to 31.03.2019) which was put under the category of contingent liability and notes (interest not provided for) now stands omitted.

**(B) Exceptional Items of the previous year:**

During the previous financial year ended 31st March, 2019, the Sugar Unit of the Company has paid interest of ₹ 415.02 Lacs for the Sugar Season 2015-16 and partly for the sugar season 2017-18 Interest amount of Rs.415.02 Lacs related for the period upto 31st March, 2018.

31. Deferred Tax Assets are ₹ 7,145.36 Lac as on 31st March, 2020 (Previous year ₹ 7,138.91 Lac) constituting mainly of unabsorbed depreciation, unabsorbed losses, provision for doubtful debts, provisions disallowed and interest on term loans disallowed in Income Tax. On conservative basis as required by the Accounting Standard 22, the net Deferred Tax Assets have not been recognized and position will be re-assessed at next balance sheet date. However, the estimated Deferred Tax Assets and Liabilities details are given as under:

(₹ in Lac)

Description	As at 31.3.2020	As at 31.3.2020
<b>Deferred Tax Assets :</b>		
(i) Disallowances under the Income Tax Act.	<b>1399.51</b>	1448.44
(ii) Provision for Doubtful Debts	<b>477.06</b>	381.49
(iii) Unabsorbed Depreciation	<b>439.64</b>	425.92
(iv) Unabsorbed Loss	<b>5805.18</b>	4883.06
<b>Total</b>	<b>8121.39</b>	7138.91
<b>Deferred Tax Liabilities:</b>		
(i) Expenses claimed in return but not charged to revenue in books of account	<b>976.03</b>	-
<b>Total</b>	<b>976.03</b>	-
<b>Deferred Tax Assets (Net)</b>	<b>7145.36</b>	7138.91

32. Till 31st March, 2016, certain Quarters of the Company were occupied unauthorisedly by ex-employees/outside. The Company has entered into "Agreement to Sell" for 215 (Previous year 215), such residential quarters with such parties. Sale consideration amounting to ₹ 504.50 Lac (Previous year ₹ 504.50 Lac) has been received as interest free advance. These "agreements" clearly stipulates that final sale of such quarters are subject to approval of Financial Institutions to whom these quarters have been mortgaged and the Company proposes to seek the same before affecting final sale of such quarters. Accordingly the sale of such quarters will be accounted for only on receipt of approval of Financial Institutions. Further the Company has been legally advised that it can enter into such "Agreements to Sell" {Refer Note 27(9)}.

33. (a) The Steel Unit of the Company has entered into few leases, including perpetual leases, agreements for certain portions of the factory land and building 40141.91 Sq. Mtrs (Previous year 32080.28 Sq. Mtr.) for which approval of financial institutions, to whom the factory land and buildings are mortgaged, is yet to be obtained. However, the Company has been legally advised that it can enter into such lease agreements. Further, the lease money was mainly utilized for payment of workers and statutory dues.

(b) The Company has entered into a perpetual lease agreement for certain portion of closed Soap factory, land & building (1584 sq. mtrs.) to a related party. As the said land and building is mortgaged with the financial institutions therefore the Company had sought the approval of IDBI Limited (the lead financial institution) to the said transaction vide its letter dated 6th September, 2006. Since IDBI Limited did not respond, therefore the Company again wrote a letter to IDBI Limited on 5th April, 2007 requesting for its approval to the said transaction. The Company in the letter under reference also mentioned that if IDBI Limited does not respond to the Company's request, it will be deemed that the Company's request has been



approved by IDBI Limited and the Company will go ahead with the said leasing agreement. The IDBI has so far not responded to the Company's letter.

34. (a) Recovery Certificate (RC) was issued on 1st May, 2004 on account of non payment of cane price / commission / interest due to Co-operative Societies for the sugar season 2003-04. The Hon'ble High Court has stayed the recovery proceedings against the Company subject to payment of dues upto 31st July, 2004. The Company has complied with the conditions regarding payment of cane price and commission on basic SMP upto 31st July, 2004. However, the Company has disputed the payment of interest of ₹ 142.00 Lac and recovery charges of ₹ 236.00 Lac in the Hon'ble Allahabad High Court which is still pending. On consideration of prudence, the Company has made provision for interest of Rs.142.00 Lac during the year 2004-05.
- (b) Recovery Certificate (RC) was issued on 10th August, 2007 on account of non payment of cane price / commission / interest due to Co-operative Societies for the sugar season 2006-07. The above RC also includes interest of ₹ 340.66 Lac upto 7th August, 2007 on cane price / commission payable to societies and recovery charges of ₹ 426.95 Lac which has not been provided for in the books of account. As per the Interim Order dated 27th February, 2008 of Hon'ble Supreme Court, there shall not be any recovery charges or interest for delayed payment at this stage.
- (c) Recovery Certificate (RC) was issued on 18th March, 2008 on account of non payment of cane price / commission / interest due to Co-operative Societies for the sugar season 2007-08. The above RC also includes recovery charges of ₹ 413.50 Lac which has not been provided for in the books of account.
- (d) Recovery Certificate (RC) was issued on 20th April, 2011 on account of non-payment of cane price / commission / interest due to Co-operative Societies for the sugar season 2010-11. The above RC also includes recovery charges of ₹ 268.25 Lac which has not been provided for in the books of account as stay granted by Hon'ble Allahabad High Court.
- (e) Recovery Certificate (RC) was issued on 21st February, 2014 on account of non payment of cane price / commission / interest due to Co-operative Societies for the sugar season 2012-13. The above RC also includes interest of ₹ 1246.58 Lac and recovery charges of ₹ 450.79 Lac. No provision has been made for recovery charges in the books of account. Hon'ble Allahabad High Court vide its order dated 16th April, 2014 has stayed the recovery charges of ₹ 278.99 Lac. Further the Company has paid interest on cane arrears.
- (f) Following three recovery certificates were issued by Cane Commissioner for Sugar Season 2013-14 to 2015-16 on account of delayed – payment of cane price / interest due to Co-operative Societies:

(₹ in lac)

Sugar Season	Interest as per RC	Total Interest Liability	Recovery Charges
2013-14	803.85	2,138.58	1,704.67
2014-15	1,300.78	2,378.57	1,703.95
2015-16	979.65	1,763.36	1,394.81

(i) **Recovery Charges:**

Writ petitions were filed against recovery charges by the Company and Hon'ble Allahabad High Court vide its order dated 4th May, 2017 stayed recovery charges for the above three sugar seasons and directed the authorities to reconsider issue of 10% recovery charges in the light of directions issued in the case of Mahrajwa and others vs State of U.P. and others. Further proceedings are pending.

(ii) **Interest Charges:**

State Government waived interest charges of the above three sugar seasons. In a writ filed against the above by Rashtriya Kisan Mazdoor Sangathan, the Hon'ble Allahabad High Court set aside the above decision of the State Government for waiver of interest for all the three years 2012-13, 2013-14, 2014-15 and asked the Cane Commissioner to look into the grievance of farmers that has been so raised and then examine the claim of each and every Company on the parameters that have been so detailed in the order. Cane Commissioner will take final call in the matter within next four months from the date of receipt of certified copy of the order dated 09/03/2017 as per law.

Further proceedings are pending.

- (g) No provision for Interest of ₹ 511.70 Lac for the period upto 31st March, 2020 for the Sugar Season 2019-20 has been made.
- (h) No provision for interest of ₹ 2616.61 Lacs (Previous year ₹ 430.80 Lac) for the period upto 31st March, 2020 for the Sugar Season 2018-19 has been made.
- (i) Recovery Certificate (RC) was issued on 20th February, 2020 on account of non payment of cane price/commission/Interest due to Co-operative Societies for the sugar season 2018-19. The above RC also includes recovery charges of Rs. 1041.79 Lac. In view of the direction issued in case of Mahrajwa (Supra) as stated in note 34(f)(i) above, no provision for recovery charges is considered necessary by the management.
- (j) Recovery Certificate (RC) was issued on 12th October, 2020 on account of non payment of cane price/commission/Interest due to Co-operative Societies for the sugar season 2019-20. The above RC also includes recovery charges of Rs. 2416.46 Lac. In view of the direction issued in case of Mahrajwa (Supra) as stated in note 34(f)(i) above, no provision for recovery charges is considered necessary by the management.
35. Undertakings given to Financial Institutions on behalf of Lords Chloro Alkali Limited, Modi Rubber Limited and Bihar Sponge Iron Limited:

- (a) To procure funds jointly/severally with other promoters to meet any shortfall in the resources of the Company for completing their projects and/or for working capital. The funds made available/to be made available can only be withdrawn with the prior approval of Financial Institutions and shall not involve any charge or lien on the assets of the said Companies.
- (b) That the company shall not transfer, assign, pledge, hypothecate or otherwise dispose of in any manner it's holding in their capital without Institutions' prior approval in writing.

36. Earnings per Share (EPS) basic and diluted, computed in accordance with Accounting Standard-20:

	(₹ in Lac)	
Particulars	2019-20	2018-19
Loss for the year as per Consolidated Financial statements	43.20	2319.64
Add: Dividend on Preference Shares	6.11	6.11
Total Loss (A)	49.31	2325.75
Number of Equity Shares issued (B)	33,09,214	33,09,214
Earning per share (in ₹) (A)/(B)	(1.49)	(70.28)
Face Value of Equity Share in Rupees	10	10

37. **RELATED PARTIES DISCLOSURE**

1. **Key Management Personnel :**

Shri Umesh Kumar Modi

Shri Mahendra Kumar Modi \*

\*Ceased to be Managing Director/Director with effect from 9th September, 2020.

2. **Other Related Parties with whom the Company had transactions etc :**

Enterprises over which the Key Management Personnel and their relatives are able to exercise significant influence:

Modipon Limited

Ashoka Mercantile Limited

Weld Excel India Limited

Bihar Sponge Iron Limited

SBEC Bio-energy Limited

SBEC Sugar Limited

Moderate Leasing & Capital Services Limited

Modi Hitech India Limited

Technicast Engineers Limited

SBEC System India Limited

Modi Mundipharma Private Limited

Win-Medicare Private Limited

Modi Motors Private Limited

Modi Illva India Private Limited

Modi Line Travel Services Private Limited

Modi Mundipharma Beauty Products Private Limited

Modi Senator (India) Private Limited

Jayesh Tradex Private Limited

A to Z Holding Private Limited

3. Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2020:

(A) Transactions with the enterprises over which the Key Management Personnel and their relatives are able to exercise significant influence: (Refer Foot Note 1 below)

Particulars	(₹ in Lac)	
	2019-20	2018-19
<b>Sale of Goods</b>		
SBEC Sugar Limited	4.70	10.32
Win Medicare Private Limited	1.20	1.70
Modi Illva India Private Limited	0.71	0.52
	<u>6.61</u>	<u>12.54</u>
<b>Purchase of Goods/Raw Materials</b>		
SBEC Sugar Limited	37.40	15.30
Jayesh Tradex Private Limited	133.01	85.51
Modi Hitech India Limited	19.30	17.01
Modi Motors Private Limited	9.12	3.01
Modi Mundi Pharma Beauty Products Private Limited.	3.06	13.53
Others	-	0.04
	<u>201.89</u>	<u>134.40</u>
<b>Purchase of Assets</b>		
Jayesh Tradex Private Limited	5.63	3.37
<b>Purchase of Foreign Currency</b>		
Moderate Leasing & Capital Services Limited	0.80	2.18
<b>Rental Income</b>		
Win Medicare Private Limited	85.55	77.49
Modi Motors Private Limited	12.00	12.00
Modi Mundipharma Private Limited	10.89	10.89
SBEC Sugar Limited	0.15	0.15
Modi Mundi Pharma Beauty Products Pvt.Ltd.	0.36	0.36
Others	0.33	0.33
	<u>109.28</u>	<u>101.22</u>
<b>Payment of Lease Rent</b>		
SBEC Bio-energy Limited	9.49	9.49
<b>Expenses reimbursed</b>		
Win Medicare Private Limited	0.26	0.30
SBEC Sugar Limited	0.15	-
Jayesh Tradex Private Limited	0.64	0.89
	<u>1.05</u>	<u>1.19</u>
<b>Expenses realized</b>		
SBEC Sugar Limited	-	0.03
<b>Interest paid on Loan taken</b>		
Moderate Leasing & Capital Services Limited	45.63	491.53
<b>Loan and Advances taken</b>		
Moderate Leasing & Capital Services Limited	1074.00	1240.38
<b>Receiving of Services</b>		
Modi Line Travel Services Private Limited	19.93	27.06
SBEC Sugar Limited	0.68	-
	<u>20.61</u>	<u>27.06</u>
<b>Fund received</b>		
SBEC Sugar Limited	-	20.00

Particulars	(₹ in Lac)	
	2019-20	2018-19
<b>Refund of Loan and Advance</b>		
Moderate Leasing & Capital Services Limited.	1052.47	3392.84
<b>(B) Balances outstanding at the year end:</b>		
(Refer Foot Note 1 below)		
<b>Interest recoverable</b>		
Ashoka Mercantile Limited		
{Foot Note No.1(b) and 6}	64.07	64.07
<b>Amount recoverable</b>		
Good	16.71	20.22
Doubtful	3.78	3.78
<b>Security deposit to Weld Excel India Limited</b>		
Against Cylinders	32.66	32.66
Against Oxygen Filling Plant		
{Foot Note No.1(b) and 5}	4.00	4.00
<b>Security deposit recoverable for quarters</b>		
{Foot Note No.1(b) and 6}		
Ashoka Mercantile Limited	798.30	798.30
Modipon Limited	147.63	147.63
<b>Interest payable</b>		
Moderate Leasing & Capital Services Limited	41.07	88.32
<b>Amount payable</b>		
Weld Excel India Limited {Foot Note 1(b)}	323.15	323.15
SBEC Sugar Limited	623.53	642.99
SBEC Bioenergy Limited	19.60	10.27
Modi Mundi Pharma Beauty Products Private Limited	37.11	34.06
Jayesh Tradex Private Limited	37.47	32.20
Modi Motors Pvt. Ltd.	5.85	-
Modi Hitech India Limited	21.65	22.83
Modi Line Travel Services Private Limited	2.35	4.45
Others	5.69	5.69
<b>Unsecured Loan taken Outstanding</b>		
A to Z Holding Private Limited	24.89	24.89
Moderate Leasing & Capital Services Limited	110.65	-
Weld Excel India Limited {Foot Note 1(b)}	45.00	45.00

**C) Payment to the Key Management Personnel:** (₹ in Lac)

	Year	
	2019-20	2018-19
i) <b>Amount payable (for gratuity)</b>	3.35	3.35
ii) <b>Shri Mahendra Kumar Modi@</b>	0.01	0.01

@Refer Foot Note 1(b) below.

**Foot Notes:**

1. (a) The above excludes amount payable/receivable to/from related parties in the books of Steel Unit in view of non-incorporation of Balance Sheets for these years on account of non-availability of opening audited balances as on 01.04.1993.
- (b) Transactions with the enterprises over which the Key Management Personnel and their relatives are able to exercise significant influence excludes amounts relating to Electrode, Paint and Gas Units and Central Accounts Department (CAD) for the years 2018-19 and 2019-20 in view of non-incorporation of financial statements of these units and CAD {Note No. 27(9)}.

Balance outstanding as on 31st March, 2019 and 31st March, 2020 of related parties in the books of these units/CAD are not available. Hence, as stated in Note No. 27(9)(b) above, balances outstanding as on 31st March, 2016 and Foot Notes given below in 2015-16 have been repeated in the current year also without updating for changes, if any, happened subsequently.

2. During the financial year 2010-11, Electrodes Unit of the Company has taken office premises in Delhi on sublease basis from Weld Excel India Limited (WEIL), a related party, under operating lease for an initial period of three years as non-cancelable period at monthly rent of ₹ 4.15 Lac and the lease was further renewed for a period of three years w.e.f. 1st April, 2013 at an increase 15% over the current lease rent i.e. ₹ 4.78 Lac per month. Lease agreement has now been further renewed at reduced rent of ₹ 4.15 Lac per month for a period of three years w.e.f. 1st April, 2016. {Refer Foot Note No.1(b) above}.
3. Electrode Unit of the Company has taken premises for office cum guest house cum residence of Shri M.K. Modi in Chatarpur, New Delhi on operating lease basis and having sharing agreement with WEIL with effect from 1st November, 2011 (for a period of two years and further extended till 31st December, 2016) at monthly rent of ₹ 1.60 Lac with effect from 1st January, 2015 (our share net of recovery for Shri M.K. Modi). The Company is legally advised that sharing of lease/rent between related party are not covered under the provisions of related party transactions specified under section 188 of the Companies Act, 2013. {Refer Foot Note No.1(b) above}.
4. Electrode Unit of the Company had entered into a trade mark license agreement with WEIL with effect from 1st May, 2009 (for the period five years and further extended on 1st May, 2014 for next six years) wherein the right to use MODI's trade mark, logo and brand for arc welding filler metals and welding equipments was given to WEIL at a royalty of 1% of the net sale price. {Refer Foot Note No.1(b) above}.
5. Oxygen Filling Plant taken on operating lease for 2 years (non-cancelable) on 1st January, 2012 at monthly rent of ₹ 1.00 Lac was renewed for period of one year from 1st January, 2015 to 31st December, 2015. Lease period subsequently extended for one more year w.e.f. 1st January, 2016 at the same monthly rent of ₹ 1.00 Lac. {Refer Foot Note No.1(b) above}.
6. Unsecured Security deposits amounting to ₹ 798.30 Lac as on 31st March, 2016 given during May, 2011 against temporary possession of 43 (Previous year 47) houses in Modinagar on which interest charged @ 8.50% with effect from 1st April, 2014. {Refer Foot Note No.1(b) above}.
7. The Hon'ble Supreme Court in SLP (Civil) No. 23095-23097 of 2010 (M.K. Modi Vs. U.K. Modi) has passed an order dated 27th August, 2010 directing to maintain 'Status quo' with regard to the Management of the Company. An application was filed on 28th August, 2018 by the Company seeking clarification in the matter titled as M.K. Modi Vs. U.K. Modi & Ors. (SLP No. 23095-97 of 2010) before the Hon'ble Supreme Court of India. Clarification in the matter is still awaited.

In view of the above the Company could not appoint additional independent director to enable it to comply with the provisions of Section 177 and 188 of the Companies Act, 2013, with respect to transactions with the related parties where applicable. Further, most of the transactions entered into by the Company during the year ended 31st March, 2020 were in the ordinary course of business and were also on arm's length basis.

38. Deferred credit including liability for interest payable for unexpired period have been guaranteed by the Bankers of the Company against hypothecation of Gas Cylinders and Machinery purchased under the Scheme in Steel Unit.
39. Impairment of fixed assets, if any, as per Accounting Standard AS-28 i.e. impairment of assets has not been ascertained in Sugar Unit.
40. Impact of componentization of Property, Plant & Equipment and ascertaining useful life and original cost/estimated value of such components as on 1st April, 2015 as required by the amended Schedule II of the Companies Act, 2013 is pending. Impact, if any, on the depreciation for the year ended 31st March, 2017, 31st March, 2018, 31st March, 2019 and 31st March, 2020 are yet to be ascertained by the Management.
41. Short term unsecured interest free advances amounting to ₹ 30.00 Lac given to a Party during the period April, 2017 to March, 2018 is outstanding as on 31st March, 2020 which has now been transferred to another party during the current financial year.
42. Previous year's figures have been regrouped wherever necessary.
43. Pursuant to directions received from Reserve Bank of India, Main object clauses of both the subsidiary companies were amended as on 16th September, 2000 that these subsidiary Companies would not carry on the business of Non-Banking Financial Institution within the meaning of Section 45 I A of the Reserve Bank of India Act, 1934. Accordingly these subsidiary Companies have not acquired any fresh investments.

44. Investments in two associates i.e. Bekaert Engineering (India) Pvt. Ltd. and Modi Santa Fe India Pvt. Ltd. have not been accounted for in Consolidated Financial Statements under the Equity method as prescribed in Accounting Standard -23 i.e. Accounting for investment in associates as these associates are operating under severe long term restrictions that significantly impair its ability to transfer funds to the investor. Accordingly these investments are accounted for at cost.

45. **SEGMENT REPORTING :**

(i) The Management has identified following reportable Business Segments for the current year namely :

Sugar comprising of Cane Sugar.

Distillery comprising of liquors and spirit.

Investment Operations

(ii) Electrode, Paints and Gas Units : (Refer Note 27(9)).

(iii) The Vanaspati Unit of the Company, which is lying closed since 2003, has not been treated as business segment.

(iv) The Steel Unit is lying closed since 24th January, 1993 due to strike/lock-out. In the meanwhile, opening balances (Assets and Liabilities) of the unit as on 1st April, 1992 subject to certain modifications as per Note 27 {4(c)} have been incorporated as Assets & Liabilities of Steel Unit. (Refer Note 27(4)).

(v) Segment-wise information (Primary Segments) for the current year:

(₹ in Lac)

Particulars	Sugar	Distillery	Investment operations	Total
<b>SEGMENT REVENUE :</b>				
Total Sales/Income	34185.21	26141.18	-	60326.39
Less: Inter Segment Revenue	137.54	-	-	137.54
Total Sales/Income from Operation	34047.67	26141.18	-	60188.85
Segment Result	370.69	1665.73	0.66	2037.08
Add:				
i) Profit of Steel Unit #				108.31
ii) Interest Income				58.92
iii) Profit on sale of Fixed Assets				0.99
iv) Unallocable Income **				32.47
v) Amount Written Back				153.17
				2390.94
Less:				
Interest Expenses				792.58
Unallocable Expenses (Net)**				-
Exceptional Items:				
Quality Claims Paid				(222.58)
Interest on Cane Arrears				(2842.46)
Excess provision for Interest written back				1423.66
Profit/(Loss) before Tax				(43.02)
Less: Provision for Tax				0.18
Profit/(Loss) after Tax				(43.20)

# Excludes inter-unit rental income of Rs 83.77 Lac.

\*\* Includes Corporate Office of the Company.

**OTHER INFORMATION :**

(₹ in Lac)

Particulars	Sugar	Distillery	Investment operations	Total
Segment Assets	10146.27	16798.20	23.21	26967.68
Steel Unit*	-	-	-	2920.42
Investments	-	-	-	570.72
FD with Banks & Interest Accrued	51.45	660.34	30.18	741.97
Other un-allocable assets**	-	-	-	8705.27
<b>Total Assets</b>				<b>39906.06</b>
Segment Liabilities	29661.58	12457.31	0.59	42119.48
Secured/Unsecured Loan/DPG (Including Interest Accrued)	176.30	5742.95	-	5919.25
Steel Unit*	-	-	-	6260.67
Other un-allocable liabilities**	-	-	-	8640.52
<b>Total Liabilities</b>				<b>#62939.92</b>
Capital Expenditure : (Including Under Erection and acquired under finance lease) on Segment Assets	130.38	198.31	-	328.69
Depreciation	171.16	73.55	-	244.71

**NOTES :**

\* Refer Note 27(45)(iv) above.

\*\* Includes Corporate Office of the Company.

01 The Business operations are concentrated in India only.

02 External Revenue is exclusive of Excise Duty realized.

03 Inter segment revenues between operating segments are accounted for at market price.

@ Includes revaluation of Fixed Assets also.

# This include Rs 854.22 Lac being unreconciled credit balance of Steel, Electrode, Paints, Gas Units and MD office included in other current liabilities i.e. Note No. 8.

(ii) Segment-wise information (Primary Segments) for the previous year:

(₹ in Lac)

Particulars	Sugar	Distillery	Investment operations	Total
<b>SEGMENT REVENUE :</b>				
Total Sales/Income	30421.71	20801.16	-	51222.87
Less: Inter Segment Revenue	30.79	-	-	30.79
Total Sales/Income from Operation	30390.92	20801.16	-	51192.08
Segment Result	(2091.52)	728.34	0.89	(1362.29)
Add:				
i) Profit of Steel Unit #				148.48
ii) Interest Income				38.27
iii) Profit on sale of Fixed Assets				54.93
iv) Amount Written Back				-
				(1120.60)
Less:				
Interest Expenses				677.28
Unallocable Expenses (Net)**				112.04

(₹ in Lac)

Particulars	Sugar	Distillery	Investment operations	Total
Exceptional Items:				
Electricity Expenses for earlier Years				-
Interest on Cane Arrears				415.02
Excess provision for Interest written back				5.55
Profit/(Loss) before Tax				(2319.39)
Less: Provision for Tax				0.25
Profit/(Loss) after Tax				(2319.64)

# Excludes inter-unit rental income of ₹ 90.75 Lac.

\*\* Includes Corporate Office of the Company.

#### OTHER INFORMATION :

(₹ in Lac)

Particulars	Sugar	Distillery	Investment operations	Total
Segment Assets	11658.55	13208.46	23.93	24890.94
Steel Unit*	-	-	-	3219.10
Investments	-	-	-	606.82
FD with Banks & Interest Accrued	35.68	190.80	29.13	255.62
Other un-allocable assets**	-	-	-	@2922.72
<b>Total Assets</b>				<b>31895.20</b>
Segment Liabilities	28416.65	15463.39	0.92	43880.96
Secured/Unsecured Loan/DPG (Including Interest Accrued)	113.71	7301.59	-	7415.30
Steel Unit*	-	-	-	6260.67
Other un-allocable liabilities**	-	-	-	8722.66
<b>Total Liabilities</b>				<b>#66279.59</b>
Capital Expenditure :	65.62	259.10	-	324.72
(Including Under Erection and acquired under finance lease) on Segment Assets				
Depreciation	168.48	68.39	-	236.87

#### NOTES :

\* Refer Note 27(45)(iv) above.

\*\* Includes Corporate Office of the Company.

01 The Business operations are concentrated in India only.

02 External Revenue is exclusive of Excise Duty realized.

03 Inter segment revenues between operating segments are accounted for at market price.

@ Includes revaluation of Fixed Assets also.

# This includes Rs 1086.57 Lac being unreconciled credit balance of Steel, Electrode, Paints, Gas Units and MD office included in other current liabilities i.e. Note No. 8.



46. Additional information as required by Paragraph 2 of the General Instructions for preparation of Consolidated Financial statements to Schedule III of the Companies Act, 2013:

Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (Rs in Lac)	As % of consolidated profit or loss	Amount (Rs in Lac)
<b>Parent</b>				
Modi Industries Ltd.	<b>(100.20)</b>	<b>(26,458.36)</b>	(101.50)	(43.85)
<b>Subsidiaries</b>				
<b>Indian</b>				
Own Investment (India) Ltd.	<b>0.07</b>	<b>18.36</b>	0.32	0.14
Your Investment (India) Ltd.	<b>0.13</b>	<b>34.43</b>	1.18	0.51
Minority interest in all subsidiaries	-	<b>0.04</b>	-	-

**For and on behalf of the Board of Directors  
of Modi Industries Limited**

As per our report of even date.

**For P. R. Mehra & Co.,**  
Chartered Accountants,  
(Regn.No.000051N)

**Laxman Prasad**  
Partner  
Membership No. 013910

Dated: 05.11.2020  
Place: Modinagar

**Umesh Kumar Modi**  
(DIN-00002757)  
Chairman & Managing Director

**Rakesh Kumar Modi**  
(DIN-00022286)  
Director

**Shobit Nehra**  
(ACS-31863)  
Company Secretary



## PROXY FORM (FORM NO. MGT-11)

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the company : **MODI INDUSTRIES LIMITED** Tel: 01232-243115, 9084786567  
 CIN : **U15429UP1932PLC000469** Email: [modiindustrieslimited@gmail.com](mailto:modiindustrieslimited@gmail.com)  
 Registered Office : MODINAGAR-201204. (U.P.) Website: [www.modiindustries.net](http://www.modiindustries.net)

Name of the member(s)	
Registered address	
E-mail ID	
Folio No./Client ID	
DP ID	

I/We being the member(s) of ..... equity shares of the above named company, hereby appoint:

	(1)	(2)	(3)
Name			
Address			
E-mail ID			
	or failing him/her	or failing him/her	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **86<sup>th</sup>** Annual General Meeting of the company, to be held on **Saturday, the 5<sup>th</sup> December, 2020 at 12.30 P.M.** at Auditorium, Dayawati Modi Public School, **Modinagar-201204, Distt. Ghaziabad (U.P.)** and at any adjournment thereof in respect of such resolutions as are indicated below:

I/We wish my/our above Proxy to vote in the manner as indicated in the box below:s

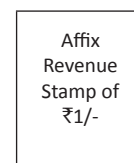
Resolutions	For	Against
1. Consider and adopt:		
(a) Audited Standalone Financial Statement, Reports of the Board of Directors and Auditors.		
(b) Audited Consolidated Financial Statement and Auditors Report.		
2. Re-appointment of the following Directors, retiring by rotation:		
(a) Shri Rakesh Kumar Modi		
(b) Shri Abhishek Modi		
3. Re-appointment of Shri Umesh Kumar Modi as Managing Director		
4. Appointment of Smt. Kumkum Modi as Director		
5. Appointment of Shri Jayesh Modi as Director		
6. Appointment of Shri Anand Parkash Modi as Independent Director		
7. Appointment of Shri Jagdish Chander Chawla as Independent Director		
8. Increase the Borrowing powers of the Company under Section 180(1) (c) and 180(1) (a) of the Companies Act, 2013.		
9. Ratification of remuneration payable to Cost Auditor.		

Signed this ..... day of ..... 2020

Signature of first proxy holder : .....

Signature of second proxy holder: .....

Signature of shareholder: .....



Signature of shareholder

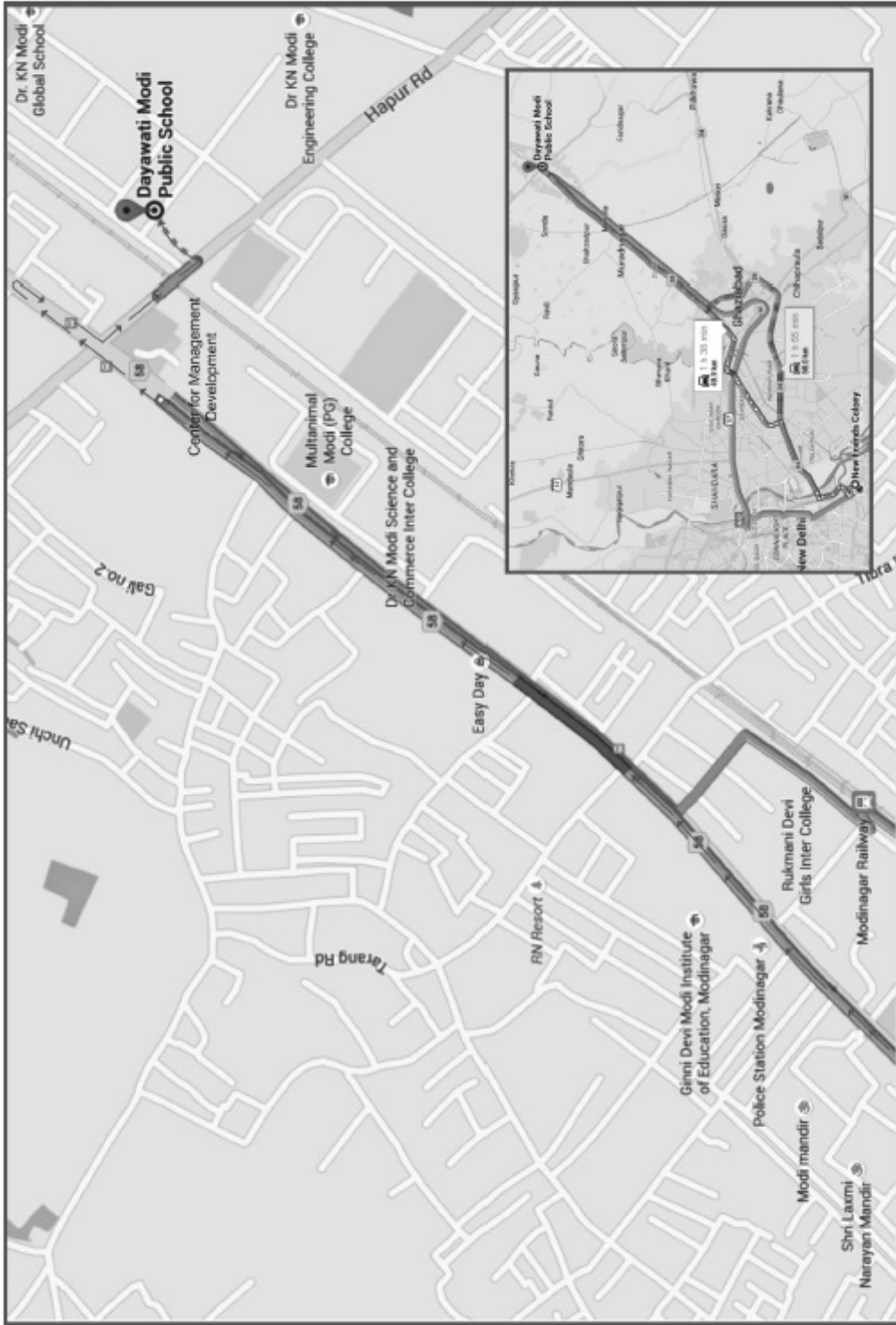
**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the MeetingSignature of third proxy holder







# Route Map of the Venue of the 86th Annual General Meeting



Auditorium, Dayawati Modi Public School, Modinagar-201204 (U.P)

**BU COURIER**

**ANNUAL REPORT 2019-20**

***If Undelivered please return to:***

**MODI INDUSTRIES LIMITED**

CIN - U15429UP1932PLC000469

Regd. Office : Modinagar - 201204. (U.P.)

Tel: 01232-243115, 9084786567

Email : modiindustrieslimited@gmail.com

Website : www.modiindustries.net