



# **MODI INDUSTRIES LIMITED**

## **85<sup>th</sup> Annual Report and Accounts 2018-19**

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## **BOARD OF DIRECTORS**

### **DIRECTORS**

Shri Vinay Kumar Modi  
Shri Mahendra Kumar Modi  
Shri Umesh Kumar Modi  
Shri Rakesh Kumar Modi  
Shri Abhishek Modi

### **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 Vanaspati Mfg. Co.  
Modi Paint & Varnish Works  
Modi Gas & Chemicals  
Modi Distillery  
Modi Arc Electrodes Co.  
Modi Steels

### **BANKERS**

Allahabad Bank  
Punjab National Bank  
State Bank of India

**MODI INDUSTRIES LIMITED**

CIN - U15429UP1932PLC000469  
Regd. Office : Modinagar - 201204. (U.P.)  
Tel: 01232-231755, 243115  
Email : [modiindustrieslimited@gmail.com](mailto:modiindustrieslimited@gmail.com)  
Website : [www.modiindustries.net](http://www.modiindustries.net)

**NOTICE**

**NOTICE** is hereby given that the 85<sup>th</sup> Annual General Meeting of **Modi Industries Limited** will be held on **Wednesday, the 18<sup>th</sup> December, 2019**, at **12:30 P.M.**, at Modi Industries Transit House (Modi Industries Complex), Modinagar, to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt (a) the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports 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, 2019 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, 2019 and the reports 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, 2019 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, 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."
  - (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."

**SPECIAL BUSINESS:**

**3. Ratification of remuneration payable to Cost Auditors for the financial year ending March 31, 2020,**

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 Rs. 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 2019-20."

**By Order of the Board of Directors**  
for Modi Industries Limited

**Rakesh Kumar Modi**  
(DIN-00022386)  
DIRECTOR

Place : Modinagar-201204.(U.P.)  
Dated : 14<sup>th</sup> November, 2019

Regd. Office: Modinagar - 201204. (U.P.)  
Tel: 01232-231755, 243115  
CIN - U15429UP1932PLC000469  
Email : [modiindustrieslimited@gmail.com](mailto:modiindustrieslimited@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. Brief resume of Directors seeking re-appointment at the Annual General Meeting are annexed hereto.
4. 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 21st December, 2017.
5. The Register of Members of the Company will remain closed from 12th December, 2019 to 18th December, 2019 (both days inclusive).
6. 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.
7. 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.
8. Shareholders are requested to intimate change in their address, if any, directly to RTA of the Company.
9. 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.
10. 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 to the Secretarial Department of the Company.
11. 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.
12. 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.
13. 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.
14. 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 Wednesday, the 11<sup>th</sup> December, 2019, 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 Sunday, the 15<sup>th</sup> December, 2019 and will end at 5.00 p.m. on Tuesday, the 17<sup>th</sup> December, 2019. 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.

### PROCEDURE FOR REMOTE E-VOTING:

- I. The Company has entered into an arrangement with National Securities Depository Limited (NSDL) for facilitating remote e-voting for AGM. The instructions for e-voting are as under:

#### On receipt of the physical copy of the Notice of AGM and Attendance Slip by the Shareholders:

- (i) Initial Password is provided, as follows, on the Attendance Slip.

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EVEN (Remote E-Voting Event Number)	USER ID	PASSWORD
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- (ii) Launch an internet browser and open <https://www.evoting.nsd.com/>
- (iii) Click on Shareholder - Login.
- (iv) Insert 'User ID' and 'Initial Password' as noted in step (i) above and click on 'Login'.
- (v) Password change menu will appear. Change the Password with a new Password of your choice with minimum 8 digits/characters or combination thereof. Please keep a note of the new Password. It is strongly recommended not to share your Password with any person and take utmost care to keep it confidential.
- (vi) Home page of remote e-voting will open. Click on e-Voting - Active Voting Cycles.
- (vii) Select 'EVEN' of Modi Industries Limited.
- (viii) Now you are ready for remote e-voting as 'Cast Vote' page opens.
- (ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.
- (x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (xi) Once you have confirmed your vote on the resolution, you cannot modify your vote.
- (xii) 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, along with attested specimen signature of the duly authorized signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at [epost2amar@gmail.com](mailto:epost2amar@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of NSDL's e-voting website <https://evoting.nsd.com>.
- III. The voting rights shall as per the number of equity shares held by the Member(s) as on Wednesday, the 11<sup>th</sup> December, 2019, being the cut off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- IV. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may obtain the user ID and Password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA for e-voting purpose M/s MAS Services Limited.
- However, if you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) or contact NSDL at the following toll free no. 1800-222-990.
- V. A member may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- VI. 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.
- VII. 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.

VIII. 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.

IX. The Results declared alongwith 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.

**INFORMATION OF DIRECTORS RETIRING BY ROTATION SEEKING REAPPOINTMENT AT THIS ANNUAL GENERAL MEETING ARE GIVEN HEREUNDER:**

**BRIEF RESUME, EXPERIENCE AND OTHER DIRECTORSHIP:**

**ITEM NO. 2(a)**

**SHRI RAKESH KUMAR MODI**

Shri Rakesh Kumar Modi (DIN 00022386) has been a Director of the Company since 30<sup>th</sup> January, 1996. He is a Commerce Graduate and has extensive industry experience. He is not a Director / Committee Member of any other Public Limited Company.

The Company has received from Shri Rakesh Kumar Modi (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub section (2) of section 164 of the Companies Act, 2013.

He holds 48901 equity shares and 10 Redeemable Cumulative Preference Shares of the company in his name.

None of the Directors and their relatives except Shri Rakesh Kumar Modi (himself) are, in any way concerned or interested in passing of the said resolution.

On recommendation of Nomination and Remuneration Committee, the Board of Directors commends the resolution, as set out for approval of the shareholders as an ordinary resolution.

**ITEM NO. 2(b)**

**BRIEF RESUME, EXPERIENCE AND OTHER DIRECTORSHIP :**

**SHRI ABHISHEK MODI**

Shri Abhishek Modi has been a Director of the Company since 8<sup>th</sup> December, 2006. He is a Chemical Engineer and MBA from Harvard Business School, U.S.A. He is having vast experience in the management of the industrial units. He is holding the directorship in the following other Public Limited Companies:

1. Bihar Sponge Iron Ltd.
2. Modi Hitech India Ltd.
3. SBEC Sugar Ltd.
4. SBEC Bio Energy Ltd.

The Company has received from Shri Abhishek Modi (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub section (2) of section 164 of the Companies Act, 2013.

He holds 100 Equity Shares of the Company in his name. He is the son of Shri Umesh Kumar Modi, Director of the Company.

None of the Directors except Shri Umesh Kumar Modi and his son Shri Abhishek Modi are concerned or interested in passing of this resolution.

On recommendation of Nomination and Remuneration Committee, the Board of Directors commends the resolution, as set out for approval of the shareholders as an ordinary resolution.

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

**ITEM NO. 3**

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 2019-20 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 2019-20 is mentioned below :

Name of the unit	Proposed remuneration (including all expenses)+ applicable Taxes to be paid to Cost Auditors. (₹)
(1)	(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. 3.

**By Order of the Board of Directors**  
for Modi Industries Limited

Place : Modinagar-201204.(U.P.)  
Dated : 14<sup>th</sup> November, 2019

**Rakesh Kumar Modi**  
(DIN-00022386)  
DIRECTOR

Regd. Office: Modinagar - 201204. (U.P.)  
Tel: 01232-231755, 243115  
CIN - U15429UP1932PLC000469  
Email : [modiindustriestlimited@gmail.com](mailto:modiindustriestlimited@gmail.com)  
Website: [www.modiindustries.net](http://www.modiindustries.net)

## DIRECTORS' REPORT

To

The Members,

The Directors of your Company hereby present the 85<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 31st March, 2019. The working results of the year are summarized as under:

(₹ in Lacs)

Description	Standalone		Consolidated	
	For the Year Ended on			
	31.03.2019*	31.03.2018*	31.03.2019*	31.03.2018*
Revenue from operations (net of excise duty)	<b>51,192.08</b>	39,482.82	<b>51,192.08</b>	39,482.82
Other Income	<b>930.06</b>	869.30	<b>932.13</b>	871.33
<b>Total Revenue</b>	<b>52,122.14</b>	40,352.12	<b>52,124.21</b>	40,354.15
Profit/(Loss) before Depreciation, Finance Costs, Exceptional Items & Tax	<b>(904.78)</b>	(1,122.77)	<b>(903.89)</b>	(1,121.81)
Finance Costs	<b>727.92</b>	592.62	<b>727.92</b>	592.62
Depreciation	<b>272.56</b>	230.76	<b>272.56</b>	230.76
<b>Profit/(Loss) before Exceptional Items &amp; Tax</b>	<b>(1,905.26)</b>	(1,946.15)	<b>(1,904.37)</b>	(1,945.19)
Exceptional items:				
(a) Interest on Cane Arrears	<b>(415.02)</b>	(1,959.41)	<b>(415.02)</b>	(1,959.41)
(b) Excess provision for interest written back	-	748.60	-	748.60
(c) Electric Expenses for earlier years.	-	(1,055.06)	-	(1,055.06)
Tax Expenses (Net)	-	-	<b>(0.25)</b>	(0.30)
Minority Interest	-	-	-	-
<b>Profit/(Loss) for the period</b>	<b>(2,320.28)</b>	(4,212.02)	<b>(2,319.64)</b>	(4,211.36)

\*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.

### **DIVIDEND:**

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

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

- (a) **SUGAR UNIT:** The cane crushing during the year under review was 85.64 lac quintals as compared to 73.99 lac quintals in the previous year. Sugar recovery during the year substantially increased from 10.69% to 11.38%. However, Sugar and Molasses price realization during the year substantially decreased as compared to previous year, resulting in Loss of Rs.2762.12 lac during the year under review. The main reason of losses during the current year was high price of Sugar Cane in relation to Sugar Price. The Average Sugar Price during the year has been Rs.3048.12 per quintal as against Rs.3413.77 per quintal during the previous year. The average molasses price during the current year was Rs.40.10 per quintal only as against last year's average of Rs.119.68 per quintal.
- (b) **DISTILLERY UNIT:** During the year under review, the production of Rectified Spirit was 1409 KL as compared to previous year's 2573 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 479649 cases to 755296 cases which resulted in net profit of Rs.555.59 Lac during the current year as against net profit of Rs.384.44 Lac during the previous year.



In line with the U.P. Government policy of encouragement of capacity expansion of Distillery Unit, the unit has taken effective steps for expansion of production capacity from 4842 KL to 9900 KL. The Public hearing for pollution and environmental control had already taken place on 16/04/2018.

Further environmental clearance from Ministry of Environment, New Delhi has also been received on 7<sup>th</sup> June, 2019. Now NOC clearance from U.P. Pollution Board, Lucknow is in process and is awaited shortly.

#### **SHARE CAPITAL**

The Paid-Up Share Capital as on March 31, 2019 was Rs.3,71,66,240 (i.e. 33,09,214 Equity Shares of Rs.10/- each and 40,741 Redeemable Cumulative Preference Shares of Rs.100/- each).

#### **FIXED DEPOSITS:**

Outstanding principal amount Rs.60.85 Lacs of public deposits and outstanding interest amounting to Rs.19.73 Lacs due their on upto the date of maturity have been transferred to Investor Education Protection Fund on 7<sup>th</sup> May, 2018 vide Challan No. U27569086.

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

#### **DEBENTURES:**

Debentures worth ₹433.75 Lacs are due for payment as on 31st March, 2019. 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. The Company proposed 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% thereof towards interest thereon in full & final settlement of total outstanding dues.

#### **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(11) of Annual Accounts}, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2019, 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 31<sup>st</sup> March, 2019 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 31<sup>st</sup> March, 2019 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 auditor 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 of the Company expired on 2<sup>nd</sup> November, 2019. He had been continuously associated with the affairs of the Company since 30<sup>th</sup> April, 1970. 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 the tenure as Director of the Company.

Shri Manish Kumar Modi has resigned and ceased to be director of the Company with effect from 25<sup>th</sup> July, 2018. The Board wishes to place on record its sincere appreciation for his valuable guidance and services to the Company during his tenure as Director.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Article 95 of the Company's Articles of Association, Shri Rakesh Kumar Modi (DIN-00022386) and Shri Abhishek Modi (DIN-00002798), both the directors are due to retire by rotation this year and being eligible, offer themselves for re-appointment. On recommendation of Nomination and Remuneration Committee, the Board has commended to re-appoint the Directors retiring by rotation.

**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 V.P. Gupta – Company Secretary

**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 ₹ 0.54 Lac during the year under review (Previous Year- net profit of ₹ 0.47 Lac).
- (ii) Own Investment (India) Limited- The company registered a net profit of ₹ 0.10 Lac during the year under review (Previous Year- net profit of ₹ 0.17 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 a 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'.

**EXTRACT OF ANNUAL RETURN:**

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, the

required extract of Annual Return in prescribed form MGT-9 is attached as Annexure-'C' with this Board Report. The same is 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 2018-19 i.e. 12<sup>th</sup> May, 2018, 28<sup>th</sup> August, 2018, 16<sup>th</sup> November, 2018 and 28<sup>th</sup> February, 2019 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(40) to the standalone financial statements which sets 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 30<sup>th</sup> 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 "D" 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 21<sup>st</sup> 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 2019-20.

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 Rs. 1,00,000/- (including all expenses) + applicable Taxes payable to them for the financial year 2019-20. 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 2018-19, which is attached herewith as Annexure-'E'.

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 2019-20, 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 2019-20 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. As a result of this in sugar unit of the company, Electricity KWH PMT in production reduced this year to 246.26 from 255 last year.

However, during the year under review total expenses on power and fuel were ₹ 229.88 lacs (in previous year ₹194.04 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 ₹ 1,382.71 Lacs (previous year ₹ 803.12 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.

**CAUTIONARY STATEMENT:**

The Directors' 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  
of Modi Industries Limited**

**Umesh Kumar Modi  
(DIN : 00002757)  
Director**

**Abhishek Modi  
(DIN : 00002798)  
Director**

**Place : Modinagar.**

**Dated : 14<sup>th</sup> November, 2019.**

## 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	5.00	12.46
5. Total Assets	18.53	34.53
6. Total Liabilities	0.31	0.60
7. Investments (net)	5.14	14.71
8. Turnover	-	-
9. Profit before taxation	0.15	0.74
10. Provision for taxation	0.05	0.20
11. Profit after taxation	0.10	0.54
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.

As per our report of even date

For Modi Industries Limited

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

**Umesh Kumar Modi**  
(DIN-00002757)  
Director

**Abhishek Modi**  
(DIN-00002798)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

Dated : 14th November, 2019  
Place : Modinagar

## 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 the date of report. All these directors 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) Presently the company has not complied with the requirement of independent directors and women director in the composition of the Board and various Board Committee(s), wherever required. In terms of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 ('SICA') the Company was declared a sick industrial company by the Ld. BIFR vide their order dated 14<sup>th</sup> March, 1991. The Hon'ble Supreme Court in SLP (Civil) Nos. 23095 – 23097 of 2010 (M.K. Modi vs. U.K. Modi) has passed an order dated 27<sup>th</sup> August, 2010 directing the parties therein to maintain "status quo" with regard to the management of the company.

In view of the above order of Hon'ble Supreme Court, Board of Directors are unable to appoint any new director under provisions of Companies Act, 2013 to comply with the composition of Board and/or various Board Committees.

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

During the year under review, four Board meetings were held on 12<sup>th</sup> May, 2018, 28<sup>th</sup> August, 2018, 16<sup>th</sup> November, 2018 and 28<sup>th</sup> February, 2019. The attendance at the Board meetings during the financial year 2018-19 and at the last 84<sup>th</sup> Annual General Meeting held on 18<sup>th</sup> December, 2018 and also number of other directorship 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	3	No	1
Shri Umesh Kumar Modi	MD	4	No	5
Shri Krishan Kumar Modi*	NED	2	No	6
Shri Vinay Kumar Modi	NED	2	No	2
Shri Rakesh Kumar Modi	NED	4	Yes	-
Shri Manish Kumar Modi**	NED	-	No	2
Shri Abhishek Modi	NED	4	No	4
MD: Managing Director		NED: Non-Executive Director		

\*Ceased to be Director of the Company with effect from 2<sup>nd</sup> November, 2019.

\*\*Ceased to be Director of the Company with effect from 25<sup>th</sup> July, 2018.

###### (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 Six Units (viz. Electrode, Gas, Paint, Vanaspati, Lantern and Soap Units) and Three Units (viz. Sugar, Distillery and Steel Units) are managed by Shri Mahendra Kumar Modi, Non-Executive Director and Shri Umesh Kumar Modi, Non-Executive Director respectively. Opinion and advice of Non-Executive 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 the date of report, Shri Vinay Kumar Modi and Shri Umesh Kumar Modi, Non-Executive Directors are real brothers. Shri Abhishek Modi, Non-Executive Director, is son of Shri Umesh Kumar Modi, Non-Executive 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.

Shri Manish Kumar Modi, Member of the Committee, has resigned from the Directorship of the Company on 25<sup>th</sup> July, 2018.

In Board of Directors meeting of the Company held on 28<sup>th</sup> August, 2018 matter regarding reconstitution of Audit Committee was deferred in view of application seeking clarification in the matter titled as M.K. Modi Vs. U.K. Modi & Ors. (SLP No. 23095-97 of 2010) filed on 28<sup>th</sup> August, 2018 before the Hon'ble Supreme Court of India. Clarification in the matter is still awaited.

The 'Audit Committee' of the Company, as on the date of report, consists of two Non-Executive Directors, namely, (1) Shri Rakesh Kumar Modi and (2) Shri Abhishek Modi, as members. The Company Secretary acts as Secretary to the Committee.

During the year under review, four Audit Committee Meetings were held on 12<sup>th</sup> May, 2018, 28<sup>th</sup> August, 2018, 16<sup>th</sup> November, 2018 and 28<sup>th</sup> February, 2019. The attendance at the Audit Committee Meetings held during the financial year 2018-19 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 Manish Kumar Modi*	NED	-
3.	Shri Abhishek Modi	NED	4
	NED: Non Executive Director		

\* Ceased to be Director of the Company with effect from 25<sup>th</sup> July, 2018.

(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, with the management, the quarterly financial statements before submission to the board for approval;
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. 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;
  14. Discussion with internal auditors of any significant findings and follow up there on;
  15. 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;
  16. 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;
  17. 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;
  18. To review the functioning of the Whistle Blower mechanism;
  19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
  20. 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.

Shri Manish Kumar Modi, Member of the Committee, has resigned from the Directorship of the Company on 25<sup>th</sup> July, 2018.

In Board of Directors meeting of the Company held on 28<sup>th</sup> August, 2018 matter regarding reconstitution of Nomination and Remuneration Committee was deferred in view of application seeking clarification in the matter titled as M.K. Modi Vs. U.K. Modi & Ors. (SLP No. 23095-97 of 2010) filed on 28<sup>th</sup> August, 2018 before the Hon'ble Supreme Court of India. Clarification in the matter is still awaited.

The Nomination and Remuneration Committee, as on the date of report, consists of two Non-Executive Directors, namely, (1) Shri Rakesh Kumar Modi and (2) Shri Abhishek Modi, as 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 a meeting of Nomination and Remuneration Committee was held on 16<sup>th</sup> November, 2018 which was 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. Devising a policy on diversity of Board of Directors;
4. 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.
5. 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.

With effect from 1<sup>st</sup> November, 2019 both the above directors have ceased to be Managing Directors and continue as a Director simplicitor.

##### **(b) Non-Executive Directors :**

Name	Sitting Fee (₹ in thousands)	Shares held	
		Equity	Preference
Shri Krishan Kumar Modi	4.0	9664	8
Shri Vinay Kumar Modi	4.0	25477	8
Shri Rakesh Kumar Modi	11.5	48901	10
Shri Abhishek Modi	10.5	100	-

#### **5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee, consisting of three members i.e. Shri Mahendra Kumar Modi, Shri Umesh Kumar Modi and Shri Rakesh Kumar Modi, Non-Executive Directors, has been entrusted with the work of Share/Debt 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 Debentures were effected within the stipulated period by the Company. During the year under review two meetings of Stakeholders Relationship Committee were held on 28<sup>th</sup> August, 2018 and 16<sup>th</sup> November, 2018. The attendance of the Stakeholders Relationship Committee meetings held during

the financial year 2018-19 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.	2
3.	Shri Rakesh Kumar Modi	NED	2
	MD: Managing Director      NED: Non Executive Director		

All 8 Shareholders / Debenture 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/Debenture holders/Investors complaints received during the year under review were reported to the Stakeholders Relationship Committee by the Company Secretary.

**6. COMMITTEE OF DIRECTORS:**

The Committee of Directors, presently consisting of three members i.e. Shri Mahendra Kumar Modi, Shri Umesh Kumar Modi and Shri Rakesh Kumar Modi, Non-Executive Directors. 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
2017-18	18.12.2018	12:30 P.M.
2016-17	21.12.2017	12:30 P.M.
2015-16	29.09.2016	12:30 P.M.

No postal ballot was conducted during the Financial Year 2018-19. 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 : 18<sup>th</sup> December, 2019.  
Time : 12:30 P.M.  
Venue : Modi Industries Transit House  
(Modi Industries Complex)  
Modinagar, Distt. Ghaziabad (U.P.).

**(b) Financial Calendar :**

(i) Financial year : April to March  
(ii) Annual Financial Results : Upto September, 2020  
(Audited)

(iii) Annual General Meeting : End of September, 2020  
for the financial year 2019-20.

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

12<sup>th</sup> December, 2019 to 18<sup>th</sup> December, 2019 (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, 2<sup>nd</sup> 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, 2019 no shares were lying pending for transfer.

**(h) Distribution of Shareholding as on 31.03.2019 :**

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	680227	248	8919	20	20.56	0.61
501 - 1000	92732	-	124	-	2.80	-
1001 - 2000	102455	-	68	-	3.10	-
2001 - 3000	44945	-	18	-	1.36	-
3001 - 4000	19580	3520	6	1	0.59	8.64
4001 - 5000	37753	9005	8	2	1.14	22.10
5001 - 10000	110244	14344	15	2	3.33	35.21
10001 and above	2221278	13624	51	1	67.12	33.44
Total	3309214	40741	9209	26	100.00	100.00

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

Pursuant to Notification of Ministry of Corporate Affairs, Government of India, New Delhi, dated 10<sup>th</sup> September, 2018, the persons, who intend to transfer 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 9849 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.

## FORM NO. MGT-9

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- (i) CIN : U15429UP1932PLC000469
- (ii) Registration Date : 18.11.1932
- (iii) Name of the Company : Modi Industries Limited
- (iv) Category/Sub-Category of the Company : Company Limited by Shares/Indian Non-Government Company
- (v) Address of the Registered Office and contact details : P.O. Modinagar (U.P.) 201204.  
Tel.: 01232-231755/243115
- (vi) Whether listed company : Yes / No\*  
\* Ceased as listed Company as per SEBI Circular No. CIR/MRD/DSA/5/2015 Dated 17<sup>th</sup> April, 2015. The NSE has removed the name of Company from the list of Companies on its Dissemination Board vide its circular No. NSE/CML/35701 dated 1<sup>st</sup> September, 2017.
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any. : M/s. Mas Services Limited,  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area,  
Phase II,  
New Delhi 110020.  
(Contact No. 011-26387281-82-83)

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl.No.	Name and Description of main products/services	NIC Code of the Product/service	% of total turnover of the company.
1.	Sugar (manufacture of sugar from sugar cane)	10721	43.29
2.	Distillery (distilling, rectifying & blending of sprits)	11019	56.71

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sl.No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Own Investment (India) Limited	U74899DL1981PLC012017	Subsidiary	99.89	2(87)(ii)
2.	Your Investment (India) Limited	U74899DL1981PLC012003	Subsidiary	99.93	2(87)(ii)

**V. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity).**

**(i) Category-wise Share Holding:**

Category of shareholders	No. of Shares held at the beginning of the year (as on 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% change during the Year 2018-19
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									-
<b>(1) Indian</b>									
a) Individual/HUF #	-	688436	688436	20.80	4959	501496	506455	15.30	(-) 5.50
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	1280199	1280199	38.69	-	1280199	1280199	38.69	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other .....	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(1)</b>	-	<b>1968635</b>	<b>1968635</b>	<b>59.49</b>	<b>4959</b>	<b>1781695</b>	<b>1786654</b>	<b>53.99</b>	<b>(-) 5.50</b>
<b>(2) Foreign</b>									
a) NRI's Individuals #	-	-	-	-	-	181981	181981	5.50	5.50
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other .....	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(2)</b>	-	-	-	-	-	<b>181981</b>	<b>181981</b>	<b>5.50</b>	<b>5.50</b>
<b>Total Shareholding of Promoter (A)=(A)(1) + (A)(2)</b>	-	<b>1968635</b>	<b>1968635</b>	<b>59.49</b>	<b>4959</b>	<b>1963676</b>	<b>1968635</b>	<b>59.49</b>	<b>No Change</b>
<b>B. Public Shareholdings</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Bank/FI	-	1799	1799	0.05	-	1799	1799	0.05	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	351378	351378	10.62	-	351378	351378	10.62	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Other (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub Total (B)(1)</b>	-	<b>353177</b>	<b>353177</b>	<b>10.67</b>	-	<b>353177</b>	<b>353177</b>	<b>10.67</b>	<b>No change</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	-	47309	47309	1.43	126	47183	47309	1.43	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.2.00 Lakh #	-	899949	899949	27.20	4764	895185	899949	27.20	-
ii) Individual Shareholders holding nominal share capital in excess of Rs.2.00 Lakh #	-	37863	37863	1.14	-	37863	37863	1.14	-
c) Others (Specify) # Foreigners/Non Resident Indians	-	2281	2281	0.07	-	2281	2281	0.07	-
<b>Sub Total (B)(2)</b>	-	<b>987402</b>	<b>987402</b>	<b>29.84</b>	<b>4890</b>	<b>982512</b>	<b>987402</b>	<b>29.84</b>	<b>No change</b>
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	1340579	1340579	40.51	4890	1335689	1340579	40.51	No change
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+b+c)</b>	-	<b>3309214</b>	<b>3309214</b>	<b>100.00</b>	<b>9849</b>	<b>3299365</b>	<b>3309214</b>	<b>100.00</b>	<b>No change</b>

# Regrouping of shareholding as on 31.03.2019.

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's name	Shareholding at the beginning of the year (as on 01.04.2018)			Shareholding at the end of the year (as on 31.03.2019)			
		No. of shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares*	No. of shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares*	% change in share-holding during the year.
<b>PROMOTERS/PERSONS HAVING CONTROL OVER THE COMPANY:</b>								
1.	Dr. Mahendra Kumar Modi	21461	0.65	0.65	21461	0.65	0.65	
2.	Smt. Veena Modi	37742	1.14		37742	1.14		
3.	Shri Manish Kumar Modi	22050	0.67		22050	0.67		
4.	Smt. Aparna Goenka	2565	0.08		2565	0.08		
5.	Ms. Ruchika Modi	2830	0.09		2830	0.09		
6.	Dr. Kedar Nath Modi	140	0.00	0.00	140	0.00	0.00	
7.	Dr. Devendra Kumar Modi	17640	0.53		17640	0.53		
8.	Smt. Renu Modi	1555	0.05		1555	0.05		
9.	Shri Umesh Kumar Modi	104200	3.15	3.15	104200	3.15	3.15	
10.	Smt. Kum Kum Modi	16526	0.50		16526	0.50		
11.	Shri Abhishek Modi	100	0.00		100	0.00		
12.	Shri Krishan Kumar Modi	9664	0.29	0.29	9664	0.29	0.29	
13.	Shri Vinay Kumar Modi	25477	0.77	0.77	25477	0.77	0.77	
14.	Dr. Bhupendra Kumar Modi	18753	0.57		18753	0.57		
15.	Smt. Bina Modi	9947	0.30		9947	0.30		
16.	Smt. Chander Bala Modi	13108	0.40		13108	0.40		
17.	Smt. Abha Rani Modi	20980	0.63		20980	0.63		
18.	Smt. Raj Kumari Agarwal	9555	0.29		9555	0.29		
19.	Smt. Rajesh Gupta	136	0.00		136	0.00		
	<b>Sub Total (A)</b>	<b>334429</b>	<b>10.11</b>	<b>4.86</b>	<b>334429</b>	<b>10.11</b>	<b>4.86</b>	

<b>PROMOTER GROUP/PERSONS ACTING IN CONCERT : (Individual)</b>								
20.	Sh. Ruchir Kumar Lalit Modi	24244	0.73		24244	0.73		
21.	Shri Samir Kumar Modi	24244	0.73		24244	0.73		
22.	Shri Alok Kumar Modi	350	0.01		350	0.01		
23.	Smt. Ritika Modi	24671	0.75		24671	0.75		
24.	Shri Karan Modi	17274	0.52		17274	0.52		

Sl. No.	Shareholder's name	Shareholding at the beginning of the year (as on 01.04.2018)			Shareholding at the end of the year (as on 31.03.2019)			
		No. of shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares*	No. of shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares*	% change in shareholding during the year.
25.	Shri Dalip Kumar Modi	3180	0.10		3180	0.10		
26.	Ms. Bindu	125	0.00		125	0.00		
27.	Ms. Anuradha Modi	94	0.00		94	0.00		
28.	Master Prashant Kumar Modi u/g/o Shri Y.K. Modi	11475	0.35		11475	0.35		
29.	Ms. Anupma Modi	3261	0.10		3261	0.10		
30.	Ms. Prarthana Modi	3261	0.10		3261	0.10		
31.	Master Kapil N. Modi u/g/o Dr. D.K. Modi	12651	0.38		12651	0.38		
32.	Master Manav Kumar Modi u/g/o Dr. D.K. Modi	10252	0.31		10252	0.31		
33.	Smt. Sunder Devi	427	0.01		427	0.01		
34.	Smt. Lajwanti Devi	846	0.03		846	0.03		
35.	Smt. Kamla Devi	382	0.01		382	0.01		
36.	Shri Rakesh Kumar Modi	48901	1.48		48901	1.48		
37.	Shri Man Mohan Modi	19338	0.59		19338	0.59		
38.	Shri Mahesh Kumar Modi	30398	0.92	0.04	30398	0.92	0.04	
39.	Smt. Bharti Modi	18482	0.56		18482	0.56		
40.	Smt. Kiran Modi	42900	1.30	0.10	42900	1.30	0.10	
41.	Shri Harmukh Rai Modi	644	0.02		644	0.02		
42.	Shri Suresh Kumar Modi	687	0.02		687	0.02		
43.	Shri Sudarshan Kumar Modi	17346	0.52		17346	0.52		
44.	Smt. Rani Devi Modi	9803	0.30		9803	0.30		
45.	Shri Sanjiv Kumar Modi	5459	0.16		5459	0.16		
46.	Shri Tarun Kumar Modi	4941	0.15		4941	0.15		
47.	Shri Om Prakash Modi	13	0.00		13	0.00		
48.	Shri Chandra Prakash Modi	60	0.00		60	0.00		
49.	Smt. Kavita Modi	700	0.02		700	0.02		
50.	Smt. Shakuntla Modi	18	0.00		18	0.00		
51.	Shri Aditya Kumar Modi	300	0.01		300	0.01		
52.	Shri Praveen Kumar Modi	100	0.00		100	0.00		
53.	Shri Vijay Modi	18	0.00		18	0.00		
54.	Smt. Sumitra Devi	173	0.01		173	0.01		
55.	Shri Devi Dayal Modi	300	0.01		300	0.01		
56.	Shri Anil Modi	100	0.00		100	0.00		
57.	Smt. Misri Devi	40	0.00		40	0.00		
58.	Smt. Shanti Devi	74	0.00		74	0.00		
59.	Shri Matru Mal Maskara	500	0.02		500	0.02		
60.	Shri Kailash Persad Maskara	5	0.00		5	0.00		
61.	Shri Krishan Gopal Maskara	50	0.00		50	0.00		
62.	Shri Sharat Prakash	139	0.00		139	0.00		
63..	Shri Kamal Kumar Modi	2593	0.08		2593	0.08		
64.	Shri Jaswant Kumar Modi	1300	0.04		1300	0.04		
65.	Shri Naresh Kumar Modi	151	0.00		151	0.00		
66.	Shri Shiv Kumar Modi	1907	0.06		1907	0.06		
67.	Smt. Anju Modi	20	0.00		20	0.00		



Sl. No.	Shareholder's name	Shareholding at the beginning of the year (as on 01.04.2018)			Shareholding at the end of the year (as on 31.03.2019)			
		No. of shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares*	No. of shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares*	% change in shareholding during the year.
68.	Smt. Prem Modi	100	0.00		100	0.00		
69.	Smt. Prem Modi & Shri Gaurav Modi	108	0.00		108	0.00		
70.	Smt. Manju Modi	100	0.00		100	0.00		
71.	Shri Gaurav Modi	250	0.01		250	0.01		
72.	Shri Pankaj Modi	1166	0.04		1166	0.04		
73.	Smt. Lachhmi Devi	300	0.01		300	0.01		
74.	Birg. S.P.S. Shrikent	100	0.00		100	0.00		
75.	Shri Santosh Kumar Aggarwal	100	0.00		100	0.00		
76.	Shri Krishna Kumar Jain	100	0.00		100	0.00		
77.	Modi Charitable Foundation	3204	0.10		3204	0.10		
78.	Shri KK Modi & Smt. Bina Modi	1000	0.03		1000	0.03		
79.	Shri KK Modi & Smt. Bina Modi	1360	0.04		1360	0.04		
80.	Shri KK Modi & Smt. Bina Modi	1300	0.04		1300	0.04		
81.	Shri YK Modi, Dr. BK Modi & Shri Raghunath Rai	500	0.02		500	0.02		
82.	RS Seth Tara Chand Modi Charity Fund	122	0.00		122	0.00		
	<b>Sub Total 'B'</b>	<b>354007</b>	<b>10.70</b>	<b>0.14</b>	<b>354007</b>	<b>10.70</b>	<b>0.14</b>	
<b>PROMOTER GROUP/PERSONS ACTING IN CONCERT (Bodies Corporate)</b>								
83.	M/s. Rajputana Developers Ltd	1700	0.05		1700	0.05		
84.	M/s. Modi Trading & Industrial Syndicate Pvt.Ltd.	32022	0.97		32022	0.97		
85.	M/s. Patiala Flour Mills Co. Ltd.	168	0.01		168	0.01		
86.	M/s. Quick Investment India Ltd.	5580	0.17		5580	0.17		
87.	M/s. Smart Entertainment Pvt. Ltd.	30034	0.91		30034	0.91		
88.	M/s. Daisy Investment Pvt. Ltd.	103825	3.14		103825	3.14		
89.	M/s. KK Modi Investment & Financial Services Pvt.Ltd.	231751	7.00		231751	7.00		
90.	M/s. Laolean Investment Pvt. Ltd.	16407	0.50		16407	0.50		
91.	M/s. Longwell Investment Pvt. Ltd.	5321	0.16		5321	0.16		
92.	M/s. Momentum Investment Pvt. Ltd.	10779	0.33		10779	0.33		
93.	M/s. Motto Investment Pvt. Ltd.	10823	0.33		10823	0.33		
94.	M/s. Mod Fashions & Securities Pvt. Ltd.	54339	1.64		54339	1.64		
95.	M/s. Uniglobe Mod Travels Pvt. Ltd.	32121	0.97		32121	0.97		
96.	M/s. Pink Flower Investment Pvt. Ltd.	2000	0.06		2000	0.06		
97.	M/s. Carefree Merchants Pvt. Ltd.	36115	1.09		36115	1.09		
98.	M/s. Mahavir Export & Import Company Pvt. Ltd.	100	0.00		100	0.00		
99.	M/s. MMB Sales (India) Pvt. Ltd.	9000	0.27		9000	0.27		
100.	M/s. Shubh Credits Pvt.Ltd.	5916	0.18		5916	0.18		

Sl. No.	Shareholder's name	Shareholding at the beginning of the year (as on 01.04.2018)			Shareholding at the end of the year (as on 31.03.2019)			
		No. of shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares*	No. of shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares*	% change in shareholding during the year.
101.	M/s. Status Mark Finvest Ltd.	228714	6.92	6.92	228714	6.92	6.92	
102.	M/s. Utility Holdings Pvt.Ltd.	39339	1.19		39339	1.19		
103.	M/s. Ujala Holding Pvt.Ltd.	12909	0.39		12909	0.39		
104.	M/s. Meghla Investment Pvt. Ltd.	79605	2.40		79605	2.40		
105.	M/s. ABC Holding Pvt. Ltd.	116036	3.51		116036	3.51		
106.	M/s. Chowmukhi Finance & Investment Pvt. Ltd.	1300	0.04		1300	0.04		
107.	M/s. First Choice Enterprises Pvt. Ltd.	77235	2.33		77235	2.33		
108.	M/s. Ashoka Mercantile Ltd.	129455	3.91		129455	3.91		
109.	M/s. Modipon Ltd.	5580	0.17		5580	0.17		
110.	M/s. Net Across Holdings & Investment Pvt. Ltd.	2025	0.06		2025	0.06		
	<b>Sub Total 'C'</b>	<b>1280199</b>	<b>38.69</b>	<b>6.92</b>	<b>1280199</b>	<b>38.69</b>	<b>6.92</b>	
**	<b>Total (A+B+C)</b>	<b>1968635</b>	<b>59.49</b>	<b>11.92</b>	<b>1968635</b>	<b>59.49</b>	<b>11.92</b>	

\*Undertakings for Non-disposal of Shareholding are given to FIs/Banks.

\*\*Number of persons in category of Promoter and Promoter Group are 110 only having 121 folios.

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Particulars	Shareholding at the beginning of the year (as on 1 <sup>st</sup> April, 2018)		Cumulative Shareholding during the year (as on 1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019)	
	No. of shares of the company.	% of total shares of the company.	No. of shares of the company.	% of total shares of the company.
At the beginning of the year				
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for Increase/Decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	There was no change in shareholding of promoters during the financial year 2018-19.			
At the end of the year.				

**(iv) Shareholding Pattern of top ten Equity Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (1.4.2018/ end of the year (31.3.2019)	% of total shares of the company.				No. of shares	% of total shares of the company.
1.	Life Insurance Corpn of India	159256	4.81	01.04.2018	-	Nil movement during the year.		
		159256	4.81	31.03.2019	-		159256	4.81
2.	The Oriental Insurance Company Limited	59555	1.80	01.04.2018	-	Nil movement during the year.		
		59555	1.80	31.03.2019	-		59555	1.80
3.	General Insurance Corpn of India.	46562	1.41	01.04.2018	-	Nil movement during the year.		
		46562	1.41	31.03.2019	-		46562	1.41

Sl. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (1.4.2018/ end of the year (31.3.2019))	% of total shares of the company.				No. of shares	% of total shares of the company.
4.	The New India Assurance Co. Ltd.	45403	1.37	01.04.2018	-	Nil movement during the year.		
		45403	1.37	31.03.2019	-		45403	1.37
5.	Shri Mahendra Girdhari Lal*	37863	1.08	01.04.2018	-	Nil movement during the year.		
		37863	1.08	31.03.2019	-		37863	1.08
6.	National Insurance Co. Ltd.	25990	0.79	01.04.2018	-	Nil movement during the year.		
		25990	0.79	31.03.2019	-		25990	0.79
7.	United India Insurance Co. Ltd.	14612	0.44	01.04.2018	-	Nil movement during the year.		
		14612	0.44	31.03.2019	-		14612	0.44
8.	3A Capital Services Ltd.	13163	0.40	01.04.2018	-	Nil movement during the year.		
		13163	0.40	31.03.2019	-		13163	0.40
9.	Shri Shailesh Dolatrai Shah	11325	0.34	01.04.2018	-	Nil movement during the year.		
		11325	0.34	31.03.2019	-		11325	0.34
10	3A Financial Services Ltd.	5579	0.17	01.04.2018	-	Nil movement during the year.		
		5579	0.17	31.03.2019	-		5579	0.17

\* Shri Mahendra Girdhari Lal holds three folio. One in his individual name and two folios in his name jointly with others.

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (1.4.2018/ end of the year (31.3.2019))	% of total shares of the company.				No. of shares	% of total shares of the company.
<b>A. DIRECTORS</b>								
1.	Mahendra Kumar Modi, Managing Director	21461	0.65	01.04.2018	-	Nil movement during the year		
		21461	0.65	31.03.2019	-		21461	0.65
2.	Umesh Kumar Modi, Managing Director	104200	3.15	01.04.2018	-	Nil movement during the year		
		104200	3.15	31.03.2019	-		104200	3.15

3.	Krishan Kumar Modi,* Non-Executive Director	9664	0.29	01.04.2018	-	Nil movement during the year		
		9664	0.29	31.03.2019	-		9664	0.29
4.	Vinay Kumar Modi, Non-Executive Director	25477	0.77	01.04.2018	-	Nil movement during the year.		
		25477	0.77	31.03.2019	-		25477	0.77
5.	Rakesh Kumar Modi, Non-Executive Director	48901	1.48	01.04.2018	-	Nil movement during the year.		
		48901	1.48	31.03.2019	-		48901	1.48
6.	Manish Kumar Modi,** Non-Executive Director	22050	0.67	01.04.2018	-	Nil movement during the year.		
		22050	0.67	31.03.2019	-		22050	0.67
7.	Shri Abhishek Modi, Non-Executive Director	100	0.00	01.04.2018	-	Nil movement during the year		
		100	0.00	31.03.2019	-		100	0.00
<b>B. Key Managerial Personnel (KMP's)</b>								
1.	Vimal Prasad Gupta, Company Secretary	Nil	0.00	01.04.2018	-	Nil movement during the year		
		Nil	0.00	31.03.2019	-		Nil	0.00

\*Ceased to be Director of the Company from 2<sup>nd</sup> November, 2019

\*\*Ceased to be Director of the Company from 25.07.2018.

#### V. INDEBTEDNESS:

##### Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in thousands)

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (as on 01.04.2018)</b>				
(i) Principal Amount	382550	801595	6086	1190231
(ii) Interest due but not paid	423506	299	1973	425778
(iii) Interest accrued but not due	9	6145	-	6154
<b>Total (i+ii+iii)</b>	<b>806065</b>	<b>808039</b>	<b>8059</b>	<b>1622163</b>
<b>Change in Indebtedness during the financial year</b>				
— Addition	-	-	-	-
— Reduction	(19374)	(73310)	(8059)	(100743)
<b>Net Change</b>	<b>(19374)</b>	<b>(73310)</b>	<b>(8059)</b>	<b>(100743)</b>
<b>Indebtedness at the end of the financial year (as on 31.3.2019)</b>				
(i) Principal Amount	373509	713706	-	1087215
(ii) Interest due but not paid	413173	11953	-	425126
(iii) Interest accrued but not due	9	9070	-	9079
<b>Total (i+ii+iii)</b>	<b>786691</b>	<b>734729</b>	<b>-</b>	<b>1521420</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**
**(Rupees in thousands)**

Sl.No.	Particulars of Remuneration	Name of Managing Directors		Total Amount
		Mahendra Kumar Modi*	Umesh Kumar Modi	
1.	<b>Gross Salary</b>			
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	-	-	-
(b)	Value of perquisites u/s 17(2) of the I.T.Act, 1961	-	-	-
(c)	Profits in lieu of salary u/s 17(3) of the I.T. Act, 1961.	-	-	-
2.	<b>Stock Option</b>	-	-	-
3.	<b>Sweat Equity</b>	-	-	-
4.	<b>Commission:</b>			
	- as % of profit	-	-	-
	- others, specify.....	-	-	-
5.	<b>Others, please specify.....</b>	-	-	-
	<b>Total (A)</b>	-	-	-
	<b>Ceiling as per Act</b>	i. Modi Industries Limited, being a sick company, has heavy losses. Hence approval of Central Government for the period from 01.11.2014 to 31.10.2017 was obtained for payment of remuneration to Shri Mahendra Kumar Modi as Managing Director. The application for the remuneration payable to Shri Mahendra Kumar Modi as Managing Director for the remaining tenure of his appointment i.e. from 01.11.2017 to 31.10.2019, had been moved to Central Government for its approval which has been now closed by the Central Government as per amended provisions of the Companies Act, 2013.		
		ii. Considering the financial position of the company Shri Umesh Kumar Modi, re-appointed as Managing Director with remuneration, had requested for waiver of his remuneration. Accordingly the Central Government approved his appointment as Managing Director without remuneration.		

\* Since the application moved to the Central Government for the remuneration payable to Shri Mahendra Kumar Modi as Managing Director for the remaining tenure of his appointment i.e. from 1<sup>st</sup> November, 2017 to 31<sup>st</sup> October, 2019 was closed by the Central Government as per amended provisions of the Companies Act, 2013, no remuneration for the year under review could be paid.

**B. Remuneration to other Directors:**
**(Rupees in thousands)**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Krishan Kumar Modi	Vinay Kumar Modi	Rakesh Kumar Modi	Abhishek Modi	
1.	<b>Independent Directors #</b>					
	— Fee for attending board / committee meetings	-	-	-	-	-
	— Commission	-	-	-	-	-
	— Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	-	-	-	-	-
2.	<b>Other Non-Executive Directors</b>					
	— Fee for attending board / committee meetings	4.0	4.0	11.5	10.5	30.0
	— Commission	-	-	-	-	-
	— Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	4.0	4.0	11.5	10.5	30.0
	<b>Total (B)=(1+2)</b>	4.0	4.0	11.5	10.5	30.0
	<b>Total Managerial Remuneration*</b>					30.0
	<b>Overall Ceiling as per the Act</b>	Modi Industries Limited has heavy losses. Hence only sitting fees is paid to Non-Executive Directors.				

\*Total remuneration to other Non-executive Directors.

# Presently the company has no independent directors. The Company was declared a sick industrial company within the meaning of Section 3(1)(o) of erstwhile the Sick Industrial Companies (Special Provisions) Act, 1985 by the Hon'ble BIFR vide their order dated 14<sup>th</sup> March, 1991. The Hon'ble Supreme Court in SLP (Civil) Nos. 23095 – 23097 of 2010 (M.K. Modi vs. U.K. Modi) has passed an order dated 27<sup>th</sup> August, 2010 directing the parties therein to maintain "**status quo**" with regard to the management of the company.

In view of the above order of Hon'ble Supreme Court, Board of Directors are unable to appoint any new director under provisions of Companies Act, 2013 to comply with the composition of Board and/or various Board Committees.

**C. Remuneration to Key Managerial Personnel other than MD:**

**(Rupees in Thousands)**

Sl.No.	Particulars of Remuneration	
		Company Secretary (Vimal Prasad Gupta)
1.	Gross Salary	
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	1520.44
(b)	Value of perquisites under Section 17(2) of the Income Tax Act, 1961.	74.79
(c)	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961.	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, please specify.....	-
5.	Others, please specify .....	-
	Total	1595.23

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made, if any (give details)	
<b>A. COMPANY</b>						
Penalty	X					
Punishment						
Compounding						
<b>B. DIRECTORS</b>						
Penalty						
Punishment				<b>NIL</b>		
Compounding						
<b>C. OTHER OFFICERS IN DEFAULT</b>						
Penalty						
Punishment						
Compounding						

**ANNEXURE- D - TO DIRECTORS' REPORT**

**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 2018-19:**

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	Whether employee is a relative of any director or manager of the Co.
1	Mr. Pallav Soin	Vice President- Marketing & Marketing	Permanent	MBA-Marketing & Sales	20	01/05/2012	86,76,020	46	Modi Ilva India Pvt. Ltd.	-	-
2	Mr. N.P. Bansal	Chief Executive	Permanent	C.A.	41	01/12/1977	31,20,677	69	-	-	-
3	Mr. Bhupinder Aggarwal	Deputy General Manager	Permanent	MBA-Marketing & Sales	21	01/05/2012	29,22,575	45	Modi Ilva India Pvt. Ltd.	-	-
4	Mr. Prem Prakash	Finance Head	Permanent	C.A.	21	21/06/2017	26,85,129	48	Panchwati Group	-	-
5	Mr. Shiladitya Brahma	Assistant General Manager (Institutional Sales)	Permanent	MBA (Marketing)	27	01/06/2013	25,28,496	52	SBEC Sugar Ltd., Malakpur	-	-
6	Mr. Ambar Jaitely	Manager Commercial	Permanent	MBA	9	01/07/2010	25,06,872	36	-	-	-
7	Mr. Charu Koharwal	Chief General Manager (Technical)	Permanent	B. Tech	23	19/05/2018	22,00,044	46	Wave Industries, Bijnore	-	-
8	Mr. Ved Pal Singh Malik	Vice President	Permanent	B.Sc. Agriculture	38	08/06/2017	21,20,028	62	Mansoorpur Sugar Mills, Mansoorpur	-	-
9	Mr. Rakesh Jain	General Manager Production	Permanent	B.Sc. ANSI	40	07/11/1979	18,90,000	63	-	-	-
10	Mr. Sandeep Shetty	Regional Sales Manager-West	Permanent	MBA-Marketing & Sales	16	01/05/2012	18,00,212	47	Modi Ilva India Pvt. Ltd.	-	-

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

**FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH, 2019**

[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 - A019000A600245699**

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, 2019 (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, 2019 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, labor 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 30<sup>th</sup> 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 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 09<sup>th</sup> June, 2015 and also SEBI had de-recognized the DSE on 19<sup>th</sup> November, 2014 and issued Exit Order on 23<sup>rd</sup> January, 2017. SEBI vide its circular No. CIR/MRD/DSA/5/2015 Dated 17<sup>th</sup> 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 09<sup>th</sup> May, 2017, the value of equity shares of Rs.10/- each of the Company arrived at Rs. (-) 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 24.05.2017 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 1<sup>st</sup> 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 of Financial Year 2018-19.

We further report that the Board of Directors of the Company is constituted with composition of 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 under review, **Shri Manish Kumar Modi**, the Director of the Company has resigned on 25<sup>th</sup> July, 2018 from the office of Director, without citing any reason. The Nomination and Remuneration Committee as well as Audit Committee consists of 3 Non-Executive Directors namely (i) Shri Rakesh Kumar Modi, (ii) Shri Manish Kumar Modi and (iii) Shri Abhishek Modi as members on commencement of Financial Year i. e. 1<sup>st</sup> April, 2018 but at the end of financial year 31<sup>st</sup> March, 2019 there were only two directors due to vacancy caused by resignation of Shri Manish Kumar Modi. **Due to the outgoing of Directors, 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, 2019 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. 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 25<sup>th</sup> 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 Rs. 80,58,433/- in 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 14<sup>th</sup> 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 under review the Company has received four 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 Rs.)	Date of Settlement
1	Baburam Industries	16,87,225	Modi Arc Electrode Co. & Modi Paint & Varnish Co	N.A.	Not yet settled.
2	Vyankatesh Metals & Alloys Pvt Ltd	18,00,000	Modi Arc Electrode Co.	N.A.	Not yet settled.
3	3A Capital Services Ltd	8,49,47,881	Modi Industries Limited (Corporate Office)	N.A.	Petition withdrawn
4	Ganesh Enterprises	9,84,678	Modi Arc Electrode Co	N.A.	Not yet settled.
5	Noble Alchem Pvt. Ltd	34,60,524	Modi Arc Electrode Co	28,00,000	09.07.2018
6	Ultratech Cement Ltd	16,75,398 + 15% interest	Modi Paint & Varnish Co	19,00,000	24.07.2018
7	Bansal Trading Company	6,60,977 + 18% interest	Modi Arc Electrode Co.	7,00,000	24.07.2018
8	Jayesh Industries Limited	52,53,300	Modi Arc Electrode Co.	35,00,000	02.11.2019

5. During the year under review with audit, there are delay 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: 14<sup>th</sup> November, 2019  
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.

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

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

**Date: 14<sup>th</sup> November, 2019  
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 Standalone Balance Sheet as at 31st March 2019, the Standalone Statement of Profit and Loss and the Standalone 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 March 31, 2019, 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss and the Standalone 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 ₹ 787.22 Lac 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 2018-19 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 2018-19 were also not made available to us and consequently audit could not be conducted in respect of the same. {Note No. 27(11) of the Standalone Financial Statements}. Therefore, the attached Standalone Balance Sheet, the Standalone Statement of Profit and Loss and the Standalone 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 ₹ 3,438.85Lac and ₹ 6,324.10Lac respectively as at 31st March, 2016 and the Income (net of excise-duty realized) & Expenditure of these 3 Units & CAD were ₹ 4,759.60Lac and ₹ 5,663.79Lac respectively for the said year which resulted in a net loss of ₹ 904.19Lac for these 3 Units & CAD for the year ended 31<sup>st</sup> 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 and 2018-19 also as stated in Note No. 27(11).
- (C) We draw attention to Note No.27(28) regarding certain accounting records including supporting documents for the financial year 2018-19 and certain previous financial years which got destroyed / damaged in the fire on 13<sup>th</sup> July, 2019 in the office premises and records room of Sugar and Distillery Units of the company. Accordingly, pending reconstruction of vouchers & supporting documents, we could not evaluate the audit evidences such as vouchers, purchase invoices, bills, contracts etc., to be able to test check and draw reasonable conclusion on those supporting evidences / documents which got destroyed / damaged in fire.

**(D) Material Uncertainty related to Going Concern:**

Though the Company has been incurring huge losses continuously (losses for the eight years i.e. 2011-12 to 2018-19 amounts to ₹ 22,138.13 Lac), accumulated losses of ₹ 29,043.29 Lac as on 31<sup>st</sup> March, 2019 which are far in excess of paid-up equity capital & reserves (excluding revaluation reserve) of ₹ 981.88 Lac as on that date and the company was declared a sick company on 14<sup>th</sup> March, 1991 and was also issued a show cause notice for winding up by the Board for Industrial & Financial Restructuring on 28<sup>th</sup> October, 2013. Sick Industries Companies Act, 1985 ("SICA") 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 Standalone Financial Statements as on 31<sup>st</sup> March, 2019 exceeded its total assets as per the Standalone Financial Statements as on 31<sup>st</sup> March, 2019 by ₹ 16,453.12 Lac. 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 of ₹19,560.88Lac (excluding unprovided interest) as on 31<sup>st</sup> October, 2019 for sugar-season 2018-19 and for matters pending in National Company Law Tribunal relating to overdues of creditors of 3 Units & CAD cast significant doubt on the ability of the company to continue as a going concern. Refer Note No. 27(20) regarding steps being taken by the management for treating the company as a going concern.

**(E)** Non-provision of interest as on 31<sup>st</sup> March, 2019 aggregating to ₹ 2,844.11 Lac on cane grower's arrears for Sugar Seasons 2015-16 and 2017-18 which has been paid after 31<sup>st</sup> March, 2019. {Note No. 27(37)(g & h)}.

**(F)** Further to our comments in paragraphs 2(A to E) 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 31<sup>st</sup> March, 2019, 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 2018-19 and over-statement of assets and under-statement of liabilities as on 31<sup>st</sup> March, 2019, amount / impact unascertained. {Refer Note No. 27(11) of Standalone Financial Statements and Paragraph 2(B) above}.
- iii. Understatement of losses on account of: (a) non-provision of interest on loans and on overdues, if any, of Micro, Small and Medium Enterprises and non-provision for obsolete inventories / doubtful debtors / loan and advances and impairment loss and (b) not conducting physical verification of inventories and fixed assets etc. in Steel Unit as stated in Note Nos. 27(4)(f)(i) to (vii) and 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 on overdues, if any, of Micro, Small and Medium Enterprises and non-provision for obsolete inventories / doubtful debtors / loan and advances and impairment loss and (b) not conducting physical verification of inventories and fixed assets etc. in closed 3 Units & CAD as stated in Note No. 27(11) 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(42).
- vi. Impact of componentization of property, plant and 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 years ended March 31, 2016 to 31<sup>st</sup> March, 2019 are yet to be ascertained by the management. {Note No. 27(43)}.
- vii. Non-provision of interest on overdues of Micro, Small and Medium Enterprises as stated in Foot-Note of Note No. 27(17). Amount of provision required not ascertained.
- viii.
  - (1) Non-provision of late payment surcharge / recovery charges ₹ 302.66Lac (Previous year ₹ 302.66Lac) {Note No. 27(12)};
  - (2) Non-provision of ESI demand ₹ 68.19 Lac (previous year ₹ 67.02Lac) {Note No. 27(13)};
  - (3) Non-provision of House-tax demand ₹ 188.63 Lac (Previous year ₹188.63Lac) {Note No. 27(14)};
  - (4) Non-provision of simple, penal and compound interest of ₹ 46,034.19 Lac (for the year ₹ 4,094.61 Lac) on term loans / debentures {Note No. 27(21)(a)} and interest / bank charges ₹ 6,569.70 Lac (for the year ₹ 942.90 Lac) on cash credit from banks {Note No. 27(21)(c) & (e)};
  - (5) Non-provision of Wages ₹ 27.46Lac (Previous year ₹ 27.46Lac) for the lock-out period {Note No. 27(24)};

- (6) Non-provision of recovery charges of ₹ 413.50 Lac (Previous Year ₹ 413.50Lac) for sugar season 2007-08. {Note No. 27(37)(c)}.
- (7) Non-provision of interest of ₹ 430.80 Lac on cane dues for the sugar season 2018-19. {Note No. 27(37)(i)}.
- (G) Confirmation of Debit / Credit balances of debtors / creditors / lenders and of certain banks were not obtained. Impact on the Standalone Financial Statements is not ascertainable. {Note Nos. 27(29) & 27(45)}.
- (H) 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) ₹ 1,100Lac during May 2011 against temporary possession of 59 houses to Ashoka Mercantile Limited ("AML"), a related party, and (ii) ₹ 147.63Lac during the earlier years against temporary possession of 9 houses to Modipon Limited ("MPL"), also a related party. The outstanding amounts as on 31<sup>st</sup> March, 2016 in the books of account of MD office were ₹ 798.30Lac (43 houses) and ₹ 147.63 Lac (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 31<sup>st</sup> March, 2019 is not available. These houses were not occupied by any of the employees of the company as on 31<sup>st</sup> 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(20)} to two related parties amounting to ₹ 945.93Lac were shown as deposits by the company as on 31<sup>st</sup> March, 2016 (present status not available) since date of payment on which interest @ 8.5% has been charged with effect from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> 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(11), 27(40)(4)(B) and Foot-notes 1(b) and 6 of Note No. 27(40)}.
  - (ii) As stated in Note No. 27(44), short term unsecured interest free advance amounting to ₹ 30Lac given to a company during 2017-18 is not in compliance with the provisions of section 186 of the Companies Act, 2013.
- (I) We further report that, without considering items mentioned at paragraphs 2 (A) to (D), (F)(i) to (vii), (G) and (H) above, the possible effects of which could not be determined, had the observations made by us in paragraph 2(E) & (F)(viii) above been considered, the loss for the year would have been ₹ 59,199.52 Lac (as against the reported loss of ₹ 2,320.28 Lac), accumulated losses in Note No. 2 would have been ₹ 85,922.53 Lac (as against the reported figure of ₹ 29,043.29 Lac) and current liabilities would have been ₹ 1,08,006.64 Lac (as against the reported figure of ₹ 51,127.40 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 Standalone 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 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. Key Audit Matter

Key audit matter mentioned below is that matter that, in our professional judgement, was of most significance in our audit of the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019. This matter was addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on this matter.

We draw attention to Note No. 27(19)(A) regarding entering into a bottling agreement between Modi Distillery (a Unit of the Company i.e. bottler) and MI Spirit India Private Limited ("MISIP") during the year 2010-11, accounting treatment of which was qualified by us till financial year ended 31<sup>st</sup> March, 2018, which has now been substantially amended with effect from 01.04.2018 as stated in Note No. 27(19)(B) wherein number of clauses in the bottling agreement were either deleted or amended and accordingly we are not expressing any reservation on the accounting treatment for the financial year ended 31<sup>st</sup> March, 2019. 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 of the materials procured by the bottler shall always remain with the bottler (iv) the bottler shall be responsible for collection of all payments against invoices raised by the bottler and (v) in consideration of the MISIP granting the rights as specified in the bottling agreement to the bottler in terms hereof and the sub-licence agreement, including rendering process services and marketing the products, the bottler shall pay to the MISIP "Licence Fee" equal to 12% of the revenue generated (Net of statutory charges levies, taxes and duties) from the sale of products.

We have determined that there are no other key audit matters to communicate in our report.

#### **4. Emphasis of Matter**

- (i) Unpaid amounts of unclaimed debentures, if any, as on 31.03.2019 to be deposited with Investor Education and Protection Fund has not been identified by the management.
- (ii) Cars costing ₹ 70.60 Lac (Previous Year ₹ 93.81 Lac) 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(35) regarding entering into agreements to sell 215 residential quarters, Note No. 27(36)(a) regarding entering into lease, including perpetual lease, agreements for 40,141.91 Sq. Meters of factory land & buildings and Note No. 27(36)(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(22)(a) regarding reasons for not making provision for disputed Sales-tax demand of ₹ 2,455.78Lac excluding interest of closed Vanaspati Unit. Refer paragraph 2 (B) above.
- (v) We invite attention to Note No. 27(37)(a), (d), (e) and (f) regarding demands of recovery charges of ₹ 5,758.47Lac (previous Year ₹ 5,758.47Lac) on account of non-payment of cane price / commission / interest as the same are disputed by the company / obtained stay order as stated therein. We also invite attention to Note No. 27(37)(f) regarding non-provision interest for sugar seasons 2013-14 to 2015-16 amounting to ₹6,280.51 Lac (previous year ₹ 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(8)(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 4 above.

#### **5. 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 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2019 (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.

#### **6. 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.

## **7. 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.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the standalone financial statements for the year ended 31<sup>st</sup> March, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **8. 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 2018-19 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 2018-19. {Refer Note No. 27(11)}. {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 1<sup>st</sup> April, 2018 and 31<sup>st</sup> March, 2019 respectively and for contingent liabilities and additional information etc. as on 1<sup>st</sup> April, 2018 and 31<sup>st</sup> March, 2019 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 2018-19 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 year 2016-17 to 2018-19. {Refer Note No. 27(11)} {(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 accounting records / 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 1<sup>st</sup> April, 2018 and 31<sup>st</sup> March, 2019 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 2018-19 {Refer Note No. 27(11)},(iii) for destruction of part of accounting records / 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 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 31<sup>st</sup> March, 2019 as consolidated with the Balance Sheet of Steel Unit, 3 Units & CAD as stated in Notes Nos. 27(4) (c) & (d) and 27(11) 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 31<sup>st</sup> March, 2018 & 31<sup>st</sup> March, 2019 and of 3 Units & CAD as on 31<sup>st</sup> March, 2018 & 31<sup>st</sup> March, 2019, 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 2018-19, 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 Standalone Statement of Profit and Loss and Standalone 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 1<sup>st</sup> April, 2018 and 31<sup>st</sup> March, 2019 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 2018-19 {Refer Note No. 27(11) 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(17)}. In the case of Steel Unit, in view of non-incorporation of Balance Sheets of Steel unit as on 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018 on account of non-availability and consequently non-incorporation of audited opening balances as on 1<sup>st</sup> April, 2018 and 1<sup>st</sup> April, 2017 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 31<sup>st</sup> March, 2018 & 31<sup>st</sup> March, 2019 on account of non-availability and consequently non-incorporation of audited financial statements for the year 2016-17 to 2018-19, 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(11)}.

- 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 31<sup>st</sup> March, 2019, taken on record by the Board of Directors, none of the directors is disqualified, as on 31<sup>st</sup> March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.

Further, the company is 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 (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 / 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)

Place: Modinagar  
Dated: 14<sup>th</sup> November, 2019

Membership No: 013910  
UDIN : 19013910AAAADF3789

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#### **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, 2019

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 2018-19 have

not been incorporated in the respective financial years due to non-availability of audited opening balances as on 1<sup>st</sup> 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 2018-19 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(11) 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(11).

(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, 2019 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 except for unsecured interest free loan given to a company, presently a sick company, of ₹ 4.04Lac (net) during the previous financial years. Entire amount is overdue for more than 90 days and the company is yet to take steps for its recovery.

Further, as stated in paragraph 2(H)(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) ₹ 1,100Lac during May 2011 against temporary possession of 59 houses to Ashoka Mercantile Limited ("AML"), a related party, and (ii) ₹ 147.63Lac interest free during the earlier years against temporary possession of 9 houses to Modipon Limited ("MPL"), also a related party. The outstanding amounts as on 31<sup>st</sup> March, 2016 in the books of account of the company were ₹ 798.30Lac (43 houses) and ₹ 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(20)} to two related parties were overdue for more than 90 days as on 31<sup>st</sup> 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(11), 27(40)(4)(B) and Foot-notes 1(b) and 6 of Note No. 27(40)}.

(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 except for interest free short-term advances in the nature of unsecured loans given by the Sugar Unit of the company during the previous year of ₹ 30Lac to a company in respect of which provisions of section 186 were not complied with.

(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. {Refer Note No. 27(32) of Standalone Financial Statements}.

(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.

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

There were few delays in deposit of FPS dues in Sugar unit of the company. There were minor delays during the year in deposit of ESI dues of 2 months in Steel Unit.

In respect of GST, there were few delays in deposit of dues in Distillery Unit. 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 31,2019 as per books of account are as under:

<b>Nature of dues</b>	<b>(₹ in Lac)</b>
U.P. Trade Tax/CST	138.73
Commission on Cane purchases	278.53
Interest on Provident Fund/EPS	83.36
Tax deducted at source/Tax collection at source (Including interest on dues)	15.15
Excise-duty including interest	4.28
House-tax	34.19
Water cess	10.00
Interest on pollution cess dues	0.12

- (b) 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 2018-19 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 (₹ 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.	2584.59	5.98	1987-88, 1990-91 & 1991-92, May 91 to March 96	Allahabad High Court.
	VAT Tax and Penalty	@ 345.78	123.04	1982-83 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,	161.96	16.10	1985-86, 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 ₹82.60 Lac in the Accounts. \*Provided for in the Accounts.

\*\*Provided for ₹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:

(₹ in Lac)

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(21) (a).
Loan from banks (Allahabad Bank)	40.55	17.62	58.17	Entire amount due. Refer Note No. 27(21) (c).
Debentures	433.75	2424.28	2858.03	₹ 53Lac due since August, 1990, ₹ 30Lac due since December, 1994 & ₹ 351.17Lac due since February, 1995 to February, 1997.
Total	520.50	2,550.08	3,070.58	

# 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 27<sup>th</sup> August, 2010 directing to maintain 'status quo' with regard to the management of the Company. An application was filed on 28<sup>th</sup> 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 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 31<sup>st</sup> March, 2019 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:14<sup>th</sup> November, 2019

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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, 2019**

**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, 2019 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, 2019.

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, 2019 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 Standalone Balance Sheet, Standalone Statement of Profit and Loss and Standalone 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 2018-19 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 2018-19 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(11)}. Therefore, as stated in Paragraph 2(B) of audit report of even date, the attached Standalone Balance Sheet, Standalone Statement of Profit and Loss and Standalone 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 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 2016-17 to 2018-19 and non-physical verification of inventory and fixed assets as stated in Note No. 27(11).
- e) We draw attention to Note No. 27(28) regarding accounting records including supporting documents for the financial year 2018-19 and certain previous financial years which got destroyed / damaged in the fire on 13<sup>th</sup> July, 2019 in the office premises and records room of Sugar and Distillery Units of the company. Accordingly, pending reconstruction of supporting documents, we could not evaluate audit evidence such as vouchers, purchase invoices, bills, contracts etc., to be able to test check and draw reasonable conclusion on those supporting evidences / documents which got destroyed / damaged in fire.
- f) We note that the Distillery Unit has incurred sale promotion expenses {cost of gift items ₹2,115.17Lac and trade scheme expenses ₹ 1,441.32Lac which is claimed as reimbursement from the 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 need to be improved upon to safeguard the interests of the company.
- g) 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, 2019.

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

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

Place: Modinagar  
Dated:14<sup>th</sup> November, 2019

**STANDALONE BALANCE SHEET AS AT 31ST MARCH 2019**

( ₹ in Lac)

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
<b>I EQUITY AND LIABILITIES :</b>			
<b>(1) Shareholders' funds:</b>			
(a) Share Capital	1	371.66	371.66
(b) Reserves & Surplus	2	(26,379.82)	(24,059.54)
		<b>(26,008.16)</b>	<b>(23,687.88)</b>
<b>(2) Non-current liabilities :</b>			
(a) Long term borrowings	3	6,917.40	5,960.74
(b) Other long term liabilities	4	1,617.19	1,649.36
(c) Long term provisions	5	1,020.45	1,049.84
		<b>9,555.04</b>	<b>8,659.94</b>
<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		73.05	48.00
(ii) Other than Micro and Small Enterprises		33,471.05	28,540.03
(c) Other current liabilities	8	15,088.97	14,178.64
(d) Short term provisions	9	665.36	394.70
		<b>51,127.40</b>	<b>44,990.34</b>
<b>TOTAL</b>		<b>34,674.28</b>	<b>29,962.40</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment:			
i) Tangible assets	10	5,877.45	5,865.15
ii) Intangible assets	11	1.44	1.69
iii) Capital work-in-progress	11 (A)	48.50	82.95
(b) Non-current investments	12	621.61	640.48
(c) Long term loans and advances	13	235.19	214.00
(d) Other non-current assets (Fixed Tangible)		6.90	6.90
		<b>6,791.09</b>	<b>6,811.17</b>
<b>(2) Current assets</b>			
(a) Inventories	14	12,708.57	10,717.50
(b) Trade receivables	15	9,539.97	7,517.50
(c) Cash and bank balances:-			
(i) Cash and cash equivalents	16(i)	1,632.02	1,099.12
(ii) Other bank balances	16(ii)	1,286.32	1,538.37
(d) Short term loans and advances	17	2,217.09	1,876.52
(e) Other current assets	18	499.22	402.22
		<b>27,883.19</b>	<b>23,151.23</b>
<b>TOTAL</b>		<b>34,674.28</b>	<b>29,962.40</b>

**Significant Accounting policies and other notes to Standalone financial statements**

26 &amp; 27

The accompanying notes are an integral part of the standalone Financial Statements

As per our report of even date.

**For and on behalf of the Board of Directors  
of Modi Industries Limited**
**for P.R. MEHRA & CO.,**  
Chartered Accountants,  
(Regn.No. 000051N)

**Umesh Kumar Modi**  
(DIN-00002757)  
Director

**Rakesh Kumar Modi**  
(DIN-00022386)  
Director

**Abhishek Modi**  
(DIN-00002798)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

 Dated : 14th November, 2019  
Place : Modinagar

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019**  
( ₹ in Lac)

Particulars	Note No.	For the year ended 31st March, 2019	For the Year ended 31st March, 2018
<b>I</b> Revenue from operations	19	<b>70,010.03</b>	50,277.59
Less:- Excise duty		<b>18,817.95</b>	10,794.77
		<b>51,192.08</b>	39,482.82
<b>II</b> Other income	20	<b>930.06</b>	869.30
<b>III Total Revenue ( I + II )</b>		<b>52,122.14</b>	40,352.12
<b>IV Expenses:-</b>			
Cost of materials consumed	27(47)(ii)	<b>32,870.80</b>	27,311.86
Purchases of stock-in-trade	27(47)(iv)	<b>190.12</b>	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	<b>(1,867.90)</b>	(723.18)
Employee benefits expense	22	<b>3,208.13</b>	2,850.14
Finance costs	23	<b>727.92</b>	592.62
Depreciation and amortization expense	10&11	<b>272.56</b>	230.76
Other expenses	24	<b>18,625.77</b>	12,036.07
<b>Total expenses</b>		<b>54,027.40</b>	42,298.27
<b>V</b> Profit/(Loss) before exceptional and extra-ordinary items and tax ( III-IV)		<b>(1,905.26)</b>	(1,946.15)
<b>VI Exceptional items :</b>			
(a) Interest on Cane Arrears (Season 2016-17)	27(33) (A)/(B) (a)	<b>(415.02)</b>	(1,959.41)
(b) Excess provision for interest written back	27(33) (B) (b & c)	-	748.60
(c) Electricity expenses for earlier years	27(4)(f)(viii)(b)	-	(1,055.06)
<b>VII</b> Profit/(Loss) before extra-ordinary items and tax (V+VI)		<b>(2,320.28)</b>	(4,212.02)
<b>VIII Extra-ordinary items</b>		-	-
<b>IX</b> Profit/(Loss) before tax ( VII+VIII )		<b>(2,320.28)</b>	(4,212.02)
<b>X Tax expenses</b>	27(34)	-	-
<b>XI</b> Profit/(Loss) for the period		<b>(2,320.28)</b>	(4,212.02)
<b>XII</b> Profit/(Loss) from continuing operations		<b>(2,218.03)</b>	(3,134.51)
<b>XIII</b> Profit/(Loss) from discontinuing operations	27(4)(e)	<b>(102.25)</b>	(1,077.51)
<b>XIV</b> Tax expense of discontinuing operations		-	-
<b>XV</b> Profit/(Loss) from discontinuing operations (after Tax) (XIII+XIV)		<b>(102.25)</b>	(1,077.51)
<b>XVI Profit/(Loss) for the period (XII+XV)</b>		<b>(2,320.28)</b>	(4,212.02)
<b>XVII Basic /Diluted Earnings per equity share of ₹ 10 each ( in Rupees)</b>	25	<b>(70.30)</b>	(127.47)
<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

As per our report of even date.

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

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

**Umesh Kumar Modi**  
(DIN-00002757)  
Director

**Rakesh Kumar Modi**  
(DIN-00022386)  
Director

**Abhishek Modi**  
(DIN-00002798)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

Dated : 14th November, 2019  
Place : Modinagar

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019** (₹ in Lac)

<b>PARTICULARS</b>	<b>2018-19</b>	<b>2017-18</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit/(Loss) before Tax	<b>(2,320.28)</b>	(4,212.02)
Less: Adjustment for :		
i) Interest Income	<b>38.27</b>	74.92
ii) Profit on Sale of Fixed Assets	<b>54.93</b>	183.26
iii) Excess Provision written back	<b>5.55</b>	752.99
iv) Unclaimed credit balances W/back	<b>65.92</b>	9.74
v) Amount written back	-	122.97
vi) Depreciation written back	<b>0.22</b>	0.08
vii) Dividend Income	<b>84.00</b>	84.00
	<b>248.89</b>	1,227.96
	<b>(2,569.17)</b>	(5,439.98)
<b>Add: Adjustments for :</b>		
i) Depreciation	<b>272.56</b>	230.76
ii) Assets written off/Loss on sale of Assets/Stores	<b>8.11</b>	0.08
iii) Investment written off	<b>0.07</b>	-
iv) Interest Expenses on borrowings	<b>677.28</b>	565.41
v) Provision for Doubtful Debts & Advances	<b>241.06</b>	123.86
vi) Amounts/Claims/Bad Debts written off (Net of provisions)	<b>16.39</b>	0.26
vii) Provision for obsolete Raw Material, spare-parts & stores	<b>17.00</b>	12.50
viii) Provision for Diminution in the value of Long Term Investment	<b>18.80</b>	8.60
	<b>1,251.27</b>	941.47
Operating Profit/(Loss) before Working Capital Changes	<b>(1,317.90)</b>	(4,498.51)
Adjustments for :		
Trade Receivables	<b>(2,278.49)</b>	(208.43)
Inventories	<b>(2,008.10)</b>	(1,185.01)
Trade Payables	<b>6,605.85</b>	3,579.24
Loans/Advances and other assets	<b>(370.76)</b>	(16.30)
Other bank balances	<b>252.05</b>	96.23
<b>Cash Generated from Operations</b>	<b>882.65</b>	(2,232.78)
Income tax paid/ refund ( Net )	<b>(73.19)</b>	(51.25)
<b>Net Cash from Operating Activities (A)</b>	<b>809.46</b>	(2,284.03)
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	<b>(239.80)</b>	(332.62)
Sale of Fixed Assets	<b>64.21</b>	183.26
Interest Received	<b>22.04</b>	68.63
Dividend Received	<b>84.00</b>	84.00
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(69.55)</b>	3.27

	( ₹ in Lac)	
PARTICULARS	2018-19	2017-18
<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>	(0.14)
Unsecured borrowings from others (net)	<b>860.43</b>	2,084.63
Interest paid on borrowings	<b>(649.00)</b>	(577.68)
Secured Debentures Paid	<b>(90.42)</b>	(10.88)
<b>Net Cash from Financing Activities (C)</b>	<b>60.15</b>	1,495.93
<b>*Inter Unit Balances (Net) (D) (Foot-note 1 &amp; 2 below)</b>	<b>(267.16)</b>	1,034.11
<b>Net Increase/(decrease) in cash and Cash Equivalents (A+B+C+D)</b>	<b>532.90</b>	249.28
<b>Opening Cash and Cash Equivalents</b>	<b>1,099.12</b>	849.84
<b>Closing Cash and Cash Equivalents</b>	<b>1,632.02</b>	1,099.12

**FOOT-NOTES :**

- In view of non availability of audited balance sheet as on 31.03.2019 and 31.03.2018 of Steel Unit, cash flow from investing/financing activities and changes in current assets & liabilities of steel unit are not included in the Standalone Cash Flow Statement except for inclusion of net outflow of ₹ 212.38 Lac (Previous Year net inflow ₹ 1034.02 Lac) on account of net increase in 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 31.03.2019 and 31.03.2018 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 Standalone Cash Flow Statement except for inclusion of net outflow of ₹ 54.78 Lac (Previous Year net inflow ₹ 0.09 Lac) on account of net increase in inter unit balance appearing in Note 8 i.e., Other Current Liabilities {Refer Note No.27(11)}.
- Figures in brackets represents outflows.
- Previous Year figures have been rearranged/regrouped wherever considered necessary.

As per our report of even date.

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

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

**Umesh Kumar Modi**  
(DIN-00002757)  
Director

**Rakesh Kumar Modi**  
(DIN-00022386)  
Director

**Abhishek Modi**  
(DIN-00002798)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

Dated : 14th November, 2019  
Place : Modinagar

**Notes forming part of the financial statements for the year ended 31st March, 2019**

**Note no.1: SHARE CAPITAL**

( ₹ in Lac)

Particulars	As at 31.03.2018	As at 31.03.2017
<b>Authorised:-</b>		
40,00,000 Equity shares of ₹ 10/- each	<b>400.00</b>	400.00
1,00,000 15% Redeemable cumulative Preference shares of ₹ 100/- each	<b>100.00</b>	100.00
	<b>500.00</b>	500.00
<b>Issued, subscribed and paid up:-</b>		
33,09,214 Equity shares of ₹ 10/- each fully paid-up	<b>330.92</b>	330.92
40,741 15% Redeemable cumulative Preference shares of ₹ 100/- each fully paid-up	<b>40.74</b>	40.74
<b>TOTAL</b>	<b>371.66</b>	371.66

**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 31.03.2019		As at 31.03.2018	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) Status Mark Finvest Limited	<b>228714</b>	<b>6.91</b>	228714	6.91
(ii) K K Modi Investment & Financial Services Pvt. Ltd.	<b>231751</b>	<b>7.00</b>	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 31.03.2019		As at 31.03.2018	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) ICICI Bank	<b>7794</b>	<b>19.13</b>	7794	19.13
(ii) The Oriental Insurance Company Limited	<b>6550</b>	<b>16.08</b>	6550	16.08
(iii) The New India Assurance Company Limited	<b>13624</b>	<b>33.44</b>	13624	33.44
(iv) The United India Insurance Comapny Limited	<b>4093</b>	<b>10.05</b>	4093	10.05
(v) General Insurance Corporation of India	<b>3560</b>	<b>8.74</b>	3560	8.74
(vi) National Insurance Company Limited	<b>4912</b>	<b>12.06</b>	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, 2019.

(b) Arrears of dividend on Cumulative Preference Shares amounts to ₹ 172.61 Lac (upto 31st March, 2018 ₹ 166.50 Lac).

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

( ₹ in Lac)

SI.No.Particulars	Opening Balance	Addition	Deduction	Closing Balance
(1) Capital Reserve	459.34	-	-	<b>459.34</b>
(2) Capital Redemption Reserve	25.11	-	-	<b>25.11</b>
(3) Shares Premium Account	22.57	-	-	<b>22.57</b>
(4) Debenture Redemption Reserve	113.00	-	-	<b>113.00</b>
(5) Revaluation Reserve	2,012.51	-	-	<b>2,012.51</b>
(6) Share options outstanding accounts	-	-	-	-
(7) Other Reserves/Funds:-				
-Storage fund for Molasses Account	24.84	<b>6.10</b>	-	<b>30.94</b>
(8) Surplus i.e. balance in Statement of Profit and Loss	(26,716.91)	<b>(2,320.28)</b>	<b>6.10</b>	<b>(29,043.29)</b>
<b>TOTAL</b>	<b>(24,059.54)</b>	<b>(2,314.18)</b>	<b>6.10</b>	<b>(26,379.82)</b>
Previous year	(19,847.52)	(4,206.71)	5.31	(24,059.54)

**Foot-note:-**

- Storage fund for Molasses ₹ 6.10 Lac (previous year ₹ 5.31 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 31.03.2019	As at 31.03.2018
<b>Secured:-</b>		
Bonds/debentures	-	-
Term loans from banks (see-foot note below)	<b>8.10</b>	8.10
Term loans from others	-	-
Loans and advances from related parties	-	-
<b>Unsecured:-</b>		
Bonds/debentures	-	-
Term loans from banks	-	-
Term loans from others	<b>4,559.66</b>	3,914.15
Deposits	-	-
<b>Loans and advances from related parties :</b>		
- Moderate Leasing & Capital Finance Services Ltd.	-	2,038.49
- From Others	<b>2,349.64</b>	-
Long term maturities of finance lease obligations	-	-
<b>TOTAL</b>	<b>6,917.40</b>	5,960.74

**Foot-note:-**

Secured by hypothecation of vehicles and is repayable in monthly installments. Status of defaults, if any, as on 31st March, 2019, not available since relates to closed units.{Note 27(11)}

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

Particulars	As at 31.03.2019	As at 31.03.2018
Trade payable	-	-
<b>Others:</b>		
Security received against houses	890.28	890.28
Security received from others	211.65	236.64
Advance received against houses {Note 27 (35)}	504.50	504.50
Other liabilities	10.76	17.94
<b>TOTAL</b>	<b>1,617.19</b>	<b>1,649.36</b>

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

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Provision for employee benefits:-</b>		
Provision for gratuity:-		
As per last balance sheet	964.09	953.30
Add: Provided during the year	7.05	13.58
Add: Transfer from employees dues	-	10.00
Less: Paid/ Payable during the year	39.35	12.79
<b>Sub total (A)</b>	<b>931.79</b>	<b>964.09</b>
<b>Provision for leave encashment:-</b>		
As per last balance sheet	85.75	83.60
Add: Provided during the year	3.08	2.19
Less: Paid/ Payable during the year	0.17	0.04
<b>Sub Total (B)</b>	<b>88.66</b>	<b>85.75</b>
<b>TOTAL (A+B)</b>	<b>1,020.45</b>	<b>1,049.84</b>

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

Particulars	As at 31.03.2019	As at 31.03.2018
<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.)**

Particulars	As at 31.03.2019	As at 31.03.2018
<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-notes:-**

- 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 27(5)(i) (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(21) (b,c & e) and Note No. 27(5)(i)(a)}.

**Note no. 7: TRADE PAYABLES**

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Micro and Small Enterprises:</b>		
Purchase of raw materials and stores	73.05	48.00
<b>Other than Micro and Small Enterprises :</b>		
(i) Purchase of raw materials and stores	29,909.82	26,027.42
(ii) Creditors for Services received	2,574.91	1,739.33
(iii) Customers/ Agents for purchase of goods	986.32	773.28
Sub Total	33,471.05	28,540.03
<b>TOTAL</b>	<b>33,544.10</b>	<b>28,588.03</b>

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

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Current maturities of long-term debts ( unsecured )</b>		
- From related parties:-		
- A to Z Holding Pvt. Ltd.	24.89	24.89
- Moderate Leasing & Capital Services Ltd.	-	219.00
- From others	122.77	-
<b>Current maturities of long-term debts (secured )</b>		
- From banks	2.42	2.42
- From other parties ( see foot-note 1)	1,506.85	1,506.85
Deferred credits {Note No.27 (41)}	35.11	35.11



**Note no.8: (Contd.)**

( ₹ in Lac)

Particulars	As at	
	31.03.2019	31.03.2018
Interest accrued but not due on borrowings (unsecured)	90.70	61.45
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	119.53	2.99
Unpaid matured deposits and interest accrued thereon( unsecured):- (see foot-note 2)		
- Fixed deposits	-	60.86
- Interest accrued thereon {Note No. 27(32)}	-	19.73
Unpaid matured debentures and interest accrued thereon (secured):- (see foot-note 3)		
- Debentures (Net of calls in arrears)	433.75	524.17
-Interest accrued thereon	2,424.28	2,527.61
Unreconciled Inter-unit balances { Note Nos. 27(4) and 27(11)}	1,086.57	1,325.82
Other Payable:-		
Employees dues	1,104.58	1,021.39
Statutory liabilities	3,620.02	2,800.36
Security received from others	83.45	96.20
Other liabilities	2,726.50	2,242.24
<b>Total</b>	<b>15,088.97</b>	<b>14,178.64</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 3(b) below. {Refer Note Nos.27(5)(i)(b) and 27(5)(ii) & (iii)}.
- (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)(i)(b)(i)}.
- (d) Loan taken under Equipment Finance Scheme amounting to ₹ 46.20 Lac is secured against Effluent treatment plant. { Refer Note No.27(5)(i)(b)(ii)} and loan repayment is in default prior to year 1996 and interest payable has not been paid since then.

**(2) Fixed deposits:-**

- (a) Fixed deposits guaranteed by Director ₹ Nil Lac (Previous year ₹ 22.46 Lac )

- (b) Balance outstanding in Fixed deposits of Rs.60.86 Lac and interest payable upto the date of Maturity on fixed deposits of Rs.19.73 Lac was transferred to the Investor Education Protection Fund during the year.

**(3) Debentures:-**

- (a) (i) 1,75,374 (Previous year 2,25,584)-12.5% Mortgage Debentures (Non-Convertible part of ₹ 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 since 29th February, 1988. The above includes 50,000 debentures for which OTS entered with SBI Mutual Fund, Mumbai before end of financial year and also implemented the same after close of the financial year as mentioned in Note No.27(33) (B)(b).
- (ii) 30,000-15% 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) 5,300-15% 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	
	31.03.2019	31.03.2018
<b>Provision for employee benefits:-</b>		
Provision for gratuity:-		
As per last balance sheet	288.07	264.87
Add: Provided during the year	40.78	76.87
Less: Paid during the year	64.78	53.67
<b>Sub total (A)</b>	<b>264.07</b>	<b>288.07</b>
Provision for leave encashment:-		
As per last balance sheet	10.23	8.42
Add: Provided during the year	1.67	3.27
Less: Paid during the year	3.12	1.46
<b>Sub total (B)</b>	<b>8.78</b>	<b>10.23</b>
<b>Others:-</b>		
Provision for State Excise Duty		
As per last balance sheet	57.98	465.46
Less: adjusted during the year	-	164.96
Less: Provsion reversed on old stock	-	25.23
Less: Paid during the year	23.23	240.52
Add: Provided during the year	319.34	23.23
<b>Sub total</b>	<b>354.09</b>	<b>57.98</b>
Provision for Incentive:	38.42	38.42
<b>Sub total (C)</b>	<b>392.51</b>	<b>96.40</b>
<b>TOTAL (A+B+C)</b>	<b>665.36</b>	<b>394.70</b>

**Note no. 10: PROPERTY, PLANT & EQUIPMENT- TRANGIBLE ASSETS**

(₹ in Lac)

Particulars	Gross		Disposals / Written off.	Other adjust- ment	Closing Balance	Opening Balance	Depreciation For the year	Other Adjustment Sold/Adj. Addback	Closing Balance	Net Carrying Amount 31.03.2019
	Opening Balance	Additions								
Land (A)	2,023.50	-	-	-	2,023.50	-	-	-	-	2,023.50
Buildings (B & C)	1,391.40	86.33	-	-	1,477.73	1,060.73	20.85	-	1,081.58	396.15
Plant & Equipment *	12,082.89	164.70	44.52	-	12,203.07	8,779.26	196.94	34.43	8,941.77	3,261.30
Furniture & Fixtures	349.06	3.34	0.50	-	351.90	314.66	2.30	0.48	316.48	35.42
Vehicles (D)	452.44	6.94	25.82	0.19	433.37	326.56	14.70	18.52	322.74	110.63
Office equipment	366.51	12.94	1.44	-	378.01	324.24	9.58	1.46	332.36	45.65
Water supply & drainage	59.85	-	-	-	59.85	55.88	-	-	55.88	3.97
Others	15.62	-	-	-	15.62	14.79	-	-	14.79	0.83
<b>TOTAL</b>	<b>16,741.27</b>	<b>274.25</b>	<b>72.28</b>	<b>0.19</b>	<b>16,943.05</b>	<b>10,876.12</b>	<b>244.37</b>	<b>54.89</b>	<b>11,065.60</b>	<b>5,877.45</b>
Previous year	16,447.47	294.02	0.22	-	16,741.27	10,663.49	222.93	0.22	10,876.12	5,865.15

**Foot Notes :-**

- (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 Six (Previous year Ten) cars costing ₹ 70.60 Lac (Previous year ₹ 93.81 Lac) WDV ₹ 39.26 Lac (Previous year ₹ 53.43 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 ₹ 27.91 Lac (Previous year ₹ 7.51 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 Opening Balance	Additions/Disposals / Written off.	Closing Balance	Amortisation		Net Carrying Amount 31.03.2019
				Opening Balance	For the year 31.03.2019	
Computer software	103.13	-	103.13	101.44	0.25	101.69
<b>TOTAL</b>	<b>103.13</b>	<b>-</b>	<b>103.13</b>	<b>101.44</b>	<b>0.25</b>	<b>101.69</b>
Previous year	102.52	0.61	103.13	101.15	0.29	101.44

**Note no. 11(A): CAPITAL WORK IN PROGRESS**

(₹ in Lac)

Particulars	Gross Opening Balance	Additions/Disposals / Written off.	Closing Balance	Amortisation		Net Carrying Amount 31.03.2019
				Opening Balance	For the year	
Computer software	37.97	-	37.97	-	-	37.97
Machinery	6.90	3.54	10.44	-	-	10.44
Capacity Enhancement of Plant	38.08	48.34	86.33	-	-	86.33
Buildings	82.95	51.88	134.83	-	-	134.83
<b>TOTAL</b>	<b>165.90</b>	<b>103.76</b>	<b>269.66</b>	<b>-</b>	<b>-</b>	<b>269.66</b>
Previous year	44.96	37.99	82.95	-	-	82.95

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

( ₹ in Lac)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Trade investments</b>	-	-
<b>Other investments</b>		
<b>(a) Investment in Equity Instruments:-</b>		
<b>In subsidiaries:- (unquoted )</b>		
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
<b>Others :-</b>		
<b>Unquoted:-</b>		
10,50,000 fully paid-up shares of ₹ 10/-each in Indofill Industries Limited	437.43	437.43
1,200 partly paid-up shares of ₹ 10/- each in Vital Chemicals Private Limited. (Written of during the year)	-	0.07
<b>Quoted:-</b>		
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	(182.60)	(163.80)
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	-	-
<b>(c) Investment in Government or trust securities:- ( quoted )</b>		
*75551.226 fully-paid Units in U T I Infrastructure Fund-Growth Plan	25.84	25.84
<b>Total</b>	<b>621.61</b>	<b>640.48</b>

\* Corporate lien marked on these infrastructure fund units

**Foot Notes:**

(1) Carrying amount of quoted investments	149.53	168.33
(2) Market value of quoted investments	541.73	959.20
(3) Carrying amount of unquoted investments	472.08	472.15
(4) Aggregate provision for diminution in value of investments	182.60	163.80

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

( ₹ in Lac)

Particulars	As at 31.03.2019	As at 31.03.2018
Capital advances		
(Unsecured considered good)	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	157.17	156.05
- 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	1.83
(b) Amount recoverable	11.46	11.46
(c) Loans to employees	-	-
(d) Loans to others	8.00	8.00
<b>TOTAL</b>	<b>235.19</b>	<b>214.00</b>

**Note no.14: INVENTORIES**

( ₹ in Lac)

Particulars	As at 31.03.2019	As at 31.03.2018
(a) Raw materials	637.42	396.43
(b) Raw materials (in transit )	201.70	271.90
(c) Work-in-progress	345.45	275.52
(d) Finished goods	10,018.07	8,367.38
(e) Stock-in-trade	1.89	1.89
(f) Stores and spare parts	1,479.77	1,380.08
(g) Loose tools	24.27	24.30
<b>TOTAL</b>	<b>12,708.57</b>	<b>10,717.50</b>

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

**Note no. 15 TRADE RECEIVABLES**

( ₹ in Lac)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Trade receivables outstanding for a period exceeding 6 months:-</b>		
-Secured, considered good	4.56	4.56
-Unsecured, considered good	462.79	455.63
-Doubtful	1,105.49	1,001.90
Less:-		
Allowance for bad and doubtful debts	(1,105.49)	(1,001.90)

**Note no.15: (Contd.)**

( ₹ in Lac)

Particulars	As at 31.03.2018	As at 31.03.2017
<b>Other Debts:-</b>		
-Secured, considered good	91.08	91.08
-Unsecured, considered good	8,981.54	6,966.23
-Doubtful	117.24	-
Less:-		
Allowance for bad and doubtful debts	(117.24)	-
<b>TOTAL</b>	<b>9,539.97</b>	<b>7,517.50</b>

**Note no. 16: CASH AND BANK BALANCES**

( ₹ in Lac)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>(i) Cash and cash equivalents:-</b>		
(a) Balances with banks:		
-In Current Accounts	1,584.72	1,027.76
-In FDR's	2.45	27.45
(b) Cheques, drafts on hand	34.85	34.96
(c) Cash on hand	9.97	8.92
(d) Others:-		
-Postage imprest & stamps in hand	0.03	0.03
<b>TOTAL</b>	<b>1,632.02</b>	<b>1,099.12</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 )*	30.67	25.40
(b) Fixed deposits with banks		
(Pledged with Excise/Sales Tax/ PF Authorities)	160.93	152.55
(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	672.71	672.24
(f) Bank deposits with upto 12 months maturity	14.88	14.39
(g) Bank deposits with more than 12 months maturity	-	-
(h) Deposits with Banks in-no lien accounts	50.00	316.66
<b>TOTAL</b>	<b>1,286.32</b>	<b>1,538.37</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 31.03.2019	As at 31.03.2018
<b>(a) Loans and advances to related parties:-</b>		
(i) -Secured considered good	-	-
(ii) -Unsecured considered good		
-Bihar Sponge Iron Ltd.	1.80	1.69
-Win Medicare Pvt. Ltd.	0.23	0.43
-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	34.92	50.60
(ii) Loans & Advances to employees	10.71	6.89
(iii) Prepaid expenses	369.20	197.53
(iv) Amount recoverable	213.12	217.15
(v) Deposits with excise / sales tax authorities	95.18	48.44
(vi) Others	314.59	226.75
<b>(c) Others (doubtful):-</b>		
(i) Loans & Advances to employees	3.02	3.03
(ii) Amount recoverable	24.55	24.55
(iii) Others	97.92	110.59
Less: Allowance for doubtful	(125.49)	(138.17)
<b>(d) Security Deposits:-</b>		
-Secured considered good	18.50	18.50
-Unsecured considered good	204.22	153.92
-Related parties		
(Unsecured consider good) :-		
- Ashoka Mercantile Ltd. {Foot-Note 6 of Note 27(40)}	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>2,217.09</b>	<b>1,876.52</b>

**Note no. 18: OTHER CURRENT ASSETS**

Particulars	( ₹ in Lac)	
	As at 31.03.2019	As at 31.03.2018
Tax deducted at source	82.31	61.07
Tax collected at source	0.19	0.19
Income Tax adjusted against Penalty	233.95	182.00
Interest accrued on fixed deposits with banks	66.73	50.50
Amount recoverable	12.56	12.75
Interest receivable on Security deposit with related party {Foot-Note 6 of Note 27(40)}		
- Ashoka Mercantile Ltd	64.07	64.07
Rent receivables:-		
-Unsecured, considered good	17.67	9.90
-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>499.22</b>	<b>402.22</b>

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

**Note no. 19: REVENUE FROM OPERATIONS**

Particulars	( ₹ in Lac)	
	For the Year ended 31.03.2019	For the Year ended 31.03.2018
Sale of products	69,976.34	50,251.93
Sale of services	24.58	18.24
Other operating revenue	9.11	7.42
<b>TOTAL</b>	<b>70,010.03</b>	<b>50,277.59</b>

**Note no. 20: OTHER INCOME**

Particulars	( ₹ in Lac)	
	For the Year ended 31.03.2019	For the Year ended 31.03.2018
Interest income	38.27	74.92
Dividend received (gross)	84.00	84.00
Rental income	425.19	278.20
Profit on sale of fixed assets	54.93	183.26
Excess provision written back	5.55	4.39
Unclaimed Credit Balances W/Back	65.92	9.74
Amounts written back {Note 25(45)}	-	122.97
Depreciation Written Back	0.22	0.08
Sale of Opening Inventory {Refer Note No. 27(4)(f)(ix).	147.28	-
Foreign Currency fluctuation gain (Net)	14.88	-
Other non-operating income	93.82	111.74
<b>TOTAL</b>	<b>930.06</b>	<b>869.30</b>

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

Particulars	( ₹ in Lac)	
	For the Year ended 31.03.2019	For the Year ended 31.03.2018
<b>(A) Finished goods</b>		
Opening stock*	8,189.40	7,112.59
Less: Closing stock	9,827.82	8,336.68
<b>Sub Total (A)</b>	<b>(1,638.42)</b>	<b>(1,224.09)</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	275.52	363.05
Less: Closing stock	345.45	275.52
<b>Sub Total (C)</b>	<b>(69.93)</b>	<b>87.53</b>
<b>(D) By Product</b>		
Opening stock	30.70	444.08
Less: Closing stock	190.25	30.70
<b>Sub Total (D)</b>	<b>(159.55)</b>	<b>413.38</b>
<b>Net (Increase) / Decrease in Stock (A+B+C+D)</b>	<b>(1,867.90)</b>	<b>(723.18)</b>

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

**Note no. 22 EMPLOYEE BENEFITS EXPENSES**

Particulars	( ₹ in Lac)	
	For the Year ended 31.03.2019	For the Year ended 31.03.2018
Salary, wages, gratuity & other allowances	2,874.93	2,488.34
Contribution to provident and other funds	157.79	144.49
Staff welfare expenses	175.41	217.31
<b>TOTAL</b>	<b>3,208.13</b>	<b>2,850.14</b>

**Note no. 23: FINANCE COSTS**

(₹ in Lac)

Particulars	For the Year ended 31.03.2019	For the Year ended 31.03.2018
(a) <b>Interest expenses:-</b> {Notes 27(4)(f)(i) & (ii), 27(5) and 27(21)}		
(i) On borrowings	677.28	565.41
(ii) On statutory dues	31.05	16.55
(iii) On trade payables	12.79	3.03
(iv) On security	3.27	3.33
(v) On car loans taken by employees	2.62	3.39
(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>727.92</b>	<b>592.62</b>

**Note no. 24 OTHER EXPENSES**

(₹ in Lac)

Particulars	For the Year ended 31.03.2019	For the Year ended 31.03.2018
Consumption of stores & spare parts	874.53	652.51
Consumption of packing materials	4,583.93	3,007.93
Power & fuel	229.88	194.04
Repairs to machinery	1,224.85	829.75
Repairs to building	214.19	130.62
Lease rent/Rent	150.13	101.35
Rates & taxes	561.21	506.57
Excise duty on stock	811.73	261.26
Opening finished goods stock charged to Revenue {Refer Note No. 27(4f) (ix)}	147.28	-
Insurance	36.11	33.23
Auditor's remuneration (see foot-note below)	26.75	23.89
Loss on sale of fixed assets	8.11	-
Stores Written Off	17.57	14.41
Less: Adjustment of provision for obsolete stores	(17.57)	(14.33)
Donations	0.75	5.47
Bad debts written-off	35.19	15.97
Less : Adjustment of provision for doubtful debts	(18.80)	(15.97)

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

(₹ in Lac)

Particulars	For the Year ended 31.03.2019	For the Year ended 31.03.2018
Claims / amounts written-off	14.11	0.26
Less : Adjustment of provision for doubtful	(14.11)	-
Investment Writtein off	0.07	-
Provision for obsolete spare-parts & stores	17.00	12.50
Provision for doubtful debts, advances and Security Deposits	241.06	123.86
Provision for Diminution in value of Investments	18.80	8.60
Freight/ transport & forwarding	595.21	380.68
Commission to selling agents	1,394.09	974.65
Discount & sale promotion	3,659.88	2,113.12
Advertisement expenses	34.81	0.94
Travelling expenses	228.29	172.87
Legal & professional charges	287.23	262.48
Trade mark licensce & marketing fees {Note No. 27(19)(A)}	-	1,799.12
License fee {Note No. 27 (19) (B)}	2818.33	-
Retainership Expenses	132.98	92.28
Net gain/loss on foreign currency transactions & translaion	-	21.69
Product Display Charges	19.59	60.89
Other general expenses	292.59	265.43
<b>TOTAL</b>	<b>18,625.77</b>	<b>12,036.07</b>

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

(a) As auditor	12.37	9.82
(b) For taxation matters (Tax Audit fee)	9.61	8.37
(c) For company law matters	-	-
(d) For management services	-	-
(e) For other services including certification work	3.95	4.75
(f) For reimbursement of expenses	0.82	0.95
<b>TOTAL</b>	<b>26.75</b>	<b>23.89</b>

**Note No.**

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

Particulars	2018-19	2017-18
Loss for the year as per annual accounts	<b>2320.28</b>	4212.02
Add: Dividend on Preference Shares	<b>6.11</b>	6.11
Total (A)	<b>2326.39</b>	4218.13
Number of Equity Shares issued (B)	<b>33,09,214</b>	33,09,214
Earning per share (in ₹) (A)/(B)	<b>(70.30)</b>	(127.47)
Face Value of Equity Share in Rupees	<b>10</b>	10

**26. SIGNIFICANT ACCOUNTING POLICIES:****(1) INVENTORY VALUATION**

- Stocks of raw materials and stores and spares are valued at weighted/moving average cost. (Net of Cenvat benefits/ input tax credit) or net realizable value whichever is less.
- Loose tools are valued at depreciated cost.
- Cost of machinery spares, which can be used only in connection with an item of fixed asset and whose use is expected to be irregular, are charged to revenue over useful life of the principal item.
- Goods-in-transit are valued at cost.
- 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**

- 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.
- 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 Equipment are included in the gross book value of Property, Plant and Equipment to which they relate.

**(3) DEPRECIATION**

- Depreciation on Property, Plant & Equipment 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.

- Depreciation on additions/deletions is charged on prorata basis and in accordance with Schedule II of the Companies Act, 2013.

- 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:**

- Export incentives under the duty entitlement pass book scheme is recognized on accrual basis.
- Revenue arising by use of Company's properties by others yielding rent is recognized when no significant uncertainty as to measurability or collectability exists.
- 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:**

- 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.
- Gratuity Liability is accounted for on accrual basis, computed actuarially, except for Steel Unit upto 31<sup>st</sup> March, 2002 which is accounted for on cash basis.
- 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:

Particulars	(₹ Lac)	
	AS AT 31.03.2019	AS AT 31.03.2018
1. (a) <b>Claims against the Company not acknowledged as debts :</b>		
(i) Workmen (excluding unascertainable amounts)	403.11	395.02
(ii) Others	236.29	516.14
(b) Partly paid-up Equity Shares of Vital Chemicals Private Limited	-	0.08
(c) 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).	1317.28	1545.65
(d) Income Tax	209.59	209.59
(e) Bills discounted	148.59	148.59

2. Estimated amount of contracts remaining to be executed on Capital Account ₹75.05 Lac (Previous Year ₹166.60 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 31<sup>st</sup> 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 2018-19 and from 1993-94 to 2017-18 have been incorporated in current financial year and in various previous financial years respectively. As an interim measure credit balance of ₹1,118.96 Lac (Previous year credit balance of ₹1,303.43 Lac) which represents: (i) ₹582.83 Lac (Previous year ₹477.14 Lac) being net cumulative inter-unit credit / debit balance on account of transactions of other units of the Company with Steel Unit during 1<sup>st</sup> April, 1992 to 31st March, 2019, (ii) payment of unsecured loan of ₹45.00 Lac {Refer Note (c) below} and (iii)

net loss of ₹1656.79 Lac for the years 1993-94 to 2018-19 (before inter unit rental income, write-back of ₹278.95 Lac and provision for depreciation of ₹749.92 Lac and opening obsolete finished goods inventory charged to revenue ₹147.28 Lac ) have been clubbed with Current Liabilities of the Company as on 31st March, 2019 and 31st March, 2018 respectively as "Inter- Unit Balances" pending incorporation of (i) Annual Accounts for the period 1<sup>st</sup> April, 1992 to 31<sup>st</sup> March, 1993 and (ii) assets and liabilities including inter unit balances arising on account of transactions for the period 1<sup>st</sup> April, 1993 to 31st March, 2019.

- (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 No. 4f(viii)} and notes of the Steel Unit as on 1<sup>st</sup> April, 1992, 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 Equipment (net) by ₹749.92 Lac being depreciation provided during 1993-94 to 2018-19 on Property, Plant & Equipment (iii) reduction in opening inventory by ₹147.28 Lac and (iv) decrease in Inter-Unit balance by ₹1701.79 Lac which represents; the sum of net loss of ₹1656.79 Lac for the years 1993-94 to 2018-19 (before inter-unit rental income, write-back of above amount of ₹278.95 Lac, inventory charged to revenue ₹147.28 Lac and provision for depreciation of ₹749.92 Lac) and repayment of unsecured loan of ₹45.00 Lac. The above inter-unit balance will actually represent either net decrease in assets or net increase in liabilities as on 31st March, 2019 over balances as on 31<sup>st</sup> March, 1993 of the Steel Unit.
- (d) Assets and Liabilities of the Steel Unit incorporated in the Balance Sheet of the Company as on 31.03.2018 and 31.03.2019 are as under:

(₹ in Lac)

Liabilities	As at 31.3.2019	As at 31.3.2018	Assets	As at 31.3.2019	As at 31.3.2018
Secured Loans	3421.08	3421.08	Property, Plant and Equipments (Net)	411.58	417.43
Current Liabilities & Provisions	2838.28	2838.28	Investments	0.11	0.11
Accumulated Profits/(Losses) (net):	(2275.04)	(2172.79)	<b>Current Assets &amp; Advances:</b>		
			Inventories	1192.86	1340.14
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)					



2001-02 to			Loans and Advances	249.70	249.70
2003-04	56.53				
2004-05	300.90				
2005-06	(36.67)				
2006-07	(18.94)		Miscellaneous Expenditure	11.07	11.07
2007-08	(10.86)		(to the extent not written off or adjusted)		
2008-09	(24.40)				
2009-10	172.48				
2010-11	(152.17)				
2011-12	(141.82)		Inter-unit Balances	(18.25)	(69.13)
2012-13	(167.86)				
2013-14	93.97		Loss for the year 1991-92	787.22	787.22
2014-15	(31.58)				
2015-16	(203.70)				
2016-17	(54.96)				
2017-18	(1077.51)				
2018-19	(102.25)				
<b>Total</b>	<b>3984.32</b>	<b>4086.57</b>	<b>Total</b>	<b>3984.32</b>	<b>4086.57</b>

(e) Statement of Profit and Loss of the Steel Unit for the year ended 31st March, 2019 and 31st March, 2018 (excluding inter-unit rental income of ₹90.74 Lac) (Previous year ₹ 79.79 Lac) is as under:

(₹ in Lac)

Particulars	2018-19	2017-18
<b>INCOME :</b>		
Rental Income	400.68	253.78
Profit on sale of fixed assets	52.77	183.15
Sale of opening inventory	147.28	-
{See Note No. 4f(ix) below}		
	<b>600.73</b>	436.93
<b>EXPENDITURE :</b>		
Employees Benefit Expenses	144.66	146.38
Finance Cost	303.64	228.20
Depreciation	33.75	13.35
Legal & Professional Expenses	26.23	23.14
Other Expenses	194.70	48.31
Loss for the year before exceptional items	102.25	22.45
Exceptional Items :		
Electricity Expenses for earlier years {See Note No. 4f(viii) below}.	-	1055.06
Loss for the year	102.25	1077.51

(f) The Profit and Loss Account/Statement of Profit and Loss of Steel Unit for the years 1993-94 to 2018-19 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 1<sup>st</sup> April, 2018;

(iv) Non-provision of obsolete/damaged stocks and Property, Plant and Equipment, 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 Equipment 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 14<sup>th</sup> 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 22<sup>nd</sup> October, 2018 and 29<sup>th</sup> March, 2019 granted a permission to sale of movable property and granted 8 weeks time respectively. Till date the Steel Unit of the Company has already paid ₹804.56 Lac and balance ₹250.50 Lac is due as on date.

(ix) In view of non-incorporation of accounts of the Unit for the year 1992-93, the assets and liabilities of the unit, which also included inventories of Finished Goods, Goods in process and

raw material of ₹954.22 Lac as on 31<sup>st</sup> March, 1992 continued to be incorporated as it is in the balance sheet of the Company since 31<sup>st</sup> March, 1993. Details of which i.e. quantity and cost are not available.

As per the order of the Hon'ble Supreme Court of India dated 22<sup>nd</sup> October, 2018 granting approval to sell of moveable properties, the Steel Unit has disposed off certain damaged and obsolete inventories of more than 25 years old for a consideration of ₹147.28 Lac 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 ₹147.28 Lac 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 debt, the views of Shri U.K. Modi and Shri M.K. Modi are stated herein below:-**

(i) Shri U.K. Modi submits that:-

"(a) During the year 2006-07, an agreement dated 22<sup>nd</sup> 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 28<sup>th</sup> 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 15<sup>th</sup> 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 has been further assigned to SBEC Bioenergy Limited (SBEL) on 31<sup>st</sup> 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 6<sup>th</sup> 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)(i) 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 6<sup>th</sup> October, 2007. This settlement agreement was in terms of IDBI's letter dated 9<sup>th</sup> 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 6<sup>th</sup> October 2007. IDBI has executed a Deed of Assignment on 5<sup>th</sup> 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 debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 12<sup>th</sup> 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.

(ii) With reference to this Company's liabilities to IFCI Limited, a settlement agreement dated 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> December, 2009 and in consideration thereof IFCI Limited executed a Deed of Assignment dated 19<sup>th</sup> 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 debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 12<sup>th</sup> 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.

(iii) At the hearings before the Hon'ble BIFR and with the consent of Advocates for Shri U.K. Modi and Shri M.K. Modi, the Hon'ble BIFR passed orders and issued directions in M.A. No. 754/BC/2011 (filed on behalf of Shri U.K. Modi) and clarified that the OA shall consider the representations from Shri U.K. Modi, Shri M.K. Modi, Shri D.K. Modi and also from SBEC Bioenergy Ltd. and SBEC Sugar Ltd.

(iv) The Bench directed that, SBEC Bio-Energy Limited and SBEC Sugar Limited be heard and consulted by IDBI (OA) in connection with the preparation of the DRS.

- (v) In the order dated 22<sup>nd</sup> June, 2012 the Hon'ble BIFR observed and noted that IFCI and PNB have executed deeds of assignments in favour of SBEC Bioenergy Ltd. and SBEC Sugar Ltd. respectively after receiving entire OTS amount along with interest, whereas the IDBI has received the entire OTS amount along with interest and had only entered into an agreement to transfer all the rights, title and interest in the Financial Assistance/ Financial Instruments and the underlying securities in respect thereof to the Applicant (SBEC Bioenergy) of MA No. 224/BC/2012 but has not executed the deed of assignment. The Bench also observed that the IDBI, vide their letter dated 7<sup>th</sup> May, 2012 has approached BIFR regarding the execution of the assignment deed in respect of assignment of debt to the applicant (SBEC Bioenergy Ltd.).
- (vi) The BIFR by its order dated 22<sup>nd</sup> June, 2012 allowed MA No. 224/BC/2012 and directed that the name of Applicant (SBEC Sugar Ltd.) be substituted for PNB and the name of the Applicant (SBEC Bioenergy Ltd.) be substituted, in place of IFCI, as the deed of assignment has since been executed.
- (vii) In the proceedings held on 17<sup>th</sup> July, 2012, the Hon'ble BIFR directed IDBI to execute the deed of assignment in favour of the Applicant (SBEC Bioenergy Ltd.), with respect to the assignment of its claims against this Company together with securities and charges in favour of SBEC Bioenergy Ltd. subject to the various other directions stated therein.
- (viii) Pursuant to the order passed by AAIFR, Shri U.K. Modi and Shri M.K. Modi have submitted their separate Draft Rehabilitation proposals to the IDBI."
- (ix) Shri D K Modi had filed 2 Appeals before the AAIFR being Appeal No. 206/2012 and 207/2012 challenging the orders dated 22<sup>nd</sup> June 2012 and 17<sup>th</sup> July 2012 passed by the BIFR. By two orders both dated 15<sup>th</sup> April 2013, the AAIFR has set aside the orders dated 22<sup>nd</sup> June 2012 and 17<sup>th</sup> July 2012 and remanded the matter back to the BIFR with directions to consider the MA Nos. 224/BC/2012 and 226/BC/2012 afresh after hearing Shri D K Modi and proceed further in accordance with law.
- (x) Shri U K Modi had also filed an Appeal before the AAIFR, being Appeal No. 178/12 challenging the order dated 17<sup>th</sup> July 2012 passed by the BIFR.
- (xi) The aforesaid Appeal No. 178/2012 was heard on 20<sup>th</sup> November 2013 and the Hon'ble AAIFR, after hearing the submissions of the parties, has been pleased to allow the Appeal, set aside the order and remanded the matter back to BIFR with the following directions:
- "Since the order has already been set aside as above, we make it clear that all the matters before BIFR, including MA 224 of 2012 will be considered by the Board on remand afresh giving*

*a reasonable opportunity of hearing to all concerned. It is also made clear that all the issues raised before us in the appeals by the respective parties are kept open and will be considered and adjudicated by the Board afresh. In deciding matters afresh, the Board, needless to mention, will not be influenced by its said earlier order which, as aforesaid was set aside."*

The Appeal preferred by SBEC Bioenergy Ltd. before the AAIFR was challenging the wrongful and arbitrary imposition of conditions on the execution of Deed of Assignment by IDBI in favour of SBEC Bioenergy Ltd., which has since been set aside by the AAIFR. In fact, the AAIFR has clearly stated that all issues raised by SBEC Bioenergy Ltd. in Appeal No. 178/12 are kept open and would be agitated before the BIFR. Therefore, in view of the above, it is clear that SBEC Bioenergy Ltd. and SBEC Sugar Ltd. are the secured creditors of MIL and continue to be so as assignees of the respective debts of IDBI, IFCI and PNB. IDBI has also executed the Deed of Assignment in favour of SBEL on 5<sup>th</sup> March, 2018.

Shri M K Modi submits that AAIFR Order dated 20<sup>th</sup> November, 2013 in Appeal No. 178/2012, nowhere recognizes SBEC Bioenergy Ltd. and SBEC Sugar Ltd. as being Secured Creditors of MIL or the assignments in their favour to be valid and/or legal.

As per Shri U K Modi, the above contention of Shri M K Modi is incorrect. It is a matter of record that the Hon'ble BIFR vide its orders dated 12<sup>th</sup> December, 2011 and 19<sup>th</sup> April, 2012 has already recognized SBEC Bioenergy Ltd. and SBEC Sugar Ltd. as MIL's secured creditor and it is in this capacity, the applications for substitution were moved before the BIFR. By virtue of the order dated 20<sup>th</sup> November 2013, the AAIFR has remanded the matter back to BIFR for fresh consideration.

- (ii) Shri M.K. Modi disagrees with the above statements and submissions made by Shri U.K. Modi as the same are not correct.

Shri M.K. Modi submits that –

- (a) That the said settlements based on assignment in favour of Shri U.K. Modi is neither legal nor binding and are without approval of the Board. The same are also contrary to the 1989 Modi Family MOU, the agreement between the Shri U.K. Modi and Shri M.K. Modi, the Board Resolution and the "Status Quo" order of Hon'ble Supreme Court of India.
- (b) Without prejudice to what is stated in para (i) above, assignments and the terms of payment etc. shall be governed by the directions to be passed by Hon'ble BIFR.
- (c) Hon'ble BIFR has, in the proceedings of the hearing held on 19<sup>th</sup> April, 2012, already directed IDBI (OA) to assess the liabilities of each unit of the Company (Group wise) and while making an

assignment to UKM Group Companies, to see that the security charged to Banks/FIs belonging to his own units are assigned and the security belonging to MKM Group is to be freed. It is thus abundantly clear that the security pertaining to his own units only is to be charged to SBEC Bioenergy Ltd and SBEC Sugar Ltd.

- (d) By virtue of AAIFR's orders dated 15.04.2013 :
- (i) BIFR's order dated 22.06.2012, whereby SBEC Bioenergy Ltd. and SBEC Sugar Ltd. were substituted in place of IFCI and PNB respectively, has been set aside; and
  - (ii) BIFR's order dated 17.07.2012, whereby IDBI was permitted to execute assignment deed in favour of SBEC Bioenergy Ltd., has been set aside.
  - (iii) SBEC Bioenergy Ltd. and SBEC Sugar Ltd., thus, have no locus standi in the BIFR proceedings and are not recognized as creditors of MIL by BIFR.
  - (iv) MKM Group has, without prejudice to their legal contentions in the matter, already approached both IDBI and IFCI for making payment of the dues pertaining to the six units under management and control of Shri M.K. Modi on assignment basis subject to certain conditions.

Shri U.K. Modi disagrees with the above statements and submissions made by Shri M.K. Modi as the same are not correct. Shri. U.K Modi has commented as below:-

It is clarified on the submission made by Shri M.K Modi that the Hon'ble BIFR vide its order dated 12.12.2011 had directed IDBI (OA) to invite the secured creditors including SBEC Bioenergy Ltd. and SBEC Sugar Ltd. for discussions before finalizing any DRS. By a subsequent order dated 19.04.2012, the Hon'ble BIFR has also directed that SBEC Bioenergy Ltd. and SBEC Sugar Ltd. be heard and consulted by IDBI (OA) while preparing the DRS. Therefore it is absolutely clear that SBEC Sugar Ltd. and SBEC Bioenergy Ltd. are secured creditors of MIL. This order of 12.12.2011 has not been challenged by any party till date and therefore the issue stands settled by the BIFR . In so far as the remand of the MAs is concerned, it is clarified that the matter has been remanded by Hon'ble AAIFR only on the ground that Shri D K Modi be heard on the application. The setting aside of the orders dated 22.06.2012 and 17.07.2012 are on a technical ground and not on merits therefore the allegations that SBEC Sugar Ltd. and SBEC Bioenergy Ltd. do not have any locus standi in the BIFR proceedings or that they are not secured creditors are absolutely incorrect and baseless.

Thus as per Shri U.K. Modi, these liabilities will now be quantified with the assignees of PNB, IDBI and IFCI debts.

Shri M.K. Modi disagrees with the above statements and submissions made by Shri U.K. Modi as the same are not correct. As the matter stands today, orders dated 22.06.2012 and 17.07.2012 stand set aside by Hon'ble AAIFR and fresh order is required to be passed by Hon'ble BIFR. Hence, these orders do not give rise to any right/ obligation to any party.

Shri U.K. Modi disagrees with the above statements and submissions made by Shri M.K. Modi as the same are not correct. Though it is correct to say that the orders dated 22.06.2012 and 17.07.2012 has been set aside by Hon'ble AAIFR but it is incorrect to say that SBEC Sugar and SBEC Bioenergy are not the secured creditors of MIL as the order dated 12.12.2011 clearly recognizes SBEC Sugar and SBEC Bioenergy as a Secured Creditor. Hon'ble AAIFR has directed BIFR to conduct a rehearing on the M.A's 224 and 226 of 2012 allowing the substitution of SBEC Sugar and SBEC Bioenergy in place of PNB and IFCI.

As per Shri M.K. Modi the above contention of Shri U.K. Modi is incorrect.

Shri U.K. Modi submits that IDBI vide its letter dated 16.01.2015 again reiterated in unequivocal and unambiguous terms that their debt due from MIL has been assigned in favour of SBEC Bioenergy Ltd on 06.10.2007.

Shri M.K. Modi stated that there is no agreement between Shri M.K. Modi and Shri U.K. Modi on this issue.

- (iii) International Asset Reconstruction Company Limited, the assignee of ICICI debt has assigned its debt to M/s. T.C. Healthcare Private Limited on 27<sup>th</sup> June, 2018 and its charge has been duly registered with Registrar of Companies.

**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) of the 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. With respect to the Contempt Application (M.A No. 412/2013) filed before Hon'ble BIFR by Shri M.K. Modi, the views of Shri U.K. Modi and Shri M.K. Modi are stated as below:-

Shri M.K. Modi stated that:-

Shri U.K. Modi has violated BIFR's injunction order dated 11.04.2013 for which Shri M.K. Modi has filed M.A.No.402/2013 before the BIFR. The BIFR has issued notice on the application on 12.08.2013 and also directed status quo with regard to the property in question, viz. Land belonging to MIL(Steel Division) leased out to G.S. Pharambutor Private Limited vide lease deed dated 31.05.2013.

Shri U.K. Modi disagrees with the above allegations and statements made by Shri M.K. Modi as the same are not correct. Shri U.K Modi has commented as below:-

There has been no violation of any order of BIFR as there has been no transfer of any asset. It is relevant to state that the same portions of the land have been leased out since 1995 to various group companies of Shri U.K Modi. This was much prior to the BIFR order dated 11.04.2013 when direction were issued by the BIFR under Section 22A directing parties not to dispose of, alienate or part with possession of the property. The lease rental recovered has been utilised to pay the statutory liabilities of the Steel Division of MIL and also to repay loans taken for payment of the statutory liabilities and various other dues including electricity charges, water charges, maintenance of roads, etc. that arose owing to workers and labourers of the Steel Division residing in the quarters of the Steel Division. The lease deed was initially executed pursuant to an understanding between the Steel Division and the various labour Unions relating to the settlement of their dues in order to avoid a law and order situation and to maintain peace in the area. In this context, Shri U.K Modi refers to the various agreements entered into with the labour unions of the Steel Division where under the Company has agreed to employ the children of the workers/ labourers of the closed Steel Division in any new venture that is set up, depending on their skill, ability and talent. The labour unions have entered into these agreements to secure the future interest of their children who would be offered employment. Shri

M.K Modi had filed M.A.No.402/2013 before the Hon'ble BIFR making these allegations only to pressurize the management in particular, Shri. U.K Modi to accept his terms relating to the draft scheme to be submitted to BIFR. The matter was pending before the Hon'ble BIFR. Shri U.K Modi had sought time to file a reply to the application filed by Shri M.K Modi. Shri U K Modi will file a detailed response to the said MA. In any event, the statements and contentions made in these Notes on Accounts are not exhaustive and detailed objection will be read in the reply to the MA. It is important to note that Shri M.K Modi had himself entered into a perpetual lease agreement for certain portion of closed Soap Factory (1584 sq. mtrs.) with his group Company M/s Weld Excel India Limited.

Shri M.K. Modi disagrees with the above statements and submissions made by Shri U.K. Modi as the same are not correct as various parts (not the same portions) of the land have been leased out by Shri U.K. Modi to his private companies. Area leased to TC Healthcare Private Limited was 8,231.56 Sq. Mtrs. and the area leased to G.S. Pharambutor Private Limited is 12,531 Sq. Mtrs. The space of closed soap factory had been leased out to Weld Excel India Limited much after the perpetual lease agreements executed by Shri U.K. Modi with his group companies namely; TC Healthcare Private Limited on 05.12.2002 and Modi Revlon Private Limited on 01.10.2005 and there was no restraint order operative at that time.

Shri U.K. Modi disagrees with the above statements and submissions made by Shri M.K. Modi as the same are not correct.

As per Shri M.K. Modi, the above contentions of Shri U.K. Modi are factually incorrect.

It is essential to note that despite pendency of the said application before the Ld. BIFR, no cognizance was taken till date. Moreover, the proceedings before the BIFR / AAIFR are now abated.

- 8.(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 5<sup>th</sup> 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 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 24<sup>th</sup> 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 1<sup>st</sup> September, 2017.

- (b) Shri M.K. Modi, 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 Ex-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.

9. The company had taken extension from MCA/ROC for holding its AGM upto 31<sup>st</sup> December, 2019 as the financial statements of the Company for the year ended 31<sup>st</sup> March, 2019 could not be compiled and approved by the Board of Directors of the company due to: (i) non-availability of financial statements of Paint, Gas and Electrode units & Central Accounts Department of these 3 Units. (Refer Note No. 27(11) and (ii) fire accident occurred in Accounts Office of Sugar and Distillery Units on 13<sup>th</sup> July, 2019, most of the records relating to the current period and five previous financial years, kept in the record room has damaged and destroyed by fire and water used by Fire Brigade during fire fighting. [Note No. 27(28)].

However, under the Income Tax Act, 1961, the Company has to file its Tax Audit Report in Form 3CB & Income Tax Return for the above financial year upto 30<sup>th</sup> September, 2019 which was ultimately extended upto 31<sup>st</sup> October, 2019 as no relaxation is given in the Income Tax Act, 1961, under the above situation, for filing Tax Audit Report & Income Tax Return and the company has also incurred loss for the year which would not be allowed to be carried forward unless the return of income is filed within due date. Accordingly, income-tax return was filed on 21<sup>st</sup> October, 2019 based on the basis of provisional financial statements of the company within the due date and the company will file the revised Tax Audit Report in Form 3CA & revised Income Tax Return after approval of financial statements by Board of Directors and shareholders.

10. In view of clear cut delineation of responsibilities of Shri M.K. Modi and Shri U.K. Modi, the accounts of two divisions of six units and three units of the Company are being prepared and finalized independently and accordingly Shri M.K. Modi and Shri U.K. Modi are certifying the accounts as relate to the two divisions of the Company i.e., six units and three units respectively, the management whereof is looked after by them.
- 11 (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 and 2018-19. Pending incorporation of audited financial statements of these 3 Units and CAD for the period 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2019, change in inter- unit net debit balances with other Units & corporate office of ₹ 32.39 Lac as on 31<sup>st</sup> March, 2019 (credit balance of ₹ 22.39 Lac as on 31<sup>st</sup> March, 2018) due to non-incorporation of these financial statements has been

shown under Current Liabilities of the Company as on 31st March, 2019 and 31st March, 2018 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 three financial years i.e. 2016-17, 2017-18 and 2018-19 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.

(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 and 31.03.2019. 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 and 2018-19 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	
Non-current Liabilities	1,882.76	Other non-current assets	96.90
Current Liabilities & Provisions	4,441.34	<b>Current Assets:</b>	6.90
		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>

12. 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.

13. ESI authorities had raised a demand on the Company for ₹68.19 Lac (upto previous year ₹ 67.02 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.

14. 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, 2019. 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 has not been provided for in the accounts.

15. 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.

16.(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 2018-19 and 2017-18 :

Details in respect of Gratuity are as under: (₹ in Lac)

Liability to be recognized in Balance Sheet	As on 31.03.2019	As on 31.03.2018
Present value of Obligations	<b>829.98</b>	884.72
Fair Value of Plan Assets	-	-
<b>Net Liability</b>	<b>829.98</b>	884.72
<b>Reconciliation of Opening and Closing Balances of Obligation</b>		
Obligation as at beginning of the year	<b>884.72</b>	1129.23
Acquisition adjustment (Out)	-	(282.57)
Current Service Cost	<b>52.58</b>	50.21
Interest Cost	<b>68.12</b>	82.43
Actuarial Losses/(Gain)	<b>(69.36)</b>	(38.12)
Benefits paid	<b>(106.08)</b>	(56.46)
Obligations as at the end of the year	<b>829.98</b>	884.72
<b>Expenditure to be recognized during the year</b>		
Current Service Cost	<b>52.58</b>	50.21
Interest Cost	<b>68.12</b>	82.43
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains)Recognized during the year	<b>(69.36)</b>	(38.12)
Total expenditure included in "Employees' Emoluments"	<b>51.34</b>	94.52

Assumptions		
Discount Rate (per annum)	7.59%	7.70%
Expected rate of Return on Assets (per annum)	0%	0%
Salary Escalation Rate	8.00%	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 1<sup>st</sup> 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 2018-19 and 2017-18:

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

(₹ in Lac)

Liability to be recognized in Balance Sheet	As at 31.3.2019	As at 31.3.2018
Present value of Obligations	45.44	44.11
Fair Value of Plan Assets	-	-
Net Liability	45.44	44.11
Reconciliation of Opening and Closing Balances of Obligation		
Obligation as at beginning of the year	44.11	75.21
Acquisition adjustment (Out)	-	(32.80)
Current Service Cost	5.67	3.90
Interest Cost	3.40	5.49
Actuarial Losses/(Gain)	(4.71)	(6.19)
Benefits paid	(3.03)	(1.50)
Obligations as at the end of the year	45.44	44.11
Expenditure to be recognized during the year		
Current Service Cost	5.67	3.90
Interest Cost	3.40	5.49
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains)/Recognized during the year	(4.71)	(6.19)
Total expenditure included in "Employees' Emoluments"	4.36	3.20
Assumptions		
Discount Rate (per annum)	7.59%	7.70%
Expected rate of Return on Assets (per annum)	0%	0%
Salary Escalation Rate	8.00%	8.00%

17. 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

As at 31 <sup>st</sup> March, 2019			(₹ 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.	116.24	-	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		

As at 31 <sup>st</sup> March, 2018			(₹ 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.	71.64	-	71.64
(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		

\* No provision has been made for interest on dues of parties covered under MSME Act, 2006 for the period upto 31<sup>st</sup> March, 2019 in the books of account. Amount not ascertained.

18. Government of India has issued guidelines dated 15<sup>th</sup> 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.

19. (A) (a) 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 26<sup>th</sup> 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 inter-alia includes: (i) the bottler shall manufacture the products in accordance with the quality standards, standard manufacturing procedures, the process and other specifications laid down by MISIP from time to time and in such quantities as may be specified by MISIP from time to time (ii) the bottler shall procure the materials i.e. concentrates, spirit, flavouring agents, de-mineralised water, packages and levels from MISIP or from the suppliers suggested or recommended by MISIP (iii) products manufacturing by the bottler shall be supplied, dispatched or sold by the bottler as per the purchase orders procured by MISIP and bad-debts from direct indenters supplied on credit upon request by MISIP are to MISIP's Account (iv) MISIP will be responsible for working capital financing. Bottler shall open a bank account ("Account") which is to be operated jointly by the bottler and MISIP and all funds in the account shall belong to MISIP notwithstanding that the account may be in the name of the bottler (v) MISIP will reimburse the manufacturing expenses and pay manufacturing margin (i.e. 10% of the aggregate of the manufacturing expenses as reduced by statutory charges, taxes and duties and selling and distribution expenses) from the above account (vi) all payments received by the bottler for sale of products shall be credited to the account and manufacturing expenses incurred by the bottler, manufacturing margin shall be reimbursed by MISIP to bottler. Any surplus remaining in the account shall therefore be paid to the MISIP as fee.

(b) In the opinion of the management, since the products are being manufactured and sold in the name of the bottler, the purchase invoices in respect of raw material, packing material and consumables and sales invoices for the finished goods are being issued in the name of the bottler, necessary compliances under various tax laws are also being done by the bottler and special bank account is also in the name of the bottler, the transactions of the above business of manufacture and sale of "Vodka and Whisky" was treated as part of books of account of the bottler and these have been included in sales, expenses, assets and liabilities of the bottler as stated in paragraph (c) below.

(c) Balance Sheet and Statement of Profit and Loss of the bottler for the financial year ended 31<sup>st</sup> March, 2018 includes the following items relating to the above activities of manufacture and sale of "Vodka and Whisky":

<b>Balance Sheet</b>		<b>(₹ in Lac)</b>
Particulars	As at 31 <sup>st</sup> March, 2018	
Sundry Debtors (Net)	4,848.55	
Bank Balances	720.04	
Security Deposits	85.95	
Closing Stock	2,309.61	
Advance Recoverable	243.04	
<b>Total Current Assets</b>	<b>8,207.19</b>	
Less: Current Liabilities	1,989.58	
Credit Balance of MISIP	5,653.48	<b>7,643.06</b>
<b>Net Current Assets</b>	<b>564.13</b>	
Recognized as net profit for the year instead of manufacturing margin	<b>564.13</b>	
<b>IMPACT OF NET PROFIT</b>	<b>NIL</b>	

<b>Statement of Profit and Loss</b>			<b>(₹ in Lac)</b>
<b>Particulars</b>	2017-18		
Turnover (Net of discount)	23,083.43		
Other Income	37.28		<b>23,120.71</b>
Excise duty paid	10,550.74		
Cost of materials consumed	2,657.59		
Change in Inventories	(804.28)		
Employees Benefits Expenses	609.47		
Finance Costs	9.93		
Rates & Taxes	466.43		
Sales Promotional Expenses	1,282.53		
Depreciation	12.57		
Other Expenses	7,771.60		
<b>Total Expenses</b>			<b>22,556.58</b>
<b>Net Profit for the year</b>			<b>564.13</b>
Recognized as net profit for the year instead of manufacturing margin			<b>564.13</b>
<b>IMPACT OF NET PROFIT</b>			<b>NIL</b>

(d) The Expert Advisory Committee of Institute of Chartered Accountants of India in an almost similar case do not agree with the above mentioned accounting treatment. The opinion is governed by the substance of the transaction and not by the legal form i.e. sales, purchases, assets and liabilities relating to such business controlled by the brand owners should not be recorded in the books of account of the Company even though supporting vouchers are in the name of the Company and the correct accounting treatment of the transactions in the books of account of the Company would be to recognize only the fixed margin/charge received by it rather than to recognize sales and purchases of the business of manufacturing IMFL

and also should not recognize any current asset or liabilities of the said business in its books of account. Further, the brand owners entitlement paid by the Company should be booked as a mere cash outflow. Further the Expert Advisory Committee had clarified that the opinion expressed by the committee is purely from the accounting point of view without consideration of any implication thereof, from the point of view of the provisions of TDS/TCS in the Income Tax Act 1961 or any other legal/statutory requirement.

(B) The bottling agreement stated above was substantially amended w.e.f. 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 payments 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 - licence agreement, including rendering process services and marketing the products, the bottler shall pay to the company 'Licence Fee' equal to 12% of the revenue generated (Net of statutory charges levies, taxes and duties) from the sale of products.

In view of the amendments made which resulted in risk and reward being shifted to bottler, the transaction of manufacture and sale of "Vodka and Whisky" are being treated as part of books of account of the bottler with effect from 1<sup>st</sup> April, 2018 and are also in compliance with the opinion of Expert Advisory Committee of Institute of Chartered Accountants of India.

20. Consequent to the losses, the Company had been declared a Sick Industrial Company on 14<sup>th</sup> 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 28<sup>th</sup> 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 25<sup>th</sup> 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. The Company in its Board Meeting held on 20<sup>th</sup> 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 going concern basis.

- 21 (a) No provision has been made for penal/delayed/simple/compound interest amounting to ₹ 46,034.19 Lac upto 31st March, 2019 (for the year ₹ 4,094.61 Lac) on term borrowings of FIs and debentures.

(b) 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.

(c) The Sugar Unit of the Company has not made provision for interest (computed at 15.5% per annum) / bank charges amounting to ₹ 5891.33 Lac (for the year ₹841.04 Lac) on cash credit loan taken from Allahabad Bank in view of para (b) above.

(d) 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.

(e) No provision has been made for interest on Cash Credit amounting to ₹678.37 Lac (for the year ₹ 101.86 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.

22. (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 21<sup>st</sup> February, 2013 that "the writ petition is allowed and impugned order dated 22<sup>nd</sup> 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(11)(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 2<sup>nd</sup> May, 2008 at High Court, Lucknow Bench. The Company had filed an affidavit with the Court that BIFR had passed an order dated 26<sup>th</sup> March, 2008 by virtue of which the Bench permitted the Commercial Tax Department, Government of U.P. to recover its outstanding dues, due after 30<sup>th</sup> 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(11)(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.

### 23. Operating Leases:

- (a) Electrode and Gas Units of the Company has taken following premises and Plant & Machinery on operating lease basis {Refer Note 27(11)(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 31<sup>st</sup> December, 2014 which was extended by one year in 2014-15. During the current financial year, the Company has further renewed this agreement for One year up to 31<sup>st</sup> 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. 1<sup>st</sup> 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. 1<sup>st</sup> April, 2016.
- (iii) Electrodes unit of the Company has taken premises for office cum guest house cum residence of Shri M.K. Modi in Chattarpur, New Delhi on operating lease basis and having sharing arrangement with WEIL with effect from 1<sup>st</sup> November, 2011 (for a period of two years and further extended till 31<sup>st</sup> December, 2016) at a monthly rent of ₹1.60 Lac with effect from 1<sup>st</sup> January, 2015 (our share net of recovery from Shri M.K. Modi).
- (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 1<sup>st</sup> June, 2012 for three years, has been further renewed for another 5 year w.e.f. 1<sup>st</sup> 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. Details as under:

Particulars	Evaporatorion Plant	
	2018-19	2017-18
Lease Period	3 Years	3 Years
Total Lease Rent Payable	180.00 Lacs	180.00 Lacs
Payable as on 31 <sup>st</sup> March, 2019	30.00 Lacs	90.00 Lacs
Payable during 2019-20	30.00 Lacs	60.00 Lacs
Payable during 2020-21 to not later than 5 years	Nil	30.00 Lacs

- (c) Modi Sugar Unit has entered with in 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	
	2018-19	2017-18
Lease Period	3 Years	3 Years
Total Lease Rent Payable	126.00 Lac	126.00 Lacs
Payable as on 31 <sup>st</sup> March, 2019	64.75 Lac	106.75 Lacs
Payable during 2019-20	42.00 Lac	42.00 Lacs
Payable during 2020-21 to not later than 5 years	22.75 Lac	64.75 Lacs

24. 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.
25. Provision/payments (including value of perquisites) has been made to Ex-Managing Directors for the remuneration of ₹80.68 Lac in terms of shareholders resolution, which is subject to approval of the Financial Institutions.
26. No provision has been made for Earned Leave for Steel Unit upto 1991-92, amount unascertained.
27. 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 18<sup>th</sup> 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.
28. 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 2018-2019 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.
29. No confirmation letters were sent to debtors/creditors. In the absence of such confirmations, the balances in respect of Sundry Debtors/Creditors, borrowings, 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.
30. 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.
31. 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.
32. Modi Industries Limited ("the Company") was declared a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985, vide BIFR Order dated 14<sup>th</sup> March, 1991. Operating Agency IDBI, Mumbai (OA-IDBI) had forwarded its draft rehabilitation scheme to BIFR on 9<sup>th</sup> July, 2013. The approval of rehabilitation scheme of the Company was pending, due to non consensus of Shri U.K. Modi and Shri M.K. Modi / parties before BIFR/AAIFR. Shri U.K. Modi and Shri M.K. Modi / parties also submitted their respective Draft Rehabilitation Scheme (DRS) in the month of December, 2015.
- The Company had taken public deposits from public long ago. The Company was declared a SICK Company by the erstwhile BIFR vide Order dated 14<sup>th</sup> March, 1991, it could not pay public deposits due to heavy losses and negative net-worth. The public deposits were taken / considered in DRS by OA-IDBI which was forwarded to BIFR. Under the said scheme, interest on public deposits was prescribed upto date of maturity. DRS of Shri U.K. Modi and Shri M.K. Modi / parties confirm the same treatment.

Terms and conditions governing the fixed deposits scheme also provides that interest shall cease on the date of maturity.

After coming into force of the Companies Act, 2013, with regard to payment of Fixed Deposits, as per Section 74, deposits accepted before the commencement of the Act (i.e. 1st April, 2014) shall be repaid within one year from the commencement of the Act i.e. upto 31<sup>st</sup> March, 2015. In compliance of Section 74 of the Act, Company had filed a petition before Company Law Board (CLB) on 31<sup>st</sup> March, 2015 which had been dismissed by Company Law Board vide its order dated 21<sup>st</sup> April, 2016.

After dismissal of petition, the Company on advice of consultant issued a Public Notice advertisement in two news papers, one in English 'The Financial Express' and second in Hindi 'The Hint', on 26<sup>th</sup> May, 2016 and also sent individual letter to all the deposit holders by regd./speed post on 2<sup>nd</sup> June, 2016 to take their payment within 30 days. After that exercise some deposit holders (66 Nos.) have taken their payment with interest upto date of maturity.

Against this order of CLB the Company has also filed an appeal before Hon'ble High Court, Allahabad on 23<sup>rd</sup> July, 2016.

Meanwhile, Ministry of Finance, Department of Financial Services has, vide its Notification No. S.O.3568(E) & S.O.3569(E) dated 25<sup>th</sup> November, 2016 repealed the SICA with effect from 1<sup>st</sup> day of December, 2016 and all the proceedings pending under the SICA (including the proceedings qua the Company) stood abated. Therefore BIFR & AAIFR have been dissolved.

The Companies (Amendment) Act, 2017, 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 amendment came in force w.e.f. 9<sup>th</sup> February, 2018. Therefore time had already elapsed and provisions were made effective very late.

Considering all the above facts, the Company has taken a legal opinion from Solicitors and Advocates, and pursuant to the said legal opinion, the Company has deposited the total out standing public deposit principal amount ₹ 60.86 Lac along with the interest upto date of maturity ₹. 19.73 Lac, total being ₹ 80.58 Lac with Investor and Education Protection Fund on 7<sup>th</sup> May, 2018. Company has also submitted the prescribed Form-IEPF-1 with Ministry on 9<sup>th</sup> May, 2018 and again afresh on 22<sup>nd</sup> May, 2018 and Ministry approved the same by an email on 12<sup>th</sup> June,

2018 {Refer Note 27(33)(B)(c)}.

Meanwhile Hon'ble High Court fixed the next date of hearing on 14<sup>th</sup> 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.

**33. (A) Exceptional Items of the current financial year:**

During the current 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. All the interest amount of ₹415.02 Lacs related for the period upto 31<sup>st</sup> March, 2018

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

(a) During the previous financial year ended 31<sup>st</sup> March, 2018, the Sugar Unit of the Company has paid interest of ₹1959.41 Lacs for the Sugar Season 2016-17 which includes interest of ₹593.93 Lacs approx for the period upto 31<sup>st</sup> March, 2017.

(b) During the previous year, the Company has offered a proposal of One Time Settlement (OTS) to SBI Mutual Fund, Bombay to redeem 50,000 Debentures held by them of ₹200/- each at 212% of principal amount. As per the terms of OTS, 10% amount be paid within 15 days and balance within 90 days.

The SBI Mutual Fund has agreed to the proposal of OTS of the Company. Company has paid 10% of OTS amount of ₹21.20 Lac on 23<sup>rd</sup> March, 2018 and the balance amount of OTS of ₹190.80 Lac has been paid fully after the close of the financial year. The excess interest provided on these 50,000 debentures upto 31<sup>st</sup> March, 2017 amounting to ₹488.48 Lac has been written back during the previous year.

(c) Till 31<sup>st</sup> March, 2000, simple interest on matured fixed deposits and interest upto date of maturity was provided in the books of accounts. With effect from 1<sup>st</sup> April, 2000, no provision has been made for interest on these fixed deposits in view of a legal opinion received by the Company to the effect that as per terms and conditions of Fixed Deposit Scheme, deposits do not carry any interest beyond due dates unless these are renewed. Since these deposits were never renewed after their due dates as such, the question of payment of interest after due dates does not arise at all. However, as a prudent measure, the provision made of ₹ 279.89 Lac in the past (net of payments) had

been retained in the books of account as on 31st March, 2017. In view of the deposit of entire principal amount of Rs.60.86 Lac and interest upto date of maturity of Rs.19.73 Lac with Investor Education & Protection Fund on 7<sup>th</sup> May, 2018 as stated in Note 32, the excess provision of Rs.260.12 Lac lying in the books of account of the Company has now been written back during the previous year as an exceptional item.

34. Deferred Tax Assets are ₹ 7,138.91 Lac as on 31st March, 2019 (Previous year ₹6,514.56 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 31.3.2019	As at 31.3.2018
<b>Deferred Tax Assets :</b>		
(i) Disallowances under the Income Tax Act.	<b>1448.44</b>	1350.78
(ii) Provision for Doubtful Debts	<b>381.49</b>	309.58
(iii) Unabsorbed Depreciation	<b>425.92</b>	286.42
(iv) Unabsorbed Loss	<b>4883.06</b>	4567.78
<b>Total</b>	<b>7138.91</b>	6514.56
<b>Deferred Tax Assets (Net)</b>	<b>7138.91</b>	6514.56

35. 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(11)}.
36. (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 6<sup>th</sup> September, 2006. Since IDBI Limited did not respond, therefore the Company again wrote a letter to IDBI Limited on 5<sup>th</sup> 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.
37. (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 10<sup>th</sup> 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 7<sup>th</sup> 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 27<sup>th</sup> 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 18<sup>th</sup> 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 20<sup>th</sup> 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 21<sup>st</sup> 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 16<sup>th</sup> 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 Maharaja (supra). 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 ₹653.10 Lac for the period upto 31<sup>st</sup> March, 2019 for the Sugar Season 2015-16 has been made.
- (h) No provision for interest of ₹2191.01 Lac (Previous year ₹650.84 Lac for the period upto 31<sup>st</sup> March, 2019 for the Sugar Season 2017-18 has been made.
- (i) No provision for interest of ₹430.80 Lac for the period upto 31<sup>st</sup> March, 2019 for the Sugar Season 2018-19 has been made.
38. 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.
39. The following are the particulars of dues on account of sales tax, excise duty, income tax and others as at 31<sup>st</sup> March, 2019 that have been disputed by the Company in appeals pending before appellate authorities {Refer Note No. 27(4) and 27(11)}.

Name of statute	Nature of the dues	Amount of dues (₹ in Lac)	Amount deposited under protest (₹ in Lac)	Period to which the amount relates	Forum where disputes is pending
U.P.VAT Act	VAT Tax, Penalty, Interest, Exemption to New Units.	2584.59	5.98	1987-88, 1990-91 & 1991-92, May 91 to March 96	Allahabad High Court.
	VAT Tax and Penalty	@ 345.78	123.04	1982-83 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,	161.96	16.10	1985-86, 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 Commi-ssioner 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



40. **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 Mahendra Kumar Modi

Shri Umesh Kumar Modi

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, 2019:**

**(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)

	2018-19	2017-18
<b>Sale of Goods</b>		
SBEC Sugar Limited	10.32	0.83
Win Medicare Private Limited	1.70	0.95
Modi Illva India Private Limited	0.52	0.57
	<b>12.54</b>	2.35
<b>Purchase of Goods/Raw Materials</b>		
SBEC Sugar Limited	15.30	1.68
Jayesh Tradex Private Limited	85.51	35.16
Modi Hitech India Limited	17.01	20.30
Modi Motors Private Limited	3.01	-
Modi Mundi Pharma Beauty Products Private Limited.	13.53	2.55
Others	0.04	-
	<b>134.40</b>	59.69

	(₹ in Lac)	
	2018-19	2017-18
<b>Purchase of Assets</b>		
Jayesh Tradex Private Limited	3.37	7.44
<b>Purchase of Foreign Currency</b>		
Moderate Leasing & Capital Services Limited	2.18	0.50
<b>Rental Income</b>		
Win Medicare Private Limited	77.49	78.00
Modi Motors Private Limited	12.00	12.00
Modi Mundipharma Private Limited	10.89	10.95
SBEC Sugar Limited	0.15	0.15
Modi Mundi Pharma Beauty Products Private Limited	0.36	0.33
Others	0.33	0.33
	<b>101.22</b>	<b>101.76</b>
<b>Payment of Lease Rent</b>		
SBEC Bio-energy Limited	9.49	9.23
<b>Expenses reimbursed</b>		
Win Medicare Private Limited	0.30	0.38
SBEC Bioenergy Limited	-	0.05
Moderate Leasing & Capital Services Limited	-	0.04
Jayesh Tradex Private Limited	0.89	-
	<b>1.19</b>	<b>0.47</b>
<b>Expenses realised</b>		
SBEC Sugar Limited	0.03	-
<b>Interest paid on Loan taken</b>		
Moderate Leasing & Capital Services Limited	491.53	558.28
<b>Loan and Advances taken</b>		
Moderate Leasing & Capital Services Limited	1240.38	2598.55
<b>Receiving of Services</b>		
Modi Line Travel Services Private Limited	27.06	21.08
<b>Fund received</b>		
SBEC Sugar Limited	20.00	29.73
<b>Refund of Loan and Advance</b>		
Moderate Leasing & Capital Services Limited.	3392.84	2073.77
<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	20.22	24.68
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

	(₹ in Lac)	
	2018-19	2017-18
<b>Interest payable</b>		
Moderate Leasing & Capital Services Limited	88.32	-
<b>Amount payable</b>		
Weld Excel India Limited {Foot Note 1(b)}	323.15	323.15
SBEC Sugar Limited	642.99	618.03
SBEC Bioenergy Limited	10.27	10.95
Modi Mundi Pharma Beauty Products Private Limited	34.06	20.52
Jayesh Tradex Private Limited	32.20	12.30
Modi Hitech India Limited	22.83	6.70
Modi Line Travel Services Private Limited	4.45	2.90
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	-	2257.49
Weld Excel India Limited {Foot Note 1(b)}	45.00	45.00
<b>(C) Payment to the Key Management Personnel:</b>		(₹ in Lac)
	Year	
	2018-19	2017-18
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:**

- (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 2017-18 and 2018-19 in view of non-incorporation of financial statements of these units and CAD {Note No. 27(11)}.  
Balance outstanding as on 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2019 of related parties in the books of these units/CAD are not available. Hence, as stated in Note No. 27(11)(b) above, balances outstanding as on 31<sup>st</sup> 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. 1<sup>st</sup> 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. 1<sup>st</sup> 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 1<sup>st</sup> November, 2011 (for a period of two years and further extended till 31<sup>st</sup> December, 2016) at monthly rent of ₹1.60 Lac with effect from 1<sup>st</sup> 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}.
- Electrode Unit of the Company had entered into a trade mark license agreement with WEIL with effect from 1<sup>st</sup> May, 2009 (for the period five years and further extended on 1<sup>st</sup> 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 1<sup>st</sup> January, 2012 at again monthly rent of ₹1.00 Lac was renewed for period of one year from 1<sup>st</sup> January, 2015 to 31<sup>st</sup> December, 2015. Lease period subsequently extended for one more year w.e.f. 1<sup>st</sup> January, 2016 at the same rent at monthly rent of ₹1.00 Lac. {Refer Foot Note No.1(b) above}.

6. Unsecured Security deposits amounting to ₹798.30 Lac as on 31<sup>st</sup> 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 1<sup>st</sup> 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 27<sup>th</sup> August, 2010 directing to maintain 'Status quo' with regard to the Management of the Company. An application was filed on 28<sup>th</sup> 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 31<sup>st</sup> March, 2019 were in the ordinary course of business and were also on arm's length basis.

41. 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.
42. Impairment of fixed assets, if any, as per Accounting Standard AS-28 i.e. impairment of assets has not been ascertained in Sugar Unit.
43. Impact of componentization of fixed assets and ascertaining useful life and original cost/estimated value of such components as on 1<sup>st</sup> 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 31<sup>st</sup> March, 2016, 31<sup>st</sup> March, 2017, 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2019 are yet to be ascertained by the Management.
44. During the Previous Financial Year, short term unsecured interest free advances amounting to ₹30.00 Lac were given to a Party during the period April, 2017 to March, 2018 which is outstanding as on 31<sup>st</sup> March, 2019.
45. The Sugar Unit of the Company has taken loan (net of repayments) of Rs.75 lac from Dwarka Investments Private Limited (earlier known as Excel Infotech Limited) during the financial year 2009-10 and interest accrued as on 31<sup>st</sup> March, 2017 amounts to ₹47.96 Lac. These amounts have been written back during the previous financial year since the management is of the opinion that these are not payable now.
46. Previous year's figures have been regrouped wherever necessary.
47. 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, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>(A)</b>	<b>Income</b>		
(i)	Revenue from operations	-	-
(ii)	Other Income	-	-
(iii)	Depreciation (Net)	-	-
	<b>Total</b>	-	-
<b>(B)</b>	<b>Expenditure {Refer Note 33(c)}</b>		
(i)	Finance costs (Net of reversal)	-	1.85
(ii)	Employee benefits expenses	-	3.17
(iii)	Other expenses (Net of reversal)	5.21	2.34
	<b>Total</b>	5.21	7.36

## (ii) Cost of materials consumed:

( ₹ in Lac)

Sl. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
(a)	Sugar cane	28,426.33	24,646.97
(b)	Molasses	3.70	7.30
(c)	Extra neutral alcohol (ENA)	1,424.03	860.55
(d)	Vatted Malt Scotch Whisky	2,529.40	1,643.16
(e)	Blended Malt Scotch	200.74	-
(f)	Others	286.60	153.88
	<b>Total</b>	<b>32,870.80</b>	<b>27,311.86</b>

## (iii) Manufactured goods:

( ₹ in Lac)

Sl. No.	Particulars	Sales @		Opening Inventory		Closing Inventory	
		For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
(a)	Sugar	29,536.07	25,581.03	5,919.00	5,353.79	6,673.33	5,919.00
(b)	Molasses (By product)	164.04	325.85	15.70	401.24	155.89	15.70
(c)	Bagasse (By product)	511.00	471.58	11.74	34.98	34.36	11.74
(d)	Spirit	60.97	39.49	81.35	212.07	13.04	81.35
(e)	Extra neutral alcohol NA)	-	-	0.40	0.40	0.40	0.40
(f)	Indian made foreign liquor (IMFL)	38,752.99	23,083.43	1204.20	414.61	2,156.61	1,204.20
(g)	Blended Scotch Whisky	208.67	-	-	-	-	-
(h)	Bio-organic manure	25.06	7.61	3.27	7.86	-	3.27
(i)	Special denatured spirit	527.42	742.94	-	-	-	-
(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)	Flux*	-	-	-	-	-	-
(q)	Wires**#	-	-	295.35	442.63	295.35	442.63
(r)	Rods, Flats, Sections**	-	-	398.25	398.25	398.25	398.25
(s)	Oxygen Gas**	-	-	0.05	0.05	0.05	0.05
(t)	Scrap & Others**	-	-	54.81	54.81	54.81	54.81
	<b>TOTAL</b>	<b>69,786.22</b>	<b>50,251.93</b>	<b>8,220.10</b>	<b>7,556.67</b>	<b>10,018.07</b>	<b>8,367.38</b>

\* This represents figures of Electrode, Paint and Gas Units as on 31<sup>st</sup> March, 2016. {Refer Note No. 27(11)}.

\*\* This represents figures of Steel Unit as at 31<sup>st</sup> March, 1992. { Refer Note 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.147.28 Lac.

**(iv) Traded goods :****( ₹ in Lac)**

Sl No.	Particulars	Sales		Purchases		Opening Inventory		Closing Inventory	
		For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019*	For the year ended 31 March 2018
(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	190.12	-	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
	<b>Total</b>	<b>190.12</b>	<b>-</b>	<b>190.12</b>	<b>-</b>	<b>1.89</b>	<b>1.89</b>	<b>1.89</b>	<b>1.89</b>

\*This represents figure of Electrodes, Paint and Gas Units as at 31<sup>st</sup> March, 2016. {Refer Note No. 27(11)}.**(v) Services rendered:-****( ₹ in Lac)**

	For the year ended 31 March 2019	For the year ended 31 March 2019
Product Development Charges	19.03	18.24
Bottling Charges	5.55	-
<b>TOTAL</b>	<b>24.58</b>	<b>18.24</b>

**(vi) Work-in-progress:-****( ₹ in Lac)**

S.I.No.	Particulars	Opening Inventory		Closing Inventory	
		For the year ended 31 March 19	For the year ended 31 March 18	For the year ended 31 March 19* @	For the year ended 31 March 18
(a)	Sugar	129.35	230.23	177.01	129.35
(b)	Indian made foreign liquor (IMFL)	53.15	39.82	75.44	53.17
(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>275.52</b>	<b>363.05</b>	<b>345.45</b>	<b>275.52</b>

\* This represents figures of Electrode, Paint and Gas Units as at 31<sup>st</sup> March, 2016 {Refer Note No. 27(11)}.@This represents figures of Steel Unit as at 31<sup>st</sup> March, 1992 {Refer Note No. 27(4)}.

## (vii) Other Information:-

( ₹ in Lac)

SI.No.	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(A)	<b>Value of imports on CIF basis:</b>		
	Raw materials(cost of material acquired)	1,103.78	666.85
(B)	<b>Expenditure in foreign currency:</b>		
(i)	Travelling	2.18	0.93
(ii)	Stores purchased	276.75	135.34
(C)	<b>Earning in foreign exchange</b>		
	Value of Export on FOB basis	-	-

SI.No.	Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
		( ₹ in Lac)	%age	( ₹ in Lac)	%age
(D)	<b>Value of imported/indigenous:</b>				
(a)	Raw materials consumed:				
(i)	Imported	2,786.83	8.48	1,083.01	3.97
(ii)	Indigenous	30,083.97	91.52	26,228.85	96.03
	<b>TOTAL</b>	<b>32,870.80</b>	<b>100.00</b>	<b>27,311.86</b>	<b>100.00</b>
(b)	Spare parts and components consumed:				
(i)	Imported	-	-	-	-
(ii)	Indigenous	465.53	100.00	274.84	100.00
	<b>TOTAL</b>	<b>465.53</b>	<b>100.00</b>	<b>274.84</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.

As per our report of even date.

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

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

**Umesh Kumar Modi**  
(DIN-00002757)  
Director

**Rakesh Kumar Modi**  
(DIN-00022386)  
Director

**Abhishek Modi**  
(DIN-00002798)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

Dated : 14th November, 2019  
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 2019, 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, 2019, 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 ₹ 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 2018-19 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 2018-19 were also not made available to us and consequently audit could not be conducted in respect of the same. {Note No. 27(11) 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 ₹ 3,438.85Lac and ₹ 6,324.10Lac respectively as at 31st March, 2016 and the Income (net of excise-duty realized) & Expenditure of these 3 Units & CAD were ₹ 4,759.60Lac and ₹ 5,663.79Lac respectively for the said year which resulted in a net loss of ₹ 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 2016-17, 2017-18 and 2018-19 also as stated in Note No. 27(11).
- (C) We draw attention to Note No. 27(28) regarding certain accounting records including supporting documents for the 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, pending reconstruction of vouchers & supporting documents, we could not evaluate the audit evidences such as vouchers, purchase invoices, bills, contracts etc., to be able to test check and draw reasonable conclusion on those supporting evidences / documents which got destroyed / damaged in fire.
- (D) Material Uncertainty related to Going Concern:  
Though the Holding Company has been incurring huge losses continuously (losses for the eight years i.e. 2011-12 to 2018-19 amounts to ₹ 22,138.13 Lac), accumulated losses of ₹ 29,043.29 Lac as on 31st March, 2019 which are far in excess of paid-up equity capital & reserves (excluding revaluation reserve) of ₹ 981.88 Lac as on that date and the Holding 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("SICA") 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 Holding Company's current liabilities as per the standalone financial statements as on 31st March, 2019 exceeded its total assets as per the Standalone Financial Statements of the Holding Company as on 31st March, 2019 by ₹ 16,453.12 Lac. 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 of ₹19,560.88 Lac (excluding unprovided interest) as on 31st October, 2019 for sugar-season 2018-19 and matters pending in National Company Law Tribunal relating to dues of creditors of 3 closed Units & CAD cast significant doubt on the ability of the Holding Company to continue as a going concern. Refer Note No. 27(20) regarding steps being taken by the management for treating the Holding Company as a going concern.
- (E) Non-provision of interest aggregating to ₹ 2,844.11 Lac on cane arrears for Sugar Seasons 2015-16 and 2017-18 which has been paid after 31st March, 2019. {Note No. 27(37)(g & h)}.
- (F) Further to our comments in paragraphs 2(A) to (E) 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 closed Steel Unit for the year 1992-93 and over-statement of assets and under-statement of liabilities as on 31<sup>st</sup> March, 2019, 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 closed 3 Units & CAD for the financial years 2016-17 to 2018-19 and over-statement of assets and under-statement of liabilities as on 31<sup>st</sup> March, 2019, amount / impact unascertained. {Refer Note No. 27(11) of Consolidated Financial Statements and Paragraph 2(B) above}.
- iii. Understatement of losses on account of: (a) non-provision of interest on loans and on overdues, if any, of Micro, Small and Medium Enterprises and non-provision for obsolete inventories/ doubtful debtors / loan and advances and impairment loss, and (b) not conducting physical verification of inventories and fixed assets etc. in Steel Unit as stated in Note Nos. 27(4)(f)(i) to (vii) and 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 on overdues, if any, of Micro, Small and Medium Enterprises and non-provision for obsolete inventories / doubtful debtors / loan and advances and impairment loss, and (b) not conducting physical verification of inventories and fixed assets etc. in closed Vanaspati Unit , 3 Units & CAD as stated in Note No. 27(11) 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 as stated in Note No. 27(42).
- vi. Impact of componentization of property, plant and 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 years ended March 31, 2016 to March 31, 2019 are yet to be ascertained by the management. [Note No. 27(43)].
- vii. Non-provision of interest on overdues of Micro, Small and Medium Enterprises as stated in foot-note in Note No. 27(17). Amount of provision required not ascertained.
- viii. (1) Non-provision of late payment surcharge / recovery charges ₹ 302.66Lac (Previous year ₹ 302.66Lac) {Note No. 27(12)};  
 (2) Non-provision of ESI demand ₹ 68.19 Lac (previous year ₹ 67.02Lac) {Note No. 27(13)};  
 (3) Non-provision of House-tax demand ₹ 188.63Lac (Previous year ₹ 188.63Lac) {Note No. 27(14)};  
 (4) Non-provision of simple, penal and compound interest of ₹ 46,034.19 Lac (for the year ₹ 4,094.61 Lac) on term loans / debentures {Note No. 27(21)(a)} and interest / bank charges ₹ 6,569.70 Lac (for the year ₹ 942.90 Lac) on cash credit from banks {Note No. 27(21)(c) & (e)};  
 (5) Non-provision of Wages ₹ 27.46Lac (Previous year ₹ 27.46Lac) for the lock-out period {Note No. 27(24)};  
 (6) Non-provision of recovery charges of ₹ 413.50Lac (Previous Year ₹ 413.50Lac) for sugar season 2007-08. {Note No. 27(37) (c)}.  
 (7) Non-provision of interest of ₹ 430.80 Lac on cane dues for the sugar season 2018-19. {Note No. 27(37)(i)}.
- (G) Confirmation of Debit / Credit balances of debtors / creditors / lenders and of certain banks were not obtained. Impact on the Consolidated Financial Statements is not ascertainable. {Note Nos. 27(29) & 27(45)}.
- (H) 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) ₹ 1,100Lac during May 2011 against temporary possession of 59 houses to Ashoka Mercantile Limited ("AML"), a related party, and (ii) ₹ 147.63Lac during the earlier years against temporary possession of 9 houses to Modipon Limited ("MPL"), also a related party. The outstanding amounts as on 31<sup>st</sup> March, 2016 in the books of account of MD office were ₹ 798.30Lac (43 houses) and ₹ 147.63Lac (9 houses) in respect of AML and MPL respectively. In view of non-incorporation of financial statements of 3 Units & CAD as stated in paragraph 2(B) above, the balance outstanding as on 31<sup>st</sup> March, 2019 is not available. These houses were not occupied by any of the employees of the Holding company as on 31<sup>st</sup> 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(20)} to two related parties amounting to ₹ 945.93Lac were shown as deposits by the Holding company as on 31<sup>st</sup> March, 2016 (present status not available) since date of payment on which interest @ 8.5% has been charged with effect from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> 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(11), 27(40)(4)(B) and Foot-Notes 1(b) and 6 of Note No. 27(40)}.
  - (ii) As stated in Note No. 27(44), short term unsecured interest free advance amounting to ₹ 30Lac given to a company during 2017-18 is not in compliance with the provisions of section 186 of the Companies Act, 2013.
- (I) We further report that, without considering items mentioned at paragraphs 2 (A) to (D), (F)(i) to (vii), (G) and (H) above, the possible effects of which could not be determined, had the observations made by us in paragraph 2(E) & (F)(viii) above been considered, the loss for the year would have been ₹ 59,198.88 Lac (as against the reported loss of ₹ 2,319.64 Lac), accumulated losses in Note No. 2 would have been ₹ 85,929.10 Lac (as against the reported figure of ₹ 29,049.86 Lac) and current liabilities would have been ₹ 1,08,007.56 Lac (as against the reported figure of ₹ 51,128.32 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 Consolidated 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 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. Key Audit Matter

Key audit matter mentioned below is that matter that, in our professional judgement, was of most significance in our audit of the Consolidated Financial Statements of the current period. This matter was addressed in the context of our audit of the standalone financial statements as a whole, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We draw attention to Note No. 27(19)(A) regarding entering into a bottling agreement between Modi Distillery (a Unit of the Holding Company i.e. bottler) and MI Spirit India Private Limited ("MISIP") during the year 2010-11, accounting treatment of which was qualified by us till financial year ended 31<sup>st</sup> March, 2018, which has now been substantially amended with effect from 01.04.2018 as stated in Note No. 27(19)(B) wherein number of clauses in the bottling agreement were either deleted or amended and accordingly we are not expressing any reservation on the accounting treatment for the financial year ended 31<sup>st</sup> March, 2019. 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 of the materials procured by the bottler shall always remain with the bottler (iv) the bottler shall be responsible for collection of all payments against invoices raised by the bottler and (v) in consideration of the MISIP granting the rights as specified in the bottling agreement to the bottler in terms hereof and the sub-licence agreement, including rendering process services and marketing the products, the bottler shall pay to the MISIP "Licence Fee" equal to 12% of the revenue generated (Net of statutory charges levies, taxes and duties) from the sale of products.

We have determined that there are no other key audit matters to communicate in our report.

### 4. Emphasis of Matter

- (i) Unpaid amounts of unclaimed debentures, if any, as on 31.03.2019 to be deposited with Investor Education and Protection Fund has not been identified by the management of Holding company.
- (ii) Cars costing ₹70.60 Lac (Previous Year ₹ 93.81 Lac) 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(35) regarding entering into agreements to sell 215 residential quarters, Note No. 27(36)(a) regarding entering into lease, including perpetual lease, agreements for 40,141.91 Sq. Meters of factory land & buildings and Note No. 27(36)(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(22)(a) regarding reasons for not making provision for disputed Sales-tax demand of ₹ 2,455.78Lac excluding interest of closed Vanaspati Unit. Refer paragraph 2 (B) above.
- (v) We invite attention to Note No. 27(37)(a), (c), (e) and (f) regarding demands of recovery charges of ₹5,758.47 Lac (previous Year ₹ 5,758.47Lac) on account of non-payment of cane price / commission / interest as the same are disputed by the Holding company / obtained stay order as stated therein. 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 ₹6,280.51 Lac (previous year ₹ 6,280.51Lac) where order of cane commissioner in this regard is still awaited.
- (vi) We draw attention to Note No. 27(8) of Consolidated Financial Statements of the company 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(8)(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 4 above.

### 5. 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 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2019 (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.

### 6. 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.

#### **7. 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.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **8. Other Matter**

- (i) We did not audit the financial statements of both the subsidiaries, whose financial statements reflect total assets of ₹53.06Lac (Previous year ₹ 52.21Lac) as at 31<sup>st</sup> March, 2019, the total revenue of ₹ 2.07Lac (Previous year ₹ 2.02Lac) and cash inflows (net) amounting ₹1.52Lac (Previous year ₹ 0.98Lac) 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.
- (ii) Reports submitted by statutory auditor of subsidiary companies on the financial statements of both the subsidiary companies for the year ended 31<sup>st</sup> March, 2019 are not in the format prescribed by the Standard on Auditing (SA-700).

#### **9. 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 1<sup>st</sup> April, 2018 and 31<sup>st</sup> March, 2019 respectively and for contingent liabilities and additional information etc. as on 1<sup>st</sup> April, 2018 and 31<sup>st</sup> March, 2019 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 2018-19 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 2018-19. {Refer Note No. 27(11)} {(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 accounting records / 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 1<sup>st</sup> April, 2018 and 31<sup>st</sup> March, 2019 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 2018-19 {Refer Note No. 27(11)},(iii) for destruction of part of accounting records / supporting documents mentioned in our observations given in paragraph 2(E) 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 31<sup>st</sup> March, 2019 as consolidated with the Balance Sheet of Steel Unit, 3 Units & CAD as stated in Notes Nos. 27(4) (c) & (d) and 27(11) 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 31<sup>st</sup> March, 2018 & 31<sup>st</sup> March, 2019 and of 3 Units (Electrodes, Paints and Gas) & CAD as on 31<sup>st</sup> March, 2018 & 31<sup>st</sup> March, 2019, 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 2018-19, 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 1<sup>st</sup> April, 2018 and 31<sup>st</sup> March, 2019 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 2018-19 {Refer Note No. 27(11) 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 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018 on account of non-availability and consequently non-incorporation of audited opening balances as on 1<sup>st</sup> April, 2018 and 1<sup>st</sup> April, 2017 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 31<sup>st</sup> March, 2018 & 31<sup>st</sup> March, 2019 on account of non-availability and consequently non-incorporation of audited financial statements for the year 2016-17 to 2018-19, 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(11)}.
  - 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 31<sup>st</sup> March, 2019, 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 31<sup>st</sup> March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.  
Further, the Holding Company is 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 / 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:19013910AAAADG8502

Place:Modinagar  
Dated:14<sup>th</sup>November, 2019

**ANNEXURE "4" TO THE INDEPENDENT AUDITOR'S REPORT OF MODI INDUSTRIES LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**  
**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, 2019 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 controls 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 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 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 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 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 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 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 31<sup>st</sup> March, 2019 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, 2019.

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, 2019 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 of the Holding Company. 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 3 Units & CAD 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 Consolidated Balance Sheet, 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, provision / payment of final dues of employees and payments to various parties and manufacturing / personnel / administration expenses etc., of the Steel Unit of the holding 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 Holding 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 2018-19 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 2018-19 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(11)}. Therefore, as stated in Paragraph 2(B) of audit report of even date, the attached Consolidated Balance Sheet, 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, 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 Holding Company}, and (b) impact on assets, liabilities, expenses, income and cash flows on account of non-incorporation of transactions / balance sheets for the years 2016-17 to 2018-19 and non-physical verification of inventory and fixed assets as stated in Note No. 27(11).
- e) We draw attention to Note No. 27(28) regarding accounting records including supporting documents for the financial year 2018-19 and certain previous financial years which got destroyed / damaged in the fire on 13<sup>th</sup> July, 2019 in the office premises and records room of Sugar and Distillery Units of the holding company. Accordingly, pending reconstruction of vouchers & supporting documents, we could not evaluate audit evidences such as vouchers, purchase invoices, bills, contracts etc., to be able to test check and draw reasonable conclusion on those supporting evidences / documents which got destroyed / damaged in fire.
- f) We note that the Distillery Unit of the Holding Company has incurred sale promotion expenses {cost of gift items ₹2,115.17Lac and trade scheme expenses ₹ 1,441.32Lac which is claimed as reimbursement from the 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 need to be improved upon to safeguard the interests of the company.
- g) 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 holding company and the disclaimer has affected our opinion on the Consolidated Financial Statements of the holding company and we have issued an adverse opinion on the Consolidated Financial Statements of the holding company for the year ended 31<sup>st</sup> March, 2019.

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

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

Place: Modinagar  
Dated: 14<sup>th</sup> November, 2019

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2019

( ₹ in Lac)

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
<b>I EQUITY AND LIABILITIES :</b>			
<b>(1) Shareholders' funds:</b>			
(a) Share Capital	1	371.66	371.66
(b) Reserves & Surplus	2	(26,362.37)	(24,042.75)
		<b>(25,990.71)</b>	<b>(23,671.09)</b>
<b>(2) Minority Interests:</b>			
		<b>0.05</b>	<b>0.04</b>
<b>(3) Non-current liabilities :</b>			
(a) Long term borrowings	3	6,917.40	5,960.74
(b) Other long term liabilities	4	1,617.19	1,649.36
(c) Long term provisions	5	1,020.45	1,049.84
		<b>9,555.04</b>	<b>8,659.94</b>
<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		73.05	48.00
(ii) Other than Micro and Small Enterprises		33,471.05	28,540.03
(c) Other current liabilities	8	15,089.33	14,179.03
(d) Short term provisions	9	665.92	395.02
		<b>51,128.32</b>	<b>44,991.05</b>
<b>TOTAL</b>		<b>34,692.70</b>	<b>29,979.94</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment:			
i) Tangible assets	10	5,877.45	5,865.15
ii) Intangible assets	11	1.44	1.69
iii) Capital work-in-progress	11 (A)	48.50	82.95
(b) Non-current investments	12	606.82	625.72
(c) Long term loans and advances	13	235.19	214.00
(d) Other non-current assets (Fixed Tangible)		6.90	6.90
		<b>6,776.30</b>	<b>6,796.41</b>
<b>(2) Current assets</b>			
(a) Inventories	14	12,708.57	10,717.50
(b) Trade receivables	15	9,539.97	7,517.50
(c) Cash and bank balances:-			
(i) Cash and cash equivalents	16(i)	1,635.57	1,101.15
(ii) Other bank balances	16(ii)	1,315.22	1,567.19
(d) Short term loans and advances	17	2,217.15	1,876.55
(e) Other current assets	18	499.92	403.64
		<b>27,916.40</b>	<b>23,183.53</b>
<b>Significant Accounting policies and other notes to consolidated financial statements</b>			
	26 & 27		
<b>TOTAL</b>		<b>34,692.70</b>	<b>29,979.94</b>

The accompanying notes are an integral part of the consolidated Financial Statements

As per our report of even date.

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

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

**Umesh Kumar Modi**  
(DIN-00002757)  
Director

**Rakesh Kumar Modi**  
(DIN-00022386)  
Director

**Abhishek Modi**  
(DIN-00002798)  
Director

**Laxman Prasad**

Partner

Membership No. 013910

Dated : 14th November, 2019

Place : Modinagar

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

( ₹ in Lac)

Particulars	Note No.	For the year ended 31st March, 2019	For the Year ended 31st March, 2018
I Revenue from operations	19	<b>70,010.03</b>	50,277.59
Less:- Excise duty		<b>18,817.95</b>	10,794.77
		<b>51,192.08</b>	39,482.82
II Other income	20	<b>932.13</b>	871.33
<b>III Total Revenue ( I + II )</b>		<b>52,124.21</b>	40,354.15
<b>IV Expenses:-</b>			
Cost of materials consumed		<b>32,870.80</b>	27,311.86
Purchases of stock-in-trade		<b>190.12</b>	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	<b>(1,867.90)</b>	(723.18)
Employee benefits expense	22	<b>3,208.31</b>	2,850.31
Finance costs	23	<b>727.92</b>	592.62
Depreciation and amortization expense	10&11	<b>272.56</b>	230.76
Other expenses	24	<b>18,626.77</b>	12,036.97
<b>Total expenses</b>		<b>54,028.58</b>	42,299.34
V Profit/(Loss) before exceptional and extra-ordinary items and tax (III-IV )		<b>(1,904.37)</b>	(1,945.19)
<b>VI Exceptional items :</b>			
(a) Interest on Cane Arrears	27(33)(A)/(B)(a)	<b>(415.02)</b>	(1,959.41)
(b) Excess provision for interest written back	27(33)(B)(b&c)	-	748.60
(c) Electricity expenses for earlier years	27(4)(f)(viii)(b)	-	(1,055.06)
VII Profit/(Loss) before extra-ordinary items and tax (V+VI)		<b>(2,319.39)</b>	(4,211.06)
VIII <b>Extra-ordinary items</b>		-	-
IX Profit/(Loss) before tax ( VII+VIII )		<b>(2,319.39)</b>	(4,211.06)
X <b>Tax expenses</b>	27(34)	-	-
- Current Tax		<b>(0.25)</b>	(0.31)
- Earlier year Tax		-	0.01
XI Profit/(Loss) for the period		<b>(2,319.64)</b>	(4,211.36)
XII Profit/(Loss) from continuing operations		<b>(2,217.39)</b>	(3,133.85)
XIII Profit/(Loss) from discontinuing operations	27(4)(e)	<b>(102.25)</b>	(1,077.51)
XIV Tax expense of discontinuing operations		-	-
XV Profit/(Loss) from discontinuing operations (after Tax) (XIII+XIV)		<b>(102.25)</b>	(1,077.51)
<b>XVI Profit/(Loss) for the period (XII+XV)</b>		<b>(2,319.64)</b>	(4,211.36)
<b>XVII Basic /Diluted Earnings per equity share of ₹ 10 each ( in Rupees)</b>	39	<b>(70.28)</b>	(127.45)
<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

As per our report of even date.

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

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

**Umesh Kumar Modi**  
(DIN-00002757)  
Director

**Rakesh Kumar Modi**  
(DIN-00022386)  
Director

**Abhishek Modi**  
(DIN-00002798)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

Dated : 14th November, 2019

Place : Modinagar



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019** (₹ in Lac)

PARTICULARS	2018-19	2017-18
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit/(Loss) before Tax	(2,319.39)	(4,211.06)
Less: Adjustment for :		
i) Interest Income	40.34	76.94
ii) Profit on Sale of Fixed Assets	54.93	183.26
iii) Excess Provision written back	5.55	752.99
iv) Unclaimed credit balances Wrinten back	65.92	9.74
v) Amount written back	-	122.97
vi) Depreciation written back	0.22	0.08
vii) Dividend Income	84.00	84.00
	<u>250.96</u>	<u>1,229.98</u>
	(2,570.35)	(5,441.04)
<b>Add: Adjustments for :</b>		
i) Depreciation	272.56	230.76
ii) Assets written off/Loss on sale of Assets/Stores	8.11	0.08
iii) Investment returnoff	0.07	-
iv) Interest Expenses on borrowings	677.28	565.41
v) Provision for Doubtful Debts & Advances	241.06	123.86
vi) Amounts/Claims/Bad Debts written off (Net of provisions)	16.39	0.26
vii) Provision for obsolete Raw Material, spare-parts & stores	17.00	12.50
viii) Provision for Dimunition in the value of Long Term Investment	18.83	8.64
	<u>1,251.30</u>	<u>941.51</u>
Operating Profit/(Loss) before Working Capital Changes	(1,319.05)	(4,499.53)
Adjustments for :		
Trade Receivables	(2,278.49)	(208.43)
Inventories	(2,008.10)	(1,185.01)
Trade Payable	6,605.83	3,579.27
Loans/Advances and other assets	(370.77)	(16.26)
Other bank balances	251.97	94.40
<b>Cash Generated from Operations</b>	<u>881.39</u>	<u>(2,235.56)</u>
Income tax paid/ refund ( Net )	(73.46)	(51.47)
<b>Net Cash from Operating Activities (A)</b>	<u>807.93</u>	<u>(2,287.03)</u>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(239.80)	(332.62)
Sale of Fixed Assets	64.21	183.26
Interest Received	25.09	70.65
Dividend Received	84.00	84.00
<b>Net Cash Flow from Investing Activities (B)</b>	<u>(66.50)</u>	<u>5.29</u>

( ₹ in Lac)

<b>PARTICULARS</b>	<b>2018-19</b>	<b>2017-18</b>
<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>	(0.14)
Unsecured borrowings from others (net)	<b>860.43</b>	2,084.63
Interest paid on borrowings	<b>(649.00)</b>	(577.68)
Secured Debentures Paid	<b>(90.42)</b>	(10.88)
<b>Net Cash from Financing Activities (C)</b>	<b>60.15</b>	1,495.93
<b>*Inter Unit Balances (Net) (D) (Foot-note 1 &amp; 2 below)</b>	<b>(267.16)</b>	1,034.11
<b>Net Increase/(decrease) in cash and Cash Equivalents (A+B+C+D)</b>	<b>534.42</b>	248.30
<b>Opening Cash and Cash Equivalents</b>	<b>1,101.15</b>	852.85
<b>Closing Cash and Cash Equivalents</b>	<b>1,635.57</b>	1,101.15

**FOOT-NOTES :**

- In view of non availability of audited balance sheet as on 31.03.2019 and 31.03.2018 of Steel Unit, cash flow from investing/financing activities and changes in current assets & liabilities of steel unit are not included in the consolidated Cash Flow Statement except for inclusion of net outflow of ₹ 212.38 Lac (Previous Year net inflow ₹ 1034.02 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 31.03.2019 and 31.03.2018 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 consolidated Cash Flow Statement except for inclusion of net outflow of ₹ 54.78 Lac (Previous Year net inflow ₹ 0.09 Lac) on account of net increase in inter unit balance appearing in Note 8 i.e., Other Current Liabilities {Refer Note No.27(11)}.
- Figures in brackets represents outflows.
- Previous Year figures have been rearranged/regrouped wherever considered necessary.

As per our report of even date.

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

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

**Umesh Kumar Modi**  
(DIN-00002757)  
Director

**Rakesh Kumar Modi**  
(DIN-00022386)  
Director

**Abhishek Modi**  
(DIN-00002798)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

Dated : 14th November, 2019  
Place : Modinagar

**Notes forming part of the Consolidated financial statements for the year ended 31st March, 2019**

**Note no.1: SHARE CAPITAL**

( ₹ in Lac)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Authorised:-</b>		
40,00,000 Equity shares of ₹ 10/- each	<b>400.00</b>	400.00
1,00,000 15% Redeemable cumulative Preference shares of ₹ 100/- each	<b>100.00</b>	100.00
	<b>500.00</b>	500.00
<b>Issued, subscribed and paid up:-</b>		
33,09,214 Equity shares of ₹ 10/- each fully paid-up	<b>330.92</b>	330.92
40,741 15% Redeemable cumulative Preference shares of ₹ 100/- each fully paid-up	<b>40.74</b>	40.74
<b>TOTAL</b>	<b>371.66</b>	371.66

**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 31.03.2019		As at 31.03.2018	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) Status Mark Finvest Limited	<b>228714</b>	<b>6.91</b>	228714	6.91
(ii) K K Modi Investment & Financial Services Pvt. Ltd.	<b>231751</b>	<b>7.00</b>	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 31.03.2019		As at 31.03.2018	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) ICICI Bank	<b>7794</b>	<b>19.13</b>	7794	19.13
(ii) The Oriental Insurance Company Limited	<b>6550</b>	<b>16.08</b>	6550	16.08
(iii) The New India Assurance Company Limited	<b>13624</b>	<b>33.44</b>	13624	33.44
(iv) The United India Insurance Company Limited	<b>4093</b>	<b>10.05</b>	4093	10.05
(v) General Insurance Corporation of India	<b>3560</b>	<b>8.74</b>	3560	8.74
(vi) National Insurance Company Limited	<b>4912</b>	<b>12.06</b>	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, 2019.

(b) Arrears of dividend on Cumulative Preference Shares amounts to ₹ 172.61 Lac (upto 31st March, 2018 ₹ 166.50 Lac).

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

( ₹ in Lac)

SI.No.Particulars	Opening Balance	Addition	Deduction	Closing Balance
(1) Capital Reserve	459.34	-	-	<b>459.34</b>
(2) Capital Redemption Reserve	25.11	-	-	<b>25.11</b>
(3) Shares Premium Account	22.57	-	-	<b>22.57</b>
(4) Debenture Redemption Reserve	113.00	-	-	<b>113.00</b>
(5) Revaluation Reserve	2,012.51	-	-	<b>2,012.51</b>
(6) Share options outstanding accounts	-	-	-	-
(7) General Reserve	22.93	-	-	<b>22.93</b>
(8) Other Reserves/Funds:-				
-Storage fund for Molasses Account	24.84	<b>6.10</b>	-	<b>30.94</b>
- Statutory Reserves	1.09	-	-	<b>1.09</b>
(9) Surplus i.e. balance in				
Statement of Profit and Loss	(26,724.12)	<b>(2,319.64)</b>	<b>6.10</b>	<b>(29,049.86)</b>
<b>TOTAL</b>	<b>(24,042.73)</b>	<b>(2,313.54)</b>	<b>6.10</b>	<b>(26,362.37)</b>
Previous year	(19,671.95)	(4,206.05)	5.31	(24,042.75)

**Foot-note:-**

Storage fund for Molasses ₹ 6.10 Lac (previous year ₹ 5.31 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 31.03.2019	As at 31.03.2018
<b>Secured:-</b>		
Bonds/debentures	-	-
Term loans from banks (see-foot note below )	<b>8.10</b>	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	<b>4,559.66</b>	3,914.15
Deposits	-	-
<b>Loans and advances from related parties :</b>		
- Moderate Leasing & Capital Finance Services Ltd.	-	2,038.49
- From Others	<b>2,349.64</b>	-
Long term maturities of finance lease obligations	-	-
<b>TOTAL</b>	<b>6,917.40</b>	5,960.74

**Foot-note:-**

Secured by hypothecation of vehicles and is repayable in monthly installments. Status of defaults, if any, as on 31st March, 2019, not available since relates to closed units. {Note 27(11)}

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

Particulars	As at 31.03.2019	As at 31.03.2018
Trade payable	-	-
<b>Others:</b>		
Security received against houses	890.28	890.28
Security received from others	211.65	236.64
Advance received against houses {Note 27 (35)}	504.50	504.50
Other liabilities	10.76	17.94
<b>TOTAL</b>	<b>1,617.19</b>	<b>1,649.36</b>

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

Particulars	As at 31.03.2019	As at 31.03.2018
( ₹ in Lac)		
<b>Provision for employee benefits:-</b>		
Provision for gratuity:-		
As per last balance sheet	964.09	953.30
Add: Provided during the year	7.05	13.58
Add: Transfer from employees dues	-	10.00
Less: Paid/ Payable during the year	39.35	12.79
<b>Sub total (A)</b>	<b>931.79</b>	<b>964.09</b>
<b>Provision for leave encashment:-</b>		
As per last balance sheet	85.75	83.60
Add: Provided during the year	3.08	2.19
Less: Paid/ Payable during the year	0.17	0.04
<b>Sub Total (B)</b>	<b>88.66</b>	<b>85.75</b>
<b>TOTAL (A+B)</b>	<b>1,020.45</b>	<b>1,049.84</b>

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

Particulars	As at 31.03.2019	As at 31.03.2018
( ₹ in Lac)		
<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.)**

Particulars	As at 31.03.2019	As at 31.03.2018
( ₹ in Lac)		
<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 27(5)(i) (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 27(21)(b, c & e) and note 27(5)(i)(a)}.

**Note no. 7: TRADE PAYABLES**

Particulars	As at 31.03.2019	As at 31.03.2018
( ₹ in Lac)		
<b>Micro and Small Enterprises:</b>		
Purchase of raw materials and stores	73.05	48.00
<b>Other than Micro and Small Enterprises :</b>		
(i) Purchase of raw materials and stores	29,909.82	26,027.42
(ii) Creditors for Services received	2,574.91	1,739.33
(iii) Customers/ Agents for purchase of goods	986.32	773.28
Sub Total	33,471.05	28,540.03
<b>TOTAL</b>	<b>33,544.10</b>	<b>28,588.03</b>

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

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Current maturities of long-term debts ( unsecured )</b>		
- From related parties:-		
- A to Z Holding Pvt. Ltd.	24.89	24.89
- Moderate Leasing & Capital Services Ltd.	-	219.00
- From others	122.77	-
<b>Current maturities of long-term debts (secured )</b>		
- From banks	2.42	2.42
- From other parties ( see foot-note 1)	1,506.85	1,506.85
Deferred credits {Note No.27 (41)}	35.11	35.11

**Note no.8: (Contd.)**

(₹ in Lac)

Particulars	As at	
	31.03.2019	31.03.2018
Interest accrued but not due on borrowings (unsecured)	90.70	61.45
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	119.53	2.99
Unpaid matured deposits and interest accrued thereon( unsecured):- (see foot-note 2)		
- Fixed deposits	-	60.86
- Interest accrued thereon {Note No. 27(32)}	-	19.73
Unpaid matured debentures and interest accrued thereon (secured):- (see foot-note 3)		
- Debentures (Net of calls in arrears)	433.75	524.17
-Interest accrued thereon	2,424.28	2,527.61
Unreconciled Inter-unit balances { Note Nos. 27(4) and 27(11)}	1,086.57	1,325.82
Other Payable:-		
Employees dues	1,104.58	1,021.39
Statutory liabilities	3,620.02	2,800.36
Security received from others	83.45	96.20
Other liabilities	2,726.86	2,242.63
<b>Total</b>	<b>15,089.33</b>	<b>14,179.03</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 3(b) below. {Refer Note Nos.27(5)(i)(b) and 27(5)(ii) & (iii)}.
- (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)(i)(b)(i)}.
- (d) Loan taken under Equipment Finance Scheme amounting to ₹ 46.20 Lac is secured against Effluent treatment plant.{ Refer Note No.27(5)(i)(b)(ii)} and loan repayment is in default prior to year 1996 and interest payable has not been paid since then.

**(2) Fixed deposits:-**

- (a) Fixed deposits guaranteed by Director ₹ Nil Lac (Previous year ₹ 22.46 Lac )

- (b) Balance outstanding in Fixed deposits of Rs.60.86 Lac and interest payable upto the date of Maturity on fixed deposits of Rs.19.73 Lac was transferred to the Investor Education Protection Fund during the year.

**(3) Debentures:-**

- (a) (i) 1,75,374 (Previous year 2,25,584)-12.5% Mortgage Debentures (Non-Convertible part of ₹ 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 since 29th February, 1988.The above includes 50,000 debentures for which OTS entered with SBI Mutual Fund, Mumbai before end of financial year and also implemented the same after close of the financial year as mentioned in Note No.27(33) (B)(b).
- (ii) 30,000-15% 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) 5,300-15% 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	
	31.03.2019	31.03.2018
<b>Provision for employee benefits:-</b>		
Provision for gratuity:-		
As per last balance sheet	288.07	264.87
Add: Provided during the year	40.78	76.87
Less: Paid during the year	64.78	53.67
<b>Sub total (A)</b>	<b>264.07</b>	<b>288.07</b>
Provision for leave encashment:-		
As per last balance sheet	10.23	8.42
Add: Provided during the year	1.67	3.27
Less: Paid during the year	3.12	1.46
<b>Sub total (B)</b>	<b>8.78</b>	<b>10.23</b>
<b>Others:-</b>		
Provision for State Excise Duty		
As per last balance sheet	57.98	465.46
Less: adjusted during the year	-	164.96
Less: Provsion reversed on old stock	-	25.23
Less: Paid during the year	23.23	240.52
Add: Provided during the year	319.34	23.23
<b>Sub total</b>	<b>354.09</b>	<b>57.98</b>
Provision for Incentive:	38.42	38.42
Provisionfor Income Tax	0.56	0.32
<b>Sub total (C)</b>	<b>393.07</b>	<b>96.72</b>
	<b>665.92</b>	<b>395.02</b>

**Note no. 10: PROPERTY, PLANT & EQUIPMENT- TRANGIBLE ASSETS**

(₹ in Lac)

Particulars	Gross		Disposals/ Written off.	Other adjust- ment	Closing Balance	Opening Balance	Depreciation For the year	Other Adjustment Sold/Adj.	Closing Balance	Net Carrying Amount 31.03.2019
	Opening Balance	Additions								
Land (A)	2,023.50	-	-	-	2,023.50	-	-	-	-	2,023.50
Buildings (B & C)	1,391.40	86.33	-	-	1,477.73	1,060.73	20.85	-	1,081.58	396.15
Plant & Equipment *	12,082.89	164.70	44.52	-	12,203.07	8,779.26	196.94	34.43	8,941.77	3,261.30
Furniture & Fixtures	349.06	3.34	0.50	-	351.90	314.66	2.30	0.48	316.48	35.42
Vehicles (D)	452.44	6.94	25.82	0.19	433.37	326.56	14.70	18.52	322.74	110.63
Office equipment	366.51	12.94	1.44	-	378.01	324.24	9.58	1.46	332.36	45.65
Water supply & drainage	59.85	-	-	-	59.85	55.88	-	-	55.88	3.97
Others	15.62	-	-	-	15.62	14.79	-	-	14.79	0.83
<b>TOTAL</b>	16,741.27	274.25	72.28	0.19	16,943.05	10,876.12	244.37	54.89	11,065.60	5,877.45
Previous year	16,447.47	294.02	0.22	-	16,741.27	10,663.49	222.93	0.22	10,876.12	5,865.15

**Foot Notes :-**

- (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 Six (Previous year Ten) cars costing ₹ 70.60 Lac (Previous year ₹ 93.81 Lac) WDV ₹ 39.26 Lac (Previous year ₹ 53.43 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 ₹ 27.91 Lac (Previous year ₹ 7.51 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 Opening Balance	Additions/Disposals/ Written off.	Closing Balance	Amortisation		Net Carrying Amount
				Opening Balance	For the year 31.03.2019	
Computer software	103.13	-	103.13	101.44	0.25	1.44
<b>TOTAL</b>	103.13	-	103.13	101.44	0.25	1.44
Previous year	102.52	0.61	103.13	101.15	0.29	1.69

**Note no. 11(A): CAPITAL WORK IN PROGRESS**

(₹ in Lac)

Particulars	Gross Opening Balance	Additions/Disposals/ Written off.	Closing Balance	Amortisation		Net Carrying Amount 31.03.2019
				Opening Balance	For the year	
Computer software	37.97	-	37.97	-	-	37.97
Machinery	6.90	3.54	10.44	-	-	10.44
Capacity Enhancement of Plant	38.08	48.34	86.33	-	-	0.09
Buildings	82.95	51.88	134.83	-	-	48.50
<b>TOTAL</b>	165.90	104.76	270.66	-	-	96.90
Previous year	44.96	37.99	82.95	-	-	82.95

**Note no. 12: NON CURRENT INVESTMENTS (₹ in Lac)**

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Trade investments</b>	-	-
<b>Other investments</b>		
<b>(a) Investment in Equity Instruments:-</b>		
<b>Others :-</b>		
<b>Unquoted:-</b>		
10,50,000 fully paid-up shares of ₹ 10/-each in Indofil Industries Limited	437.43	437.43
1,200 partly paid-up shares of ₹ 10/- each in Vital Chemicals Private Limited. (Written off during the year )	-	0.07
86,750 Fully paid-up shares of Rs 10/-each in Modi Spining & weaving Mills Co.Ltd.	8.68	8.68
Less: Provision for Diminution in value of Shares	(8.68)	(8.68)
95,000 Fully paid-up shares of Rs 10/-each in Xerox india Limited	9.50	9.50
40,000 Fully paid-up shares of Rs 10/-each in Modi Hightech India Limited (formerly known as Morgard shammer India Limited)	4.00	4.00
48,000 Fully paid-up shares of Rs 10/-each in Win Medicare Private Limited	4.80	4.80
10,000 Fully paid-up shares of Rs 10/-each in Modi Garh Chemicals Pvt. Ltd.	1.00	1.00
20,000 Fully paid-up shares of Rs 10/-each in Modi Santa Fe India Pvt. Ltd.	2.00	2.00
Less: Provision for Diminution in value of Shares	(1.64)	(1.62)
4,000 Fully paid-up shares of Rs 10/-each in Bekaert Engg. (India) Pvt. Ltd.	0.40	0.40
Less: Provision for Diminution in value of Shares	(0.27)	(0.26)
17,350 Fully paid-up shares of ₹ 100/-each in Rajputana Fertilizers Ltd. (foot note 5)	-	-
17,350 Fully paid-up shares of ₹ 100/-each in Haryana Distillery Ltd. # (foot note 5)	-	-
17,350 Fully paid-up shares of ₹ 100/-each in Rajputana Developers Ltd. (foot note 6)	-	-

**Note no. 12 : (Contd.)****(₹ in Lac)**

Particulars	As at 31.03.2019	As at 31.03.2018
1500 Fully paid-up shares of Rs 100/-each in Associated Drilling and Services Limited.	1.50	1.50
Less: Provision for Diminution in value of Shares	(1.50)	(1.50)
<b>Quoted:-</b>		
7,00,000 fully paid-up shares of Rs 10/-each in Modipon Limited.	20.00	20.00
19,99,960 fully paid-up shares of Rs 10/-each in Bihar Sponge Iron Limited.	200.00	200.00
Less: Provision for Diminution in value of Shares	(182.60)	(163.80)
8,00,000 fully paid-up shares of Rs 10/- each in Modi Rubber Limited.	80.00	80.00
62,755 fully paid-up shares of Rs 10/- each in Lord Chloro Alkali Limited	6.28	6.28
4 fully paid-up shares of Rs 10/- each in Mukund Limited	0.01	0.01
<b>(b) Investment in Equity Instruments:-</b>		
1 fully-paid preference Share of Rs. 10/- each in Mukund Limited	-	-
<b>Unquoted:-</b>		
67 Fully paid-up shares of Rs. 100/- each in Modi Spg. & Wvg. mills Co. Ltd.	0.07	0.07
<b>(a) Investment in Government or tust securities : - (quoted</b>		
*75551.226 fully-paid Units in UTI Infrastructure Fund Growth Plan	25.84	25.84
<b>Total</b>	<b>606.82</b>	<b>625.72</b>

\* Corporate lien marked on these infrastructure fund units

# The relevant share certificate not yet received and subsidiary companies applied for duplicate shares script.

**Foot Notes:**

- (1) Carrying amount of quoted investments **149.53** 168.32
- (2) Market value of quoted investments **541.73** 959.20
- (3) Carrying amount of unquoted investments **457.29** 457.39
- (4) Aggregate provision for diminution in value of investments **194.69** 175.86
- (5) Modi Spinning & Weaving Mills Company Limited ("MSWM") oneof 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 31.03.2019	As at 31.03.2018
Capital advances		
(Unsecured considered good)	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	157.17	156.05
- 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	1.83
(b) Amount recoverable	11.46	11.46
(c) Loans to employees	-	-
(d) Loans to others	8.00	8.00
<b>TOTAL</b>	<b>235.19</b>	<b>214.00</b>

**Note no.14: INVENTORIES**

( ₹ in Lac)

Particulars	As at 31.03.2019	As at 31.03.2018
(a) Raw materials	637.42	396.43
(b) Raw materials (in transit )	201.70	271.90
(c) Work-in-progress	345.45	275.52
(d) Finished goods *	10,018.07	8,367.38
(e) Stock-in-trade	1.89	1.89
(f) Stores and spare parts	1,479.77	1,380.08
(g) Loose tools	24.27	24.30
<b>TOTAL</b>	<b>12,708.57</b>	<b>10,717.50</b>

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

**Note no. 15 TRADE RECEIVABLES**

( ₹ in Lac)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Trade receivables outstanding for a period exceeding 6 months:-</b>		
-Secured, considered good	4.56	4.56
-Unsecured, considered good	462.79	455.63
-Doubtful	1,105.49	1,001.90
Less:-		
Allowance for bad and doubtful debts	(1,105.49)	(1,001.90)
<b>Other Debts:-</b>		
-Secured, considered good	91.08	91.08
-Unsecured, considered good	8,981.54	6,966.23
-Doubtful	117.24	-
Less:-		
Allowance for bad and doubtful debts	(117.24)	-
<b>TOTAL</b>	<b>9,539.97</b>	<b>7,517.50</b>

**Note no. 16: CASH AND BANK BALANCES**

( ₹ in Lac)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>(i) Cash and cash equivalents:-</b>		
(a) Balances with banks:		
-In Current Accounts	1,588.27	1,029.79
-In FDR's	2.45	27.45
(b) Cheques, drafts on hand	34.85	34.96
(c) Cash on hand	9.97	8.92
(d) Others:-		
-Postage imprest & stamps in hand	0.03	0.03
<b>TOTAL</b>	<b>1,635.57</b>	<b>1,101.15</b>
<b>(ii) Other bank balances:-</b>		
(a) Earmarked balance with banks/post office:-		
-Saving account		
( molasses storage fund )	0.38	0.38
-Fixed deposits		
( molasses storage fund )*	30.67	25.40
(b) Fixed deposits with banks		
(Pledged with Excise/Sales Tax/ PF Authorities)	160.93	152.55
(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	672.71	672.24
(f) Bank deposits with upto 12 months maturity	14.88	14.39
(g) Bank deposits with more than 12 months maturity	28.90	28.82
(h) Deposits with Banks in-no lien accounts	50.00	316.66
<b>TOTAL</b>	<b>1,315.22</b>	<b>1,567.19</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 31.03.2019	As at 31.03.2018
<b>(a) Loans and advances to related parties:-</b>		
(i) -Secured considered good	-	-
(ii) -Unsecured considered good		
-Bihar Sponge Iron Ltd.	1.80	1.69
-Win Medicare Pvt. Ltd.	0.23	0.43
-Modipon Limited	8.69	8.69

**Note no. 17: (Contd.)**

(₹ in Lac)

Particulars	As at 31.03.2019	As at 31.03.2018
(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	34.92	50.60
(ii) Loans & Advances to employees	10.17	6.92
(iii) Prepaid expenses	369.20	197.53
(iv) Amount recoverable	213.12	217.15
(v) Deposits with excise / sales tax authorities	95.18	48.44
(vi) Others	314.59	226.75
<b>(c) Others (doubtful):-</b>		
(i) Loans & Advances to employees	3.02	3.03
(ii) Amount recoverable	24.55	24.55
(iii) Others	97.92	110.59
Less: Allowance for doubtful	(125.49)	(138.17)
<b>(d) Security Deposits:-</b>		
-Secured considered good	18.50	18.50
-Unsecured considered good	204.22	153.92
-Related parties (Unsecured consider good) :-		
- Ashoka Mercantile Ltd. {Foot-Note 6 of Note 27(40)}	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>2,217.15</b>	<b>1,876.55</b>

**Note no. 18: OTHER CURRENT ASSETS**

(₹ in Lac)

Particulars	As at 31.03.2019	As at 31.03.2018
Tax deducted at source	82.78	61.27
Tax collected at source	0.19	0.19
Income Tax adjusted against Penalty	233.95	182.00
Interest accrued on fixed deposits with banks	66.96	51.72
Amount recoverable	12.56	12.75
Interest receivable on Security deposit with related party {Foot-Note 6 of Note 27(40)}		
- Ashoka Mercantile Ltd	64.07	64.07
Rent receivables:-		
-Unsecured, considered good	17.67	9.90
-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>499.92</b>	<b>403.64</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 31.03.2019	For the Year ended 31.03.2018
Sale of products	69,976.34	50,251.93
Sale of services	24.58	18.24
Other operating revenue	9.11	7.42
<b>TOTAL</b>	<b>70,010.03</b>	<b>50,277.59</b>

**Note no. 20: OTHER INCOME**

(₹ in Lac)

Particulars	For the Year ended 31.03.2019	For the Year ended 31.03.2018
Interest income	40.34	76.94
Dividend received (gross)	84.00	84.00
Rental income	425.19	278.20
Profit on sale of fixed assets	54.93	183.26
Excess provision written back	5.55	4.39
Unclaimed Credit Balances written back	65.92	9.74
Amounts written back {Note 25(45)}	-	122.97
Depreciation Written Back	0.22	0.08
Sale of opening obsolete inventory {Refer Note No. 27(4f)(ix)}	147.28	-
Foreign Currency fluctuation gain (Net)	14.88	-
Other non-operating income	93.82	111.75
<b>TOTAL</b>	<b>932.13</b>	<b>871.33</b>

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

(₹ in Lac)

Particulars	For the Year ended 31.03.2019	For the Year ended 31.03.2018
<b>(A) Finished goods</b>		
Opening stock *	8,189.40	7,112.59
Less: Closing stock	9,827.82	8,336.68
<b>Sub Total (A)</b>	<b>(1,638.42)</b>	<b>(1,224.09)</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	275.52	363.05
Less: Closing stock	345.45	275.52
<b>Sub Total (C)</b>	<b>(69.93)</b>	<b>87.53</b>
<b>(D) By Product</b>		
Opening stock	30.70	444.08
Less: Closing stock	190.25	30.70
<b>Sub Total (D)</b>	<b>(159.55)</b>	<b>413.38</b>
<b>Net (Increase) / Decrease in Stock (A+B+C+D)</b>	<b>(1,867.90)</b>	<b>(723.18)</b>

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

**Note no. 22 : EMPLOYEE BENEFITS EXPENSES**

Particulars	( ₹ in Lac)	
	For the Year ended 31.03.2019	For the Year ended 31.03.2018
Salary, wages, gratuity & other allowances	2,875.11	2,488.51
Contribution to provident and other funds	157.79	144.49
Staff welfare expenses	175.41	217.31
<b>TOTAL</b>	<b>3,208.31</b>	<b>2,850.31</b>

**Note no. 23: FINANCE COSTS**

Particulars	( ₹ in Lac)	
	For the Year ended 31.03.2019	For the Year ended 31.03.2018
(a) Interest expenses:- {Note Nos. 27(4)(f)(i) & (ii), 27(5) and 27(21)}		
(i) On borrowings	677.28	565.41
(ii) On statutory dues	31.05	16.55
(iii) On trade payables	12.79	3.03
(iv) On security	3.27	3.33
(v) On car loans taken by employees	2.62	3.39
(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>727.92</b>	<b>592.62</b>

**Note no. 24 OTHER EXPENSES**

Particulars	( ₹ in Lac)	
	For the Year ended 31.03.2019	For the Year ended 31.03.2018
Consumption of stores & spare parts	874.53	652.51
Consumption of packing materials	4,583.93	3,007.93
Power & fuel	229.88	194.04
Repairs to machinery	1,224.85	829.75
Repairs to building	214.19	130.62
Lease rent/Rent	150.13	101.35
Rates & taxes	561.21	506.68
Excise duty on stock	811.73	261.26
Opening finished goods stock charged to Revenue {Refer Note No. 27(4f) (ix)}	147.28	-
Insurance	36.11	33.23

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

Particulars	( ₹ in Lac)	
	For the Year ended 31.03.2019	For the Year ended 31.03.2018
Auditor's remuneration (see foot-note below)	27.16	24.25
Loss on sale of fixed assets	8.11	-
Stores Written Off	17.57	14.41
Less: Adjustment of provision for obsolete stores	(17.57)	(14.33)
Donations	0.75	5.47
Bad debts written-off	35.19	15.97
Less : Adjustment of provision for doubtful debts	(18.80)	(15.97)
Claims / amounts written-off	14.11	0.26
Less : Adjustment of provision for doubtful	(14.11)	-
Investment Writtein off	0.07	-
Provision for obsolete spare-parts & stores	17.00	12.50
Provision for doubtful debts, advances and Security Deposits	241.06	123.86
Provision for Diminution in value of Investments	18.83	8.64
Freight/ transport & forwarding	595.21	380.68
Commission to selling agents	1,394.09	974.65
Discount & sale promotion	3,659.88	2,113.12
Advertisement expenses	34.81	0.94
Travelling expenses	228.29	172.87
Legal & professional charges	287.66	262.82
Trade mark licensce & marketing fees	-	1,799.12
{Note No. 27(19)(A)}		
Licence Fee {Note No. 27(19)(B)}	2,818.33	-
Retainership Expenses	132.98	92.28
Net gain/loss on foreign currency transactions & translaion	-	21.69
Product Display Charges	19.59	60.89
Other general expenses	292.64	265.48
<b>TOTAL</b>	<b>18,626.77</b>	<b>12,036.97</b>

**NOTE:****Auditor's remuneration (including component Auditor Fee) :-**

(a) As auditor	12.78	9.82
(b) For taxation matters (Tax Audit fee)	9.61	8.37
(c) For company law matters	-	-
(d) For management services	-	-
(e) For other services including certification work	3.95	4.75
(f) For reimbursement of expenses	0.82	0.95
<b>TOTAL</b>	<b>27.16</b>	<b>24.25</b>

**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:

Name of the Company	Percentage holding	
	2019	2018
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. 31<sup>st</sup> March, 2019.

- (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 SIGNIFICANT ACCOUNTING POLICIES:****(1) INVENTORY VALUATION**

- (a) Stocks of raw materials and stores and spares are valued at weighted/moving average cost. (Net of Cenvat benefits/ 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 fixed asset 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 Equipment are included in the gross book value of Property, Plant and Equipment to which they relate.

**(3) DEPRECIATION**

- (a) Depreciation on Property, Plant & Equipment 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:**
- Export incentives under the duty entitlement pass book scheme is recognized on accrual basis.
  - Revenue arising by use of Company's properties by others yielding rent is recognized when no significant uncertainty as to measurability or collectability exists.
  - 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:**
- 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.
  - Gratuity Liability is accounted for on accrual basis, computed actuarially, except for Steel Unit upto 31<sup>st</sup> March, 2002 which is accounted for on cash basis.
  - 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:**

(Rs in Lac)

	AS AT 31.03.2019	AS AT 31.03.2018
1. (a) Claims against the Company <u>not acknowledged as debts :</u>		
(i) Workmen (excluding unascertainable amounts)	403.11	395.02
(ii) Others	236.29	516.14
(b) Partly paid-up Equity Shares of Vital Chemicals Private Limited	-	0.08
(c) 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).	1317.28	1545.65
(d) Income Tax	209.59	209.59
(e) Bills discounted	148.59	148.59

- Estimated amount of contracts remaining to be executed on Capital Account ₹75.05 Lac (Previous Year ₹166.60 Lac).
- 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.
- (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 31<sup>st</sup> 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 2018-19 and from 1993-94 to 2017-18 have been incorporated in current financial year and in various previous financial years respectively. As an interim measure credit balance of ₹1,118.96 Lac (Previous year credit balance of ₹ 1,303.43 Lac) which represents: (i) ₹582.83 Lac (Previous year ₹477.14 Lac) being net cumulative inter-unit credit / debit balance on account of transactions of other units of the Company with Steel Unit during 1<sup>st</sup> April, 1992 to 31st March, 2019, (ii) payment of unsecured loan of ₹ 45.00 Lac {Refer Note (c) below} and (iii) net loss of ₹ 1656.79 Lac for the years 1993-94 to 2018-19 (before inter unit rental income, write-back of ₹ 278.95 Lac and provision for depreciation of ₹ 749.92 Lac and opening obsolete finished goods inventory charged to revenue ₹ 147.28 Lac ) have been clubbed with Current Liabilities of the Company as on 31st March, 2019 and 31st March, 2018 respectively as "Inter- Unit Balances" pending incorporation of (i) Annual Accounts for the period 1<sup>st</sup> April, 1992 to 31<sup>st</sup> March, 1993 and (ii) assets and liabilities including inter unit balances arising on account of transactions for the period 1<sup>st</sup> April, 1993 to 31st March, 2019.
- (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 No. 4f(viii)) and notes of the Steel Unit as on 1<sup>st</sup> April, 1992, 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 Equipment (net) by ₹ 749.92 Lac being depreciation provided during 1993-94 to 2018-19 on Property, Plant & Equipment (iii) reduction in opening inventory by ₹ 147.28 Lac and (iv) decrease in Inter-Unit balance by ₹ 1701.79 Lac which represents; the sum of net loss of ₹ 1656.79 Lac for the years 1993-94 to 2018-19 (before inter-unit rental income, write-back of above amount of ₹ 278.95 Lac, inventory charged to revenue ₹ 147.28 Lac and provision for depreciation of ₹ 749.92 Lac) and repayment of unsecured loan of ₹ 45.00 Lac. The above inter-unit balance will actually represent either net decrease in assets or net increase in liabilities as on 31st March, 2019 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 31.03.2018 and 31.03.2019 are as under:

(₹ in Lac)

Liabilities	As at 31.3.2019	As at 31.3.2018	Assets	As at 31.3.2019	As at 31.3.2018
Secured Loans	3421.08	3421.08	Property, Plant and Equipments (Net)	411.58	417.43
Current Liabilities & Provisions	2838.28	2838.28	Investments	0.11	0.11
Accumulated Profits/ (Losses) (net):	(2275.04)	(2172.79)	<u>Current Assets &amp; Advances:</u>		
1993-94 to			Inventories	1192.86	1340.14
1995-96 (687.81)			Sundry Debtors	1199.25	1199.25
1996-97 and			Cash and Bank Balances	150.78	150.78
1997-98 (58.56)			Loans and Advances	249.70	249.70
1998-99 to			Miscellaneous Expenditure	11.07	11.07
2000-01 (29.83)			(to the extent not written off or adjusted)		
2001-02 to 2003-04 56.53			Inter-unit Balances	(18.25)	(69.13)
2004-05 300.90			Loss for the year 1991-92	787.22	787.22
2005.6 (36.67)					
2006-07 (18.94)					
2007.8 (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)					
<b>Total</b>	<b>3984.32</b>	<b>4086.57</b>	<b>Total</b>	<b>3984.32</b>	<b>4086.57</b>

- (e) Statement of Profit and Loss of the Steel Unit for the year ended 31st March, 2019 and 31st March, 2018 (excluding inter-unit rental income of ₹90.74 Lac) (Previous year ₹ 79.79 Lac) is as under:

(₹ in Lac)

Particulars	2018-19	2017-18
<b>INCOME :</b>		
Rental Income	400.68	253.78
Profit on sale of fixed assets	52.77	183.15
Sale of opening inventory (See Note No. 4f(ix) below)	147.28	-
	<b>600.73</b>	436.93
<b>EXPENDITURE :</b>		
Employees Benefit Expenses	144.66	146.38
Finance Cost	303.64	228.20
Depreciation	33.75	13.35
Legal & Professional Expenses	26.23	23.14
Other Expenses	194.70	48.31
Loss for the year before exceptional items	102.25	22.45
Exceptional Items : Electricity Expenses for earlier years {See Note No. 4f(viii) below}.	-	1055.06
<b>Loss for the year</b>	<b>102.25</b>	<b>1077.51</b>

- (f) The Profit and Loss Account/Statement of Profit and Loss of Steel Unit for the years 1993-94 to 2018-19 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, 2018;
- (iv) Non-provision of obsolete/damaged stocks and Property, Plant and Equipment, 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 Equipment 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 14<sup>th</sup> 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 22<sup>nd</sup> October, 2018 and 29<sup>th</sup> March, 2019 granted a permission to sale of movable property and granted 8 weeks time respectively. Till date the Steel Unit of the Company has already paid ₹804.56 Lac and balance ₹250.50 Lac is due as on date.

(ix) In view of non-incorporation of accounts of the Unit for the year 1992-93, the assets and liabilities of the unit, which also included inventories of Finished Goods, Goods in process and raw material of ₹954.22 Lac as on 31<sup>st</sup> March, 1992 continued to be incorporated as it is in the balance sheet of the Company since 31<sup>st</sup> March, 1993. Details of which i.e. quantity and cost are not available.

As per the order of the Hon'ble Supreme Court of India dated 22<sup>nd</sup> October, 2018 granting approval to sell of moveable properties, the Steel Unit has disposed off certain damaged and obsolete inventories of more than 25 years old for a consideration of ₹147.28 Lac 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 ₹147.28 Lac 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 debt, the views of Shri U.K. Modi and Shri M.K. Modi are stated herein below:-**

(i) Shri U.K. Modi submits that:-

“(a) During the year 2006-07, an agreement dated 22<sup>nd</sup> 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 28<sup>th</sup> 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 15<sup>th</sup> 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 has been further assigned to SBEC Bioenergy Limited (SBEL) on 31<sup>st</sup> 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 6<sup>th</sup> 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) (i) 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 6<sup>th</sup> October, 2007. This settlement agreement was in terms of IDBI's letter dated 9<sup>th</sup> 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 6<sup>th</sup> October 2007. IDBI has executed a Deed of Assignment on 5<sup>th</sup> 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 debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 12<sup>th</sup> 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.

(ii) With reference to this Company's liabilities to IFCI Limited, a settlement agreement dated 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> December, 2009 and in consideration thereof IFCI Limited executed a Deed of Assignment dated 19<sup>th</sup> 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 debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 12<sup>th</sup> 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.

- (iii) At the hearings before the Hon'ble BIFR and with the consent of Advocates for Shri U.K. Modi and Shri M.K. Modi, the Hon'ble BIFR passed orders and issued directions in M.A. No. 754/BC/2011 (filed on behalf of Shri U.K. Modi) and clarified that the OA shall consider the representations from Shri U.K. Modi, Shri M.K. Modi, Shri D.K. Modi and also from SBEC Bioenergy Ltd. and SBEC Sugar Ltd.
- (iv) The Bench directed that, SBEC Bio Energy Limited and SBEC Sugar Limited be heard and consulted by IDBI (OA) in connection with the preparation of the DRS.
- (v) In the order dated 22<sup>nd</sup> June, 2012 the Hon'ble BIFR observed and noted that IFCI and PNB have executed deeds of assignments in favour of SBEC Bioenergy Ltd. and SBEC Sugar Ltd. respectively after receiving entire OTS amount along with interest, whereas the IDBI has received the entire OTS amount along with interest and had only entered into an agreement to transfer all the rights, title and interest in the Financial Assistance/ Financial Instruments and the underlying securities in respect thereof to the Applicant (SBEC Bioenergy) of MA No. 224/BC/2012 but has not executed the deed of assignment. The Bench also observed that the IDBI, vide their letter dated 7<sup>th</sup> May, 2012 has approached BIFR regarding the execution of the assignment deed in respect of assignment of debt to the applicant (SBEC Bioenergy Ltd.).
- (vi) The BIFR by its order dated 22<sup>nd</sup> June, 2012 allowed MA No. 224/BC/2012 and directed that the name of Applicant (SBEC Sugar Ltd.) be substituted for PNB and the name of the Applicant (SBEC Bioenergy Ltd.) be substituted, in place of IFCI, as the deed of assignment has since been executed.
- (vii) In the proceedings held on 17<sup>th</sup> July, 2012, the Hon'ble BIFR

directed IDBI to execute the deed of assignment in favour of the Applicant (SBEC Bioenergy Ltd.), with respect to the assignment of its claims against this Company together with securities and charges in favour of SBEC Bioenergy Ltd. subject to the various other directions stated therein.

- (viii) Pursuant to the order passed by AAIFR, Shri U.K. Modi and Shri M.K. Modi have submitted their separate Draft Rehabilitation proposals to the IDBI."
- (ix) Shri D K Modi had filed 2 Appeals before the AAIFR being Appeal No. 206/2012 and 207/2012 challenging the orders dated 22<sup>nd</sup> June 2012 and 17<sup>th</sup> July 2012 passed by the BIFR. By two orders both dated 15<sup>th</sup> April 2013, the AAIFR has set aside the orders dated 22<sup>nd</sup> June 2012 and 17<sup>th</sup> July 2012 and remanded the matter back to the BIFR with directions to consider the MA Nos. 224/BC/2012 and 226/BC/2012 afresh after hearing Shri D K Modi and proceed further in accordance with law.
- (x) Shri U K Modi had also filed an Appeal before the AAIFR, being Appeal No. 178/12 challenging the order dated 17<sup>th</sup> July 2012 passed by the BIFR.
- (xi) The aforesaid Appeal No. 178/2012 was heard on 20<sup>th</sup> November 2013 and the Hon'ble AAIFR, after hearing the submissions of the parties, has been pleased to allow the Appeal, set aside the order and remanded the matter back to BIFR with the following directions:

*"Since the order has already been set aside as above, we make it clear that all the matters before BIFR, including MA 224 of 2012 will be considered by the Board on remand afresh giving a reasonable opportunity of hearing to all concerned. It is also made clear that all the issues raised before us in the appeals by the respective parties are kept open and will be considered and adjudicated by the Board afresh. In deciding matters afresh, the Board, needless to mention, will not be influenced by its said earlier order which, as aforesaid was set aside."*

The Appeal preferred by SBEC Bioenergy Ltd. before the AAIFR was challenging the wrongful and arbitrary imposition of conditions on the execution of Deed of Assignment by IDBI in favour of SBEC Bioenergy Ltd., which has since been set aside by the AAIFR. In fact, the AAIFR has clearly stated that all issues raised by SBEC Bioenergy Ltd. in Appeal No. 178/12 are kept open and would be agitated before the BIFR. Therefore, in view of the above, it is clear that SBEC Bioenergy Ltd. and SBEC Sugar Ltd. are the secured creditors of MIL and continue to be so as assignees of the respective debts of IDBI, IFCI and PNB. IDBI has also executed the Deed of Assignment in favour of SBEL on 5<sup>th</sup> March, 2018.

Shri M K Modi submits that AAIFR Order dated 20<sup>th</sup> November, 2013 in Appeal No. 178/2012, nowhere



recognizes SBEC Bio-energy Ltd. and SBEC Sugar Ltd. as being Secured Creditors of MIL or the assignments in their favour to be valid and/or legal.

As per Shri U K Modi, the above contention of Shri M K Modi is incorrect. It is a matter of record that the Hon'ble BIFR vide its orders dated 12<sup>th</sup> December, 2011 and 19<sup>th</sup> April, 2012 has already recognized SBEC Bioenergy Ltd. and SBEC Sugar Ltd. as MIL's secured creditor and it is in this capacity, the applications for substitution were moved before the BIFR. By virtue of the order dated 20<sup>th</sup> November 2013, the AAIFR has remanded the matter back to BIFR for fresh consideration.

- (ii) Shri M.K. Modi disagrees with the above statements and submissions made by Shri U.K. Modi as the same are not correct.
- Shri M.K. Modi submits that –
- (a) That the said settlements based on assignment in favour of Shri U.K. Modi is neither legal nor binding and are without approval of the Board. The same are also contrary to the 1989 Modi Family MOU, the agreement between the Shri U.K. Modi and Shri M.K. Modi, the Board Resolution and the "Status Quo" order of Hon'ble Supreme Court of India.
- (b) Without prejudice to what is stated in para (i) above, assignments and the terms of payment etc. shall be governed by the directions to be passed by Hon'ble BIFR.
- (c) Hon'ble BIFR has, in the proceedings of the hearing held on 19<sup>th</sup> April, 2012, already directed IDBI (OA) to assess the liabilities of each unit of the Company (Group wise) and while making an assignment to UKM Group Companies, to see that the security charged to Banks/FIs belonging to his own units are assigned and the security belonging to MKM Group is to be freed. It is thus abundantly clear that the security pertaining to his own units only is to be charged to SBEC Bioenergy Ltd and SBEC Sugar Ltd.
- (d) By virtue of AAIFR's orders dated 15.04.2013 :
- (i) BIFR's order dated 22.06.2012, whereby SBEC Bioenergy Ltd. and SBEC Sugar Ltd. were substituted in place of IFCI and PNB respectively, has been set aside; and
- (ii) BIFR's order dated 17.07.2012, whereby IDBI was permitted to execute assignment deed in favour of SBEC Bioenergy Ltd., has been set aside.
- (iii) SBEC Bioenergy Ltd. and SBEC Sugar Ltd., thus, have no locus standi in the BIFR proceedings and are not recognized as creditors of MIL by BIFR.
- (iv) MKM Group has, without prejudice to their legal contentions in the matter, already approached both IDBI and IFCI for making payment of the dues pertaining to the six units under management and control of Shri M.K. Modi on assignment basis subject to certain conditions.

Shri U.K. Modi disagrees with the above statements and submissions made by Shri M.K. Modi as the same are not correct. Shri. U.K Modi has commented as below:-

It is clarified on the submission made by Shri M.K Modi that the Hon'ble BIFR vide its order dated 12.12.2011 had directed IDBI (OA) to invite the secured creditors including SBEC Bioenergy Ltd. and SBEC Sugar Ltd. for discussions before finalizing any DRS. By a subsequent order dated 19.04.2012, the Hon'ble BIFR has also directed that SBEC Bioenergy Ltd. and SBEC Sugar Ltd. be heard and consulted by IDBI (OA) while preparing the DRS. Therefore it is absolutely clear that SBEC Sugar Ltd. and SBEC Bioenergy Ltd. are secured creditors of MIL. This order of 12.12.2011 has not been challenged by any party till date and therefore the issue stands settled by the BIFR . In so far as the remand of the MAs is concerned, it is clarified that the matter has been remanded by Hon'ble AAIFR only on the ground that Shri D K Modi be heard on the application. The setting aside of the orders dated 22.06.2012 and 17.07.2012 are on a technical ground and not on merits therefore the allegations that SBEC Sugar Ltd. and SBEC Bioenergy Ltd. do not have any locus standi in the BIFR proceedings or that they are not secured creditors are absolutely incorrect and baseless.

Thus as per Shri U.K. Modi, these liabilities will now be quantified with the assignees of PNB, IDBI and IFCI debts.

Shri M.K. Modi disagrees with the above statements and submissions made by Shri U.K. Modi as the same are not correct. As the matter stands today, orders dated 22.06.2012 and 17.07.2012 stand set aside by Hon'ble AAIFR and fresh order is required to be passed by Hon'ble BIFR. Hence, these orders do not give rise to any right/obligation to any party.

Shri U.K. Modi disagrees with the above statements and submissions made by Shri M.K. Modi as the same are not correct. Though it is correct to say that the orders dated 22.06.2012 and 17.07.2012 has been set aside by Hon'ble AAIFR but it is incorrect to say that SBEC Sugar and SBEC Bioenergy are not the secured creditors of MIL as the order dated 12.12.2011 clearly recognizes SBEC Sugar and SBEC Bioenergy as a Secured Creditor. Hon'ble AAIFR has directed BIFR to conduct a rehearing on the M.A's 224 and 226 of 2012 allowing the substitution of SBEC Sugar and SBEC Bioenergy in place of PNB and IFCI.

As per Shri M.K. Modi the above contention of Shri U.K. Modi is incorrect.

Shri U.K. Modi submits that IDBI vide its letter dated 16.01.2015 again reiterated in unequivocal and unambiguous terms that their debt due from MIL has been assigned in favour of SBEC Bioenergy Ltd on 06.10.2007.

Shri M.K. Modi stated that there is no agreement between Shri M.K. Modi and Shri U.K. Modi on this issue.

(iii) International Asset Reconstruction Company Limited, the assignee of ICICI debt has assigned its debt to M/s. T.C. Healthcare Private Limited on 27<sup>th</sup> June, 2018 and its charge has been duly registered with Registrar of Companies.

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) of the 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. With respect to the Contempt Application (M.A No. 412/2013) filed before Hon'ble BIFR by Shri M.K. Modi, the views of Shri U.K. Modi and Shri M.K. Modi are stated as below:-

Shri M.K. Modi stated that:-

Shri U.K. Modi has violated BIFR's injunction order dated 11.04.2013 for which Shri M.K. Modi has filed M.A.No.402/2013 before the BIFR. The BIFR has issued notice on the application on 12.08.2013 and also directed status quo with regard to the property in question, viz. Land belonging to MIL(Steel Division) leased out to G.S. Pharmbutor Pvt. Ltd. vide lease deed dated 31.05.2013.

Shri U.K. Modi disagrees with the above allegations and statements made by Shri M.K. Modi as the same are not correct. Shri U.K. Modi has commented as below:-

There has been no violation of any order of BIFR as there has been no transfer of any asset. It is relevant to state that the same portions of the land have been leased out since 1995 to various group companies of Shri U.K. Modi. This was much prior to the BIFR order dated 11.04.2013 when directions were issued by the BIFR under Section 22A directing parties not to dispose of, alienate or part with possession of the property. The lease rental recovered has been utilised to pay the statutory

liabilities of the Steel Division of MIL and also to repay loans taken for payment of the statutory liabilities and various other dues including electricity charges, water charges, maintenance of roads, etc. that arose owing to workers and labourers of the Steel Division residing in the quarters of the Steel Division. The lease deed was initially executed pursuant to an understanding between the Steel Division and the various labour Unions relating to the settlement of their dues in order to avoid a law and order situation and to maintain peace in the area. In this context, Shri U.K. Modi refers to the various agreements entered into with the labour unions of the Steel Division where under the Company has agreed to employ the children of the workers/labourers of the closed Steel Division in any new venture that is set up, depending on their skill, ability and talent. The labour unions have entered into these agreements to secure the future interest of their children who would be offered employment. Shri M.K. Modi had filed M.A.No.402/2013 before the Hon'ble BIFR making these allegations only to pressurize the management in particular, Shri. U.K. Modi to accept his terms relating to the draft scheme to be submitted to BIFR. The matter was pending before the Hon'ble BIFR. Shri U.K. Modi had sought time to file a reply to the application filed by Shri M.K. Modi. Shri U.K. Modi will file a detailed response to the said MA. In any event, the statements and contentions made in these Notes on Accounts are not exhaustive and detailed objection will be read in the reply to the MA. It is important to note that Shri M.K. Modi had himself entered into a perpetual lease agreement for certain portion of closed Soap Factory (1584 sq. mtrs.) with his group Company M/s Weld Excel India Limited.

Shri M.K. Modi disagrees with the above statements and submissions made by Shri U.K. Modi as the same are not correct as various parts (not the same portions) of the land have been leased out by Shri U.K. Modi to his private companies. Area leased to TC Healthcare Pvt. Ltd. was 8,231.56 Sq. Mtrs. and the area leased to G.S. Pharmbutor Pvt. Ltd. is 12,531 Sq. Mtrs. The space of closed soap factory had been leased out to Weld Excel India Limited much after the perpetual lease agreements executed by Shri U.K. Modi with his group companies namely; TC Healthcare Pvt. Ltd. on 05.12.2002 and Modi Revlon Pvt. Ltd. on 01.10.2005 and there was no restraint order operative at that time.

Shri U.K. Modi disagrees with the above statements and submissions made by Shri M.K. Modi as the same are not correct.

As per Shri M.K. Modi, the above contentions of Shri U.K. Modi are factually incorrect.

It is essential to note that despite pendency of the said application before the Ld. BIFR, no cognizance was taken till date. Moreover, the proceedings before the BIFR / AAIFR are now abated.

8.(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 5<sup>th</sup> 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 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 24<sup>th</sup> 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 1<sup>st</sup> September, 2017.

(b) Shri M.K. Modi, 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 Ex-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.

9. The company had taken extension from MCA/ROC for holding its AGM upto 31<sup>st</sup> December, 2019 as the financial statements of the Company for the year ended 31<sup>st</sup> March, 2019 could not be compiled and approved by the Board of Directors of the company due to: (i) non-availability of financial statements of Paint, Gas and Electrode units & Central Accounts Department of these 3 Units. {Refer Note No. 27(11) and (ii)} fire accident occurred in Accounts Office of Sugar and Distillery Units on 13<sup>th</sup> July, 2019, most of the records relating to the current period and five previous financial years, kept in the record room has damaged and destroyed by fire and water used by Fire Brigade during fire fighting {Refer Note No. 27(28)}.

However, under the Income Tax Act, 1961, the Company has to file its Tax Audit Report in Form 3CB & Income Tax Return for the above financial year upto 30<sup>th</sup> September, 2019 which was ultimately extended upto 31<sup>st</sup> October, 2019 as no relaxation is given in the Income Tax Act, 1961, under the above situation, for filing Tax Audit Report & Income Tax Return and the company has also incurred loss for the year which would not be allowed to be carried forward unless the return of income is filed within due date. Accordingly, income-tax return was filed on 21<sup>st</sup> October, 2019 based on the basis of provisional financial statements of the company within the due date and the company will file the revised Tax Audit Report in Form 3CA & revised Income Tax Return after approval of financial statements by Board of Directors and shareholders.

10. In view of clear cut delineation of responsibilities of Shri M.K. Modi and Shri U.K. Modi, the accounts of two divisions of six units and three units of the Company are being prepared and finalized independently and accordingly Shri M.K. Modi and Shri U.K. Modi are certifying the accounts as relate to the two divisions of the Company i.e., six units and three units respectively, the management whereof is looked after by them.

11(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 and

2018-19. Pending incorporation of audited financial statements of these 3 Units and CAD for the period 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2019, change in inter-unit net debit balances with other Units & corporate office of ₹ 32.39 Lac as on 31<sup>st</sup> March, 2019 (credit balance of ₹ 22.39 Lac as on 31<sup>st</sup> March, 2018) due to non-incorporation of these financial statements has been shown under Current Liabilities of the Company as on 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018 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 three financial years i.e. 2016-17, 2017-18 and 2018-19 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.

- (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 31<sup>st</sup> March, 2016 of these 3 Units and CAD have been incorporated in the Balance Sheet of the Company as on 31.03.2018 and 31.03.2019. Further, the contingent liabilities and Notes on financial statements relating to these 3 Units and CAD as on 31<sup>st</sup> March, 2016 have also been incorporated in these financial statements of the company for the financial years 2017-18 and 2018-19 without updating the amounts for the events/transactions that have taken place after 31<sup>st</sup> March, 2016.
- (c) Balances of Assets and Liabilities of these 3 closed Units and CAD as on 31<sup>st</sup> 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	Current Assets:	
		Inventories	464.35
		Trade receivables	646.36
		Cash and Bank	664.65
		Balances	
		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>

12. 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.

13. ESI authorities had raised a demand on the Company for ₹ 68.19 Lac (upto previous year ₹ 67.02 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.
14. 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, 2019. 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 has not been provided for in the accounts.
15. 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.
- 16.(a) The Company has adopted Accounting Standard 15 (Revised) on employees benefits with effect from 1<sup>st</sup> 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 2018-19 and 2017-18 :

Details in respect of Gratuity are as under:

(₹ in Lac)

Liability to be recognized in Balance Sheet	As on 31.03.2019	As on 31.03.2018
Present value of Obligations	829.98	884.72
Fair Value of Plan Assets		
Net Liability	829.98	884.72
Reconciliation of Opening and Closing Balances of Obligation		
Obligation as at beginning of the year	884.72	1129.23
Acquisition adjustment (Out)	-	(282.57)
Current Service Cost	52.58	50.21
Interest Cost	68.12	82.43
Actuarial Losses/(Gain)	(69.36)	(38.12)
Benefits paid	(106.08)	(56.46)
Obligations as at the end of the year	829.98	884.72
Expenditure to be recognized during the year		
Current Service Cost	52.58	50.21
Interest Cost	68.12	82.43
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains)/Recognized during the year	(69.36)	(38.12)
Total expenditure included in "Employees' Emoluments"	51.34	94.52
Assumptions		
Discount Rate (per annum)	7.59%	7.70%
Expected rate of Return on Assets (per annum)	0%	0%
Salary Escalation Rate	8.00%	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 1<sup>st</sup> 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 2018-19 and 2017-18:

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

(₹ in Lac)

Liability to be recognized in Balance Sheet	As at 31.3.2019	As at 31.3.2018
Present value of Obligations	45.44	44.11
Fair Value of Plan Assets	-	-
Net Liability	45.44	44.11
<b>Reconciliation of Opening and Closing Balances of Obligation</b>		
Obligation as at beginning of the year	44.11	75.21
Acquisition adjustment (Out)	-	(32.80)
Current Service Cost	5.67	3.90
Interest Cost	3.40	5.49
Actuarial Losses/(Gain)	(4.71)	(6.19)
Benefits paid	(3.03)	(1.50)
Obligations as at the end of the year	45.44	44.11
<b>Expenditure to be recognized during the year</b>		
Current Service Cost	5.67	3.90
Interest Cost	3.40	5.49
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains)Recognized during the year	(4.71)	(6.19)
Total expenditure included in "Employees' Emoluments"	4.36	3.20
<b>Assumptions</b>		
Discount Rate (per annum)	7.59%	7.70%
Expected rate of Return on Assets (per annum)	0%	0%
Salary Escalation Rate	8.00%	8.00%

17. 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, 2019			(₹ 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.	116.24	-	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		

As at 31 <sup>st</sup> March, 2018			(₹ 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.	71.64	-	71.64
(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		

\* No provision has been made for interest on dues of parties covered under MSME Act, 2006 for the period upto 31<sup>st</sup> March, 2019 in the books of account. Amount not ascertained.

18. 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.
19. (A)(a) 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 26<sup>th</sup> 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 inter-alia includes: (i) the bottler shall manufacture the products in accordance with the quality standards, standard manufacturing procedures, the process and other specifications laid down by MISIP from time to time and in such quantities as may be specified by MISIP from time to time (ii) the bottler shall procure the materials i.e. concentrates, spirit, flavouring agents, de-mineralised water, packages and levels from MISIP or from the suppliers suggested or recommended by MISIP (iii) products manufacturing by the bottler shall be supplied, dispatched or sold by the bottler as per the purchase orders procured by MISIP and bad-debts from direct indenters supplied on credit upon request by MISIP are to MISIP's Account (iv) MISIP will be responsible for working capital financing. Bottler shall open a bank account ("Account") which is to be operated jointly by the bottler and MISIP and all funds in the account shall belong to MISIP notwithstanding that the account may be in the name of the bottler (v) MISIP will reimburse the manufacturing expenses and pay manufacturing margin (i.e. 10% of the aggregate of the manufacturing expenses as reduced by statutory charges, taxes and duties and selling and distribution expenses) from the above account (vi) all payments received by the bottler for sale of products shall be credited to the account and manufacturing expenses incurred by the bottler, manufacturing margin shall be reimbursed by MISIP to bottler. Any surplus remaining in the account shall therefore be paid to the MISIP as fee.
- (b) In the opinion of the management, since the products are being manufactured and sold in the name of the bottler, the purchase invoices in respect of raw material, packing material and consumables and sales invoices for the finished goods are being issued in the name of the bottler, necessary compliances under various tax laws are also being done by the bottler and special bank account is also in the name of the bottler, the transactions of the above business of manufacture and sale of "Vodka and Whisky" was treated as part of books of account of the bottler and these have been included in sales, expenses, assets and liabilities of the bottler as stated in paragraph (c) below.
- (c) Balance Sheet and Statement of Profit and Loss of the bottler for the financial year ended 31<sup>st</sup> March, 2018 includes the following items relating to the above activities of manufacture and sale of "Vodka and Whisky":

<b>Balance Sheet</b>		<b>(₹ in Lac)</b>	
<b>Particulars</b>	<b>As at</b>		
	<b>31<sup>st</sup> March, 2018</b>		
Sundry Debtors (Net)			4,848.55
Bank Balances			720.04
Security Deposits			85.95
Closing Stock			2,309.61
Advance Recoverable			243.04
<b>Total Current Assets</b>			<b>8,207.19</b>
Less: Current Liabilities	1,989.58		
Credit Balance of MISIP	5,653.48		<b>7,643.06</b>
<b>Net Current Assets</b>			<b>564.13</b>
Recognized as net profit for the year instead of manufacturing margin			<b>564.13</b>
<b>IMPACT OF NET PROFIT</b>			<b>NIL</b>

**Statement of Profit and Loss** (₹ in Lac)

Particulars	2017-18	
Turnover (Net of discount)	23,083.43	
Other Income	37.28	<b>23,120.71</b>
Excise duty paid	10,550.74	
Cost of materials consumed	2,657.59	
Change in Inventories	(804.28)	
Employees Benefits Expenses	609.47	
Finance Costs	9.93	
Rates & Taxes	466.43	
Sales Promotional Expenses	1,282.53	
Depreciation	12.57	
Other Expenses	7,771.60	
<b>Total Expenses</b>		<b>22,556.58</b>
<b>Net Profit for the year</b>		<b>564.13</b>
Recognized as net profit for the year instead of manufacturing margin		<b>564.13</b>
<b>IMPACT OF NET PROFIT</b>		<b>NIL</b>

- (d) The Expert Advisory Committee of Institute of Chartered Accountants of India in an almost similar case do not agree with the above mentioned accounting treatment. The opinion is governed by the substance of the transaction and not by the legal form i.e. sales, purchases, assets and liabilities relating to such business controlled by the brand owners should not be recorded in the books of account of the Company even though supporting vouchers are in the name of the Company and the correct accounting treatment of the transactions in the books of account of the Company would be to recognize only

the fixed margin/charge received by it rather than to recognize sales and purchases of the business of manufacturing IMFL and also should not recognize any current asset or liabilities of the said business in its books of account. Further, the brand owners entitlement paid by the Company should be booked as a mere cash outflow. Further the Expert Advisory Committee had clarified that the opinion expressed by the committee is purely from the accounting point of view without consideration of any implication thereof, from the point of view of the provisions of TDS/TCS in the Income Tax Act 1961 or any other legal/statutory requirement.

- (B) The bottling agreement stated above was substantially amended w.e.f. 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 payments 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 - licence agreement, including rendering process services and marketing the products, the bottler shall pay to the company 'Licence Fee' equal to 12% of the revenue generated (Net of statutory charges levies, taxes and duties) from the sale of products.

In view of the amendments made which resulted in risk and reward being shifted to bottler, the transaction of manufacture and sale of "Vodka and Whisky" are being treated as part of books of account of the bottler with effect from 1<sup>st</sup> April, 2018 and are also in compliance with the opinion of Expert Advisory Committee of Institute of Chartered Accountants of India.

20. Consequent to the losses, the Company had been declared a Sick Industrial Company on 14<sup>th</sup> 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 28<sup>th</sup> 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 25<sup>th</sup> 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. The Company in its Board Meeting held on 20<sup>th</sup> 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 going concern basis.

- 21(a) No provision has been made for penal/delayed/simple/compound interest amounting to ₹ 46,034.19 Lac upto 31<sup>st</sup>

March, 2019 (for the year ₹ 4,094.61 Lac) on term borrowings of FIs and debentures.

- (b) 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.
- (c) The Sugar Unit of the Company has not made provision for interest (computed at 15.5% per annum) / bank charges amounting to ₹ 5891.33 Lac (for the year ₹841.04 Lac) on cash credit loan taken from Allahabad Bank in view of para (b) above.
- (d) 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 31<sup>st</sup> March, 2016 and the unit holds total interest provision of ₹ 732.41 Lac as on 31<sup>st</sup> March, 2016 resulting in the short provision of ₹ 718.24 Lac on simple interest basis.
- (e) No provision has been made for interest on Cash Credit amounting to ₹678.37 Lac (for the year ₹ 101.86 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.

- 22.(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 21<sup>st</sup> February, 2013 that "the writ petition is allowed and impugned order dated 22<sup>nd</sup> 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(11) (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 2<sup>nd</sup> May, 2008 at High Court, Lucknow Bench. The Company had filed an affidavit with the Court that BIFR had

passed an order dated 26<sup>th</sup> March, 2008 by virtue of which the Bench permitted the Commercial Tax Department, Government of U.P. to recover its outstanding dues, due after 30<sup>th</sup> 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(11)(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.

**23. Operating Leases:**

- (a) Electrode and Gas Units of the Company have taken following premises and Plant & Machinery on operating lease basis {Refer Note 27(11)(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 31<sup>st</sup> December, 2014 which was extended by one year in 2014-15. During the current financial year, the Company has further renewed this agreement for One year up to 31<sup>st</sup> 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. 1<sup>st</sup> 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. 1<sup>st</sup> April, 2016.
- (iii) Electrodes unit of the Company has taken premises for office cum guest house cum residence of Shri M.K. Modi in Chattarpur, New Delhi on operating lease basis and having sharing arrangement with WEIL with effect from 1<sup>st</sup> November, 2011 (for a period of two years and further extended till 31<sup>st</sup> December, 2016) at a monthly rent of ₹1.60 Lac with effect from 1<sup>st</sup> January, 2015 (our share net of recovery from Shri M.K. Modi).

- (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 1<sup>st</sup> June, 2012 for three years, has been further renewed for another 5 year w.e.f. 1<sup>st</sup> 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. Details as under:

Particulars	Evaporatorion Plant	
	2018-19	2017-18
Lease Period	3 Years	3 Years
Total Lease Rent Payable	180.00 Lacs	180.00 Lacs
Payable as on 31 <sup>st</sup> March, 2019	30.00 Lacs	90.00 Lacs
Payable during 2019-20	30.00 Lacs	60.00 Lacs
Payable during 2020-21 to not later than 5 years	Nil	30.00 Lacs

- (c) Modi Sugar Unit has entered with in 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	
	2018-19	2017-18
Lease Period	3 Years	3 Years
Total Lease Rent Payable	126.00 Lac	126.00 Lacs
Payable as on 31 <sup>st</sup> March, 2019	64.75 Lac	106.75 Lacs
Payable during 2019-20	42.00 Lac	42.00 Lacs
Payable during 2020-21 to not later than 5 years	22.75 Lac	64.75 Lacs

24. The Distillery Unit declared cessation and lock-out of the Unit with effect from 19<sup>th</sup> December, 1991 and 5<sup>th</sup> 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.
25. Provision/payments (including value of perquisites) has been made to Ex-Managing Directors for the remuneration of ₹80.68 Lac in terms of shareholders resolution, which is subject to approval of the Financial Institutions.
26. No provision has been made for Earned Leave for Steel Unit upto 1991-92, amount unascertained.
27. 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 18<sup>th</sup> 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.
28. 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 2018-2019 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.
  29. No confirmation letters were sent to debtors/creditors. In the absence of such confirmations, the balances in respect of Sundry Debtors/Creditors, borrowings 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.
  30. 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.
  31. 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.
  32. Modi Industries Limited ("the Company") was declared a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985, vide BIFR Order dated 14<sup>th</sup> March, 1991. Operating Agency IDBI, Mumbai (OA-IDBI) had forwarded its draft rehabilitation scheme to BIFR on 9<sup>th</sup> July, 2013. The approval of rehabilitation scheme

of the Company was pending, due to non consensus of Shri U.K. Modi and Shri M.K. Modi / parties before BIFR/AAIFR. Shri U.K. Modi and Shri M.K. Modi / parties also submitted their respective Draft Rehabilitation Scheme (DRS) in the month of December, 2015.

The Company had taken public deposits from public long ago. The Company was declared a SICK Company by the erstwhile BIFR vide Order dated 14<sup>th</sup> March, 1991, it could not pay public deposits due to heavy losses and negative net-worth. The public deposits were taken / considered in DRS by OA-IDBI which was forwarded to BIFR. Under the said scheme, interest on public deposits was prescribed upto date of maturity. DRS of Shri U.K. Modi and Shri M.K. Modi / parties confirm the same treatment. Terms and conditions governing the fixed deposits scheme also provides that interest shall cease on the date of maturity.

After coming into force of the Companies Act, 2013, with regard to payment of Fixed Deposits, as per Section 74, deposits accepted before the commencement of the Act (i.e. 1st April, 2014) shall be repaid within one year from the commencement of the Act i.e. upto 31<sup>st</sup> March, 2015. In compliance of Section 74 of the Act, Company had filed a petition before Company Law Board (CLB) on 31st March, 2015 which had been dismissed by Company Law Board vide its order dated 21st April, 2016.

After dismissal of petition, the Company on advice of consultant issued a Public Notice advertisement in two news papers, one in English 'The Financial Express' and second in Hindi 'The Hint', on 26<sup>th</sup> May, 2016 and also sent individual letter to all the deposit holders by regd./speed post on 2<sup>nd</sup> June, 2016 to take their payment within 30 days. After that exercise some deposit holders (66 Nos.) have taken their payment with interest upto date of maturity.

Against this order of CLB the Company has also filed an appeal before Hon'ble High Court, Allahabad on 23rd July, 2016.

Meanwhile, Ministry of Finance, Department of Financial Services has, vide its Notification No. S.O.3568(E) & S.O.3569(E) dated 25<sup>th</sup> November, 2016 repealed the SICA with effect from 1st day of December, 2016 and all the proceedings pending under the SICA (including the proceedings qua the Company) stood abated. Therefore BIFR & AAIFR have been dissolved.

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

Considering all the above facts, the Company has taken a legal opinion from Solicitors and Advocates, and pursuant to the said legal opinion, the Company has deposited the total out standing public deposit principal amount ₹ 60.86 Lac along with the interest upto date of maturity ₹. 19.73 Lac, total being ₹ 80.59 Lac with Investor and Education Protection Fund on 7<sup>th</sup> May, 2018. Company has also submitted the prescribed Form-IEPF-1 with Ministry on 9<sup>th</sup> May, 2018 and again afresh on 22<sup>nd</sup> May,

2018 and Ministry approved the same by an email on 12<sup>th</sup> June, 2018 {Refer Note 27(33)(B)(c)}.

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 14th May, 2018.

33. (A) **Exceptional Items of the current financial year:**

During the current 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. All the interest amount of ₹415.02 Lacs related for the period upto 31<sup>st</sup> March, 2018

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

(a) During the previous financial year ended 31<sup>st</sup> March, 2018, the Sugar Unit of the Company has paid interest of ₹1959.41 Lacs for the Sugar Season 2016-17 which includes interest of ₹593.93 Lacs approx for the period upto 31<sup>st</sup> March, 2017.

(b) During the previous year, the Company has offered a proposal of One Time Settlement (OTS) to SBI Mutual Fund, Bombay to redeem 50,000 Debentures held by them of ₹200/- each at 212% of principal amount. As per the terms of OTS, 10% amount be paid within 15 days and balance within 90 days.

The SBI Mutual Fund has agreed to the proposal of OTS of the Company. Company has paid 10% of OTS amount of ₹21.20 Lac on 23<sup>rd</sup> March, 2018 and the balance amount of OTS of ₹190.80 Lac has been paid fully after the close of the financial year. The excess interest provided on these 50,000 debentures upto 31<sup>st</sup> March, 2017 amounting to ₹488.48 Lac has been written back during the previous year.

(c) Till 31<sup>st</sup> March, 2000, simple interest on matured fixed deposits and interest upto date of maturity was provided in the books of accounts. With effect from 1<sup>st</sup> April, 2000, no provision has been made for interest on these fixed deposits in view of a legal opinion received by the Company to the effect that as per terms and conditions of Fixed Deposit Scheme, deposits do not carry any interest beyond due dates unless these are renewed. Since these deposits were never renewed after their due dates as such, the question of payment of interest after due dates does not arise at all. However, as a prudent measure, the provision made of ₹ 279.89 Lac in the past (net of payments) had been retained in the books of account as on 31<sup>st</sup> March, 2017. In view of the deposit of entire principal amount of Rs.60.86 Lac and interest upto date of maturity of Rs.19.73 Lac with Investor Education & Protection Fund on 7<sup>th</sup> May, 2018 as stated in Note 32, the excess provision of Rs.260.12 Lac lying in the books of account of the Company has now been written back during the previous year as an exceptional item.

34. Deferred Tax Assets are ₹ 7,138.91 Lac as on 31<sup>st</sup> March, 2019 (Previous year ₹6,514.56 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 31.3.2019	As at 31.3.2018
<b>Deferred Tax Assets :</b>		
(i) Disallowances under the Income Tax Act.	<b>1448.44</b>	1350.78
(ii) Provision for Doubtful Debts	<b>381.49</b>	309.58
(iii) Unabsorbed Depreciation	<b>425.92</b>	286.42
(iv) Unabsorbed Loss	<b>4883.06</b>	4567.78
<b>Total</b>	<b>7138.91</b>	6514.56
<b>Deferred Tax Assets (Net)</b>	<b>7138.91</b>	6514.56

35. 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(11)}.

36.(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 6<sup>th</sup> September, 2006. Since IDBI Limited did not respond, therefore the Company again wrote a letter to IDBI Limited on 5<sup>th</sup> 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.

- 37.(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 10<sup>th</sup> 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 7<sup>th</sup> 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 27<sup>th</sup> 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 18<sup>th</sup> 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 20<sup>th</sup> 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 21<sup>st</sup> 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 16<sup>th</sup> 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 Maharaja (supra). 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 ₹653.10 Lac for the period upto 31<sup>st</sup> March, 2019 for the Sugar Season 2015-16 has been made.
- (h) No provision for interest of ₹2191.01 Lac (Previous year ₹650.84 Lac for the period upto 31<sup>st</sup> March, 2019 for the Sugar Season 2017-18 has been made.
- (i) No provision for interest of ₹430.80 Lac for the period upto 31<sup>st</sup> March, 2019 for the Sugar Season 2018-19 has been made.
38. 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.

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

(₹ in Lac)

Particulars	2018-19	2017-18
Loss for the year as per annual accounts	2319.64	4211.36
Add: Dividend on Preference Shares	6.11	6.11
Total (A)	2325.75	4217.47
Number of Equity Shares issued (B)	33,09,214	33,09,214
Earning per share (in ₹) (A)/(B)	(70.28)	(127.45)
Face Value of Equity Share in Rupees	10	10

40. **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 Mahendra Kumar Modi

Shri Umesh Kumar Modi

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 Pvt. Limited

Win-Medicare Pvt. Limited

Modi Motors Private Limited

Modi Illva India Pvt. Ltd.

Modi Line Travel Services Pvt. Ltd.

Modi Mundipharma Beauty Products Pvt. Ltd.

Modi Senator (I) Pvt. Limited

Jayesh Tradex Pvt. Limited

A to Z Holding Pvt. Limited

4. Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2019 :

(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)	
	2018-19	2017-18
<b>Sale of Goods</b>		
SBEC Sugar Limited	10.32	0.83
Win Medicare Private Limited	1.70	0.95
Modi Illva India Private Limited	0.52	0.57
	<b>12.54</b>	<b>2.35</b>
<b>Purchase of Goods/Raw Materials</b>		
SBEC Sugar Limited	15.30	1.68
Jayesh Tradex Private Limited	85.51	35.16
Modi Hitech India Limited	17.01	20.30
Modi Motors Private Limited	3.01	-
Modi Mundi Pharma Beauty Products Private Limited.	13.53	2.55
Others	0.04	-
	<b>134.40</b>	<b>59.69</b>
<b>Purchase of Assets</b>		
Jayesh Tradex Private Limited.	3.37	7.44
<b>Purchase of Foreign Currency</b>		
Moderate Leasing & Capital Services Limited	2.18	0.50
<b>Rental Income</b>		
Win Medicare Private Limited.	77.49	78.00
Modi Motors Private Limited.	12.00	12.00
Modi Mundipharma Private Limited	10.89	10.95
SBEC Sugar Limited	0.15	0.15
Modi Mundi Pharma Beauty Products Private Limited.	0.36	0.33
Others	0.33	0.33
	<b>101.22</b>	<b>101.76</b>
<b>Payment of Lease Rent</b>		
SBEC Bio-energy Limited	9.49	9.23
<b>Expenses reimbursed</b>		
Win Medicare Private Limited	0.30	0.38
SBEC Bioenergy Limited	-	0.05
Moderate Leasing & Capital Services Limited	-	0.04
Jayesh Tradex Private Limited.	0.89	-
	<b>1.19</b>	<b>0.47</b>
<b>Expenses realised</b>		
SBEC Sugar Limited	0.03	-
<b>Interest paid on Loan taken</b>		
Moderate Leasing & Capital Services Limited	491.53	558.28
<b>Loan and Advances taken</b>		
Moderate Leasing & Capital Services Limited	1240.38	2598.55
<b>Receiving of Services</b>		
Modi Line Travel Services Private Limited	27.06	21.08
<b>Fund received</b>		
SBEC Sugar Limited	20.00	29.73
<b>Refund of Loan and Advance</b>		
Moderate Leasing & Capital Services Limited	3392.84	2073.77

	(₹ in Lac)	
	2018-19	2017-18
<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	20.22	24.68
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	88.32	-
<b>Amount payable</b>		
Weld Excel India Limited {Foot Note 1(b)}	323.15	323.15
SBEC Sugar Limited	642.99	618.03
SBEC Bioenergy Limited	10.27	10.95
Modi Mundi Pharma Beauty Products Private Limited.	34.06	20.52
Jayesh Tradex Private Limited	32.20	12.30
Modi Hitech India Limited	22.83	6.70
Modi Line Travel Services Private Limited.	4.45	2.90
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	-	2257.49
Weld Excel India Limited {Foot Note 1(b)}	45.00	45.00
<b>(C) Payment to the Key Management Personnel:</b>		(₹ in Lac)
	Year	
	2018-19	2017-18
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 2017-18 and 2018-19 in view of non-incorporation of financial statements of these units and CAD {Note No. 27(11)}.  
Balance outstanding as on 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2019 of related parties in the books of these units/CAD are not available. Hence, as stated in Note No. 27(11)(b) above, balances outstanding as on 31<sup>st</sup> 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. 1<sup>st</sup> 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. 1<sup>st</sup> 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 1<sup>st</sup> November, 2011 (for a period of two years and further extended till 31<sup>st</sup> December, 2016) at monthly rent of ₹1.60 Lac with effect from 1<sup>st</sup> 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 1<sup>st</sup> May, 2009 (for the period five years and further extended on 1<sup>st</sup> 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 1<sup>st</sup> January, 2012 at again monthly rent of ₹1.00 Lac was renewed for period of one year from 1<sup>st</sup> January, 2015 to 31<sup>st</sup> December, 2015. Lease period subsequently extended for one more year w.e.f. 1<sup>st</sup> January, 2016 at the same rent at monthly rent of ₹1.00 Lac. {Refer Foot Note No.1(b) above}.
6. Unsecured Security deposits amounting to ₹798.30 Lac as on 31<sup>st</sup> 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 1<sup>st</sup> 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 27<sup>th</sup> August, 2010 directing to maintain 'Status quo' with regard to the Management of the Company. An application was filed on 28<sup>th</sup> 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 31<sup>st</sup> March, 2019 were in the ordinary course of business and were also on arm's length basis.

41. 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.
42. Impairment of fixed assets, if any, as per Accounting Standard AS-28 i.e. impairment of assets has not been ascertained in Sugar Unit.
43. Impact of componentization of fixed assets and ascertaining useful life and original cost/estimated value of such components as on 1<sup>st</sup> 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 31<sup>st</sup> March, 2016, 31<sup>st</sup> March, 2017, 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2019 are yet to be ascertained by the Management.
44. During the Previous Financial Year, short term unsecured interest free advances amounting to ₹30.00 Lac were given to a Party during the period April, 2017 to March, 2018 which is outstanding as on 31<sup>st</sup> March, 2019.
45. The Sugar Unit of the Company has taken loan (net of repayments) of Rs.75 lac from Dwarka Investments Pvt. Ltd. (earlier known as Excel Infotech Limited) during the financial year 2009-10 and interest accrued as on 31<sup>st</sup> March, 2017 amounts to ₹47.96 Lac. These amounts have been written back during the previous financial year since the management is of the opinion that these are not payable now.
46. Previous year's figures have been regrouped wherever necessary.
47. Pursuant to directions received from Reserve Bank of India, Main object clauses of both the subsidiary companies were amended as on 16<sup>th</sup> 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.
48. 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.
49. **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(11)).
  - (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 24<sup>th</sup> January, 1993 due to strike/lock-out. In the meanwhile, opening balances (Assets and Liabilities) of the unit as on 1<sup>st</sup> 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	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)
<u>Add:</u>				
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)
<u>Less:</u>				
Interest Expenses				677.28
Unallocable Expenses (Net)**				112.04
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 Rs 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>				31895.20
Segment Liabilities	28416.65	15463.39	0.92	43880.96
Steel Unit*	-	-	-	6260.67
Other un-allocable liabilities**	-	-	-	3816.88
<b>Total Liabilities</b>	-	-	-	#53958.51
Secured/Unsecured Loan/DPG (Including interest accrued)	-	-	-	12321.08
<u>Capital Expenditure :</u>	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(49)(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.

(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	26279.99	13299.31	-	39579.30
Less: Inter Segment Revenue	96.49	-	-	96.49
Total Sales/Income from Operation	26183.51	13299.31	-	39482.82
Segment Result	(2107.77)	366.92	(1.07)	(1741.92)
<u>Add:</u>				
i) Profit of Steel Unit #				22.54
ii) Interest Income				76.94
iii) Profit on sale of Fixed Assets				183.26
iv) Amount Written Back				132.69
				(1326.49)
<u>Less:</u>				
Interest Expenses				565.41
Unallocable Expenses (Net)**				53.29
Exceptional Items:				
Electricity Expenses for earlier Years				(1055.06)
Interest on Cane Arrears				(1959.41)
Excess provision for Interest written back				748.60
Profit/(Loss) before Tax				(4211.06)
Less: Provision for Tax				0.30
Profit/(Loss) after Tax				(4211.36)

# Excludes inter-unit rental income of ₹ 79.79 Lac.

\*\* Includes Corporate Office of the Company.

**OTHER INFORMATION :**

(₹ in Lac)

Particulars	Sugar	Distillery	Investment operations	Total
Segment Assets	10,597.27	9274.06	3.50	19874.83
Steel Unit*				3,372.23
Investments				625.72
FD with Banks & Interest Accrued	1.27	130.59	28.22	160.68
Other un-allocable assets**				3148.04
<b>Total Assets</b>				<b>25,471.27</b>

(₹ in Lac)

Particulars	Sugar	Distillery	Investment operations	Total
Segment Liabilities	27280.79	9115.77	0.70	36397.26
Steel Unit*				6260.67
Other un-allocable liabilities**				3368.37
<b>Total Liabilities</b>				<b>#46,026.29</b>
Secured/Unsecured Loan/DPG (Including interest accrued)				13,054.19
<u>Capital Expenditure :</u> (Including Under Erection and acquired under finance lease) on Segment Assets	157.97	173.78	-	331.75
Depreciation	165.31	49.51	-	214.82

## NOTES :

\* Refer Note 27(49)(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 1325.82 Lac being unreconciled credit balance of Steel, Electrode, Paints, Gas Units and MD office included in other current liabilities i.e. Note No. 8.

- 49 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.	(100.20)	(26,008.16)	100.025	(2320.28)
<b>Subsidiaries</b>				
<b>Indian</b>				
Own Investment (India) Ltd.	0.07	18.22	0.004	0.10
Your Investment (India) Ltd.	0.13	33.93	0.021	0.54
Minority interest in all subsidiaries	-	0.05	-	-

As per our report of even date.

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

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

**Umesh Kumar Modi**  
(DIN-00002757)  
Director

**Rakesh Kumar Modi**  
(DIN-00022386)  
Director

**Abhishek Modi**  
(DIN-00002798)  
Director

**Laxman Prasad**  
Partner  
Membership No. 013910

Dated : 14th November, 2019  
Place : Modinagar



**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.: 01232-231755,243115  
 CIN : U15429UP1932PLC000469 Email : modiindustrieslimited@gmail.com  
 Registered Office : MODINAGAR-201204 (U.P.) Website : www.modiindustries.net

Name of the member(s)	
Registered address	
E-mail ID	
DP ID/CLID/Folio No.	

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 85th Annual General Meeting of the Company, to be held on **Wednesday, the 18th December, 2019 at 12.30 P.M. at Modi Industries Transit House (Modi Industries Complex), 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 :

	Resolutions	For	Against
1.	Consider and adopt :		
	(a) Audited Standalone Financial Statements, Report of the Board of Directors and Auditors.		
	(b) Audited Consolidated Financial Statements and Auditors Report		
2.	Re-appointment of the following Directors, retiring by rotation:		
	(a) Shri Rakesh Kumar Modi		
	(b) Shri Abhishek Modi		
3.	Retification of remuneration payable to Cost Auditors.		

Signed this.....day of .....2019

Signature of First Proxy Holder : .....

Signature of Second Proxy holder: .....

Signature of Thired Proxy holder : .....

Affix revenue stamp or ₹ 1.00
--

**NOTE :**

This form of proxy in roder 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 Meeting

.....  
Signature of Shareholder





### Route Map of the Venue of the 84th Annual General Meeting



Modi Industries Ltd., Transit House (Modi Industries Complex) **Opposite Modi Mandir, Modi Nagar.**



**BY COURIER**

**ANNUAL REPORT 2018-19**

*If underlivered please return to :*  
**MODI INDUSTRIES LIMITED**

CIN : U15429UP1932PLC000469

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

Tel.: 01232-231755,243115

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

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