



MODI INDUSTRIES LIMITED

75th Annual Report and Accounts 2008–09

CONTENTS

Board of Directors, Secretary, Bankers, Auditors and Registered Office	2
Notice	3
Directors' Report	7
Auditors' Report	15
Balance Sheet	21
Profit & Loss Account	22
Schedules (1 to 15)	23
Cash Flow Statement	42
Subsidiaries	43

MODI INDUSTRIES LIMITED, MODINAGAR

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

BOARD OF DIRECTORS

MANAGING DIRECTORS

Shri Mahendra Kumar Modi
Shri Umesh Kumar Modi

DIRECTORS

Shri Krishan Kumar Modi
Shri Vinay Kumar Modi
Shri Rakesh Kumar Modi
Shri Suraj Parkash Modi
Shri Manish Modi
Shri Abhishek Modi
Shri Santosh Kumar Aggarwal
Shri Krishna Kumar Jain

COMPANY SECRETARY

Shri Ajay PS Saini

BANKERS

Allahabad Bank
Punjab National Bank
State Bank of India
Citi Bank N.A.

AUDITORS

M/s. P.R. Mehra & Co.,
Chartered Accountants,
56, Darya Ganj, New Delhi.

STOCK EXCHANGES

The UP Stock Exchange Association Limited,
14/113, Padam Towers,
Civil Lines, Kanpur, U.P.-208001
Delhi Stock Exchange Limited,
DSE House, 3/1 Asaf Ali Road,
New Delhi-110002

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.

NOTICE

NOTICE is hereby given that the 75th Annual General Meeting of Modi Industries Limited will be held on **Tuesday, the 29th September, 2009, at 3.00 P. M. at Modi Industries Transit House (Modi Industries Complex), Modinagar,** to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date and the reports of the Directors' and Auditors' thereon.
2. To appoint Directors, who retire by rotation and being eligible, offer themselves for reappointment and to consider and, if thought fit, to pass, with or without modification(s), the following Resolution(s) as ordinary resolution(s):
 - (a) **"RESOLVED** that Shri Vinay Kumar Modi, who retires by rotation and is eligible for reappointment be and is hereby reappointed as Director of the Company."
 - (b) **"RESOLVED** that Shri Santosh Kumar Aggarwal, who retires by rotation and is eligible for reappointment be and is hereby reappointed as Director of the Company."
 - (c) **"RESOLVED** that Shri Krishna Kumar Jain, who retires by rotation and is eligible for reappointment be and is hereby reappointed as Director of the Company."
3. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED as a Special Resolution that pursuant to the provisions of Section 224-A and other applicable provisions, if any, of the Companies Act, 1956, M/s. P.R. Mehra & Co., Chartered Accountants, New Delhi, the retiring Auditors, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration as may be determined by the Board of Directors plus applicable Service Tax payable to them together with out of pocket expenses actually incurred by them in connection with the Statutory Audit of the Company."

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions as Ordinary Resolutions:
 - (a) **"RESOLVED** that pursuant to the provisions of Sections 198, 269, 316 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the shareholders of the company be and is hereby accorded to the reappointment of Shri Mahendra Kumar Modi as Managing Director of the Company for a further period of five years with effect from 1st November, 2009, on the terms and conditions contained in item No. 5 of the Notice."
 - (b) **"RESOLVED** that pursuant to the provisions of sections 269, 316 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the shareholders of the Company be and is hereby accorded to the reappointment of Shri Umesh Kumar Modi as Managing Director of the Company for a further period of five years with effect from 1st March, 2011 without any remuneration."
5. To consider and if thought fit, to pass, with or without modification, as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Shareholders of the Company be and is hereby accorded subject to the prior approval of Central Government to the payment of remuneration to Shri Mahendra Kumar Modi as Managing Director of the Company as stated hereunder for three years with effect from 1st November, 2009:
Salary Rs.2,00,000/- per month.
Perquisites:

CATEGORY 'A':

- i) **HOUSING:** Housing including Gas, Electricity, Water and Furnishings.
PROVIDED, however, that the expenditure on hiring unfurnished accommodation and the expenditure incurred on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules.
- ii) **MEDICAL:** Expenses incurred for self and family subject to a ceiling of one month's salary per year.
- iii) **LEAVE TRAVEL CONCESSION:** For self and family in India in accordance with the Rules of the Company.
- iv) **CLUB FEES:** Fees of Clubs subject to a maximum of two Clubs.
- v) **PERSONAL ACCIDENT INSURANCE PREMIUM AND/OR GROUP INSURANCE PREMIUM:** As per Company Policy.

CATEGORY 'B':

- i) **PROVIDENT FUND AND SUPERANNUATION FUND:** Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Rules of the Company.
- ii) **GRATUITY:** Half-a-month's salary for each completed year of service.
- iii) **LEAVE ENCASHMENT:** Encashment of leaves at the end of the tenure.
PROVIDED however that (i) the contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent that these either singly or put together are not taxable under the Income Tax Act, (ii) Gratuity, and (iii) Leave encashment shall not be included in the computation of ceiling on perquisites.

CATEGORY 'C':

He shall also be entitled for the following, which will not be considered as perquisites:

- i) Provision of a car with driver for company's business.
- ii) Two Telephones at his residence and one Mobile phone.
He shall also be entitled to the reimbursement of all the expenses actually and properly incurred by him for or in connection with the company's business.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to review the remuneration payable to Shri Mahendra Kumar Modi as Managing Director of the Company in the event of profit arising henceforth in the company during any financial year subject to relevant provisions of the Companies Act, 1956.

RESOLVED FURTHER that Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution and to make necessary alterations, if any, that may be made by the Central Government in the remuneration."

6. To consider and if thought fit, to pass, with or without modification, as Ordinary Resolution:
"RESOLVED that excess borrowings of Rs. 11.10 crores made by the Company during the financial year 2008-09 be and are hereby ratified thus extending the limit of borrowing under Section 293(1)(d) of the Companies Act, 1956 to Rs. 61.10 crores.

RESOLVED FURTHER that in supersession of the Resolution adopted at the Extraordinary General Meeting of the Company held on 18th November, 1989 and pursuant to the provisions contained in the Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the company be and are hereby authorized to borrow moneys from time to time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) provided that the total amount of such borrowings together with the amounts already borrowed and outstanding shall not exceed Rs.100 Crores (Rupees one hundred crores only)."

BY ORDER OF THE BOARD
for **MODI INDUSTRIES LIMITED**

MODINAGAR

Dated: 26th August, 2009

(**AJAY PS SAINI**)
Company Secretary

NOTES:

1. A member, entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself, a proxy need not be a member of the company. The Proxy Form, duly completed and signed, should reach the Company's Registered Office atleast 48 hours before the time fixed for the meeting. The Proxy Form is enclosed.
2. Explanatory Statement in respect of Item Nos. 4, 5 and 6 of the Notice as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
3. Brief resume of Directors seeking reappointment at the Annual General Meeting are annexed hereto.
4. The Register of Members of the Company will remain closed from 24th September, 2009 to 29th September 2009 (both days inclusive).
5. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Sundays and Bank Holidays, between 9.00 A.M. to 11.00 A.M. upto the date of the Annual General Meeting.
6. Shareholders are requested to intimate change in their address, if any, to the company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 **ITEM NO. 4 (a) & 4(b)**

The term of office of Shri Mahendra Kumar Modi and Shri Umesh Kumar Modi, Managing Directors of the company, will expire on 31st October, 2009 and 28th February, 2011 respectively. Considering the efforts made by them to enhance the manufacturing capacity, substantial improvement in the performance of the company, the Board has, subject to your approval, reappointed them as Managing Directors of the Company for a further period of 5 years, Shri Mahendra Kumar Modi with effect from 1st November, 2009 on the remuneration and perquisites as contained in Item No. 5 of the Notice hereof and Shri Umesh Kumar Modi with effect from 1st March, 2011 without any remuneration.

Shri Mahendra Kumar Modi, who is proposed to be reappointed as Managing Director of the Company, is also Managing Director of Modipon Limited and draws no remuneration from that company.

None of the Directors except Shri Mahendra Kumar Modi and Shri Manish Modi being son of Shri Mahendra Kumar Modi are concerned or interested in this resolution No. 4(a) and 5.

Shri Umesh Kumar Modi, who is proposed to be reappointed as Managing Director of the Company, is also Managing Director of Bihar Sponge Iron Limited and draws remuneration from that company. Hence no remuneration is proposed to be paid to him.

Shri Krishan Kumar Modi, Shri Vinay Kumar Modi and Shri Abhishek Modi, Directors of the company, are relatives of Shri Umesh Kumar Modi and as such they are deemed to be interested in the reappointment of Shri Umesh Kumar Modi, as Managing Director of the company, as proposed in Resolution No. 4(b).

Pursuant to the requirement of Section 302 of the Companies Act, 1956, copies of abstract of terms and conditions of reappointment of Managing Directors were posted to members of the company.

ITEM NO. 5

Shri Mahendra Kumar Modi was appointed as Managing Director of the company w.e.f 1st November,1969 and subsequently renewed from time to time. The reappointment of Shri Mahendra Kumar Modi as Managing Director of the company was last approved in the Annual General Meeting of the company held on 30th September, 2004 w.e.f 1st November, 2004 to 31st October, 2009 i.e. for five years without remuneration. However, at the 74th Annual General Meeting of the company held on 27th September,2008, the shareholders approved the remuneration subject to approval of Central Government, the basic salary of Rs. 75,000/- per month plus perquisites to Shri Mahendra Kumar Modi w.e.f from 1st October, 2008 for his remaining term i.e upto 31st October, 2009. The approval for payment of remuneration to Shri Mahendra Kumar Modi is pending before the Central Government.

Shri Mahendra Kumar Modi has been working as Managing Director of the Company for the last 39 years and has been managing the affairs of Electrodes, Vanaspati, Paint, and Gas units of the Company.

Shri Mahendra Kumar Modi who is 65 years of age qualified as B.Sc (Chem. Engg), A.I.C.E from Banaras Hindu University, securing first division and first position and is a Gold Medalist. He had completed the course on Managing International Collaboration from Harvard University, Graduate School of Business Administration in May,1994.He was conferred Doctor of Science Honoris Causa by Ch. Charan Singh University, Meerut (U.P) in 1996.

Considering the efforts made by the Managing Director to enhance the manufacturing capacity, substantial improvement in the performance of the company, and keeping in view the inflationary pressure, cost of living, his qualification and also the comparative remuneration in the industry, the Remuneration Committee approved and recommended to the Board for payment of basic salary of Rs.2,00,000/- per month plus perquisites to Shri Mahendra Kumar Modi for a period of three years with effect from 1st November, 2009. Accordingly, the Board of Directors had approved the payment of said remuneration subject to your approval and prior approval of Central Government.

I. GENERAL INFORMATION:

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

Financial Parameters

(Rupees in lacs)
Year ended 31.3.2009

Sales (Net of Excise Duty) and Other Income.	22537.03
Profit before interest, Depreciation & Income Tax	926.46
Interest & Finance Charges	551.06
Depreciation	470.16
Loss for the year before Extra Ordinary Items & Provision for Tax.	94.76
Provision for Tax	
- Fringe Benefit Tax	30.49
- Wealth Tax	-
Loss for the year before Extra Ordinary Items.	125.25
Extra Ordinary Items (Molasses Storage Fund)	3.49
Loss of Steel Unit for Previous Years	687.81
Depreciation written back for earlier years on currency exchange fluctuation.	-
Interest written back for earlier years on currency exchange fluctuation.	-
Loss for the year carried to Balance Sheet.	816.55
5. Export performance and net foreign exchange collaborations	-
6. Foreign Investments or collaborators, if any.	-

II. INFORMATION ABOUT THE APPOINTEE:

- (1) **Background details:** Shri Mahendra Kumar Modi is qualified as B.Sc (Chem. Engg), A.I.C.E from Banaras Hindu University, securing first division and first position and is a Gold Medalist. He had completed the course on Managing International Collaboration from Harvard University, Graduate School of Business Administration in May,1994. He has undertaken practical training in the plants and offices of Messrs Lurgi Gesellschaft Mineraloltechnik GmbH, Frankfurt (Main), West Germany to equip himself with the latest technology and expertise in the Industry. He is on the board of other companies.
- (2) **Past remuneration:** Shri Mahendra Kumar Modi presently is not drawing remuneration from any other company. At the 74th Annual General Meeting of the company held on 27th September,2008, the shareholders approved subject to approval of Central Government, the basic salary of Rs. 75,000/- per month plus perquisites to Shri Mahendra Kumar Modi w.e.f from 1st October, 2008 for his remaining term i.e upto 31st October, 2009. The approval for payment of remuneration to Shri Mahendra Kumar Modi is pending before the Central Government.

- (3) **Recognition of awards:** Shri Mahendra Kumar Modi was conferred Doctor of Science Honoris Causa by Ch. Charan Singh University, Meerut (U.P) in 1996.
- (4) **Job profile and his suitability:** He is working as Managing Director of the company. He has given his valuable contribution towards continuous growth of the company over the years. He is also Managing Director of Modipon Limited.
- (5) **Remuneration proposed:** Details of the proposed remuneration is given in Item no. 5 of the notice convening the 75th Annual General meeting of the company.
- (6) **Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person:** In the similar sized company in the business of Sugar, Distillery, Electrodes and Paints and having similar turnover of more than Rs. 250 crores, remuneration is ranging between Rs. 48 Lacs to 84 Lacs per annum.
- (7) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Shri Mahendra Kumar Modi is one of the promoters and Managing Director of the Company. Shri Manish Modi, Director, is his son.

III. OTHER INFORMATION:

- (1) **Reasons of loss or Inadequate profits:** Despite of increase in turnover every year, the profitability has suffered due to heavy accumulated losses as the Company is a Sick Industrial Company declared by BIFR.
- (2) **Steps taken or proposed to be taken for improvement:** The Management of the company has continuously making serious efforts to prepare a rehabilitation scheme for the revival of the company and to take it out from the BIFR.
- (3) **Expected increase in productivity and profits in measurable terms:** The company expects to achieve turnover of Rs. 300 Crores and operational profit of approx. Rs.3.50 Crores for the year 2009-10.

Since payment of remuneration to the Managing Director requires approval of the shareholders by way of special resolution in terms of the provisions of Schedule XIII of the Companies Act, 1956, therefore, the Board recommends this resolution to be passed as a special resolution.

The terms of reappointment had already been sent to the members of the company by post and further the terms contained in the said resolution may be treated as an abstract of terms and conditions of the appointment of the said managing directors u/s 302 of the Companies Act, 1956.

None of the directors except Shri Mahendra Kumar Modi and Shri Manish Modi being son of Shri Mahendra Kumar Modi are interested or concerned in the resolution.

ITEM NO. 6

The company passed an ordinary resolution in the Extra-ordinary General Meeting of the Company held on 18th November, 1989, according its consent within the meaning of Section 293(1)(d) of the Companies Act, 1956, that the Board of Directors can borrow money upto the extent of Rs. 50.00 crores only. The maximum borrowings of the company during the financial year 2008-09 were Rs.61.10 Crores which are in excess of limit of Rs.50.00 Crores. The resolution is placed before the shareholders for their ratification and approval.

The said limit of borrowing has since been exhausted. The company has been declared sick by BIFR vide order dated 14th March, 1991. After becoming Sick Company, no Bank/Financial Institution has granted any loan or financial assistance to the company and the company has to borrow funds from other sources or companies for its Working Capital requirement from time to time. It is, therefore, necessary to raise the said limit of borrowings within the meaning of Section 293(1)(d) of the Companies Act, 1956, to Rs.100.00 Crores. The directors recommend the resolution for shareholders' approval.

None of the directors of the Company is concerned or interested in the Resolution.

BRIEF RESUME, EXPERIENCE AND OTHER DIRECTORSHIP

Information of Directors retiring by rotation seeking reappointment at this Annual General Meeting are given hereunder:

SHRI VINAY KUMAR MODI

Shri Vinay Kumar Modi has been a Director of the Company since 29th April, 1967. He is a first class Bachelor of Technology (Chemical Engineering) from the Indian Institute of Technology, Kanpur. He is a leading Industrialist and has vast experience in various industries. He holds directorship/membership of Committees of the Board in the following other Public Limited Companies:

1. Gujarat Guardian Limited
2. Man Diesel India Limited
3. Modi Rubber Limited

He holds 25,477 Equity shares and 8 Redeemable Cumulative Preference Shares of the company in his name.

SHRI SANTOSH KUMAR AGGARWAL

Shri Santosh Kumar Aggarwal has been a Director of the Company since 27th January, 2007. He is a Bachelor of Arts and Bachelor of Law as well. He is an Advocate practicing since 1972 in the High Court of Delhi and in the Supreme Court of India. He deals in revenue matters specially in Taxation. He is not a Director/Committee Member of any other listed company. He holds 100 equity shares of the company in his name.

SHRI KRISHNA KUMAR JAIN

Shri Krishna Kumar Jain has been a Director of the Company since 27th January, 2007. He is fellow member of The Institute of Chartered Accountants of India and Law Graduate and has more than 42 years experience in Accounts, Taxation and Company Law matters. He is also a Director/Member of Committees of Board of Directors of Bihar Sponge Iron Limited. He holds 100 equity shares of the company in his name.

BY ORDER OF THE BOARD
for **MODI INDUSTRIES LIMITED**

MODINAGAR

Dated: 26th August, 2009

(**AJAY PS SAINI**)
Company Secretary

DIRECTORS' REPORT

To,
The Shareholders,

The Directors of your Company hereby present the 75th Annual Report together with the Audited Statement of Account of the Company and the Auditors' Report thereon for the year ended on 31st March, 2009. The working results of the year are summarised as under :

DESCRIPTION	YEAR ENDED 31.3.2009 Rs.Lacs	YEAR ENDED 31.3.2008 Rs.Lacs
GROSS SALES & OTHER INCOME	31,060.60	35,376.94
PROFIT BEFORE INTEREST AND DEPRECIATION	926.46	637.87
Less:		
Interest	551.06	246.32
Depreciation	470.16	451.93
	<u>1021.22</u>	<u>698.25</u>
LOSS BEFORE TAX	94.76	60.38
Less: Provision for Taxation (FBT)	30.49	44.44
LOSS FOR APPROPRIATION	125.25	104.82
Transferred to Molasses Storage Fund	3.49	5.32
LOSS FOR THE YEAR	128.74	110.14
Loss of Steel Unit for the previous years	687.81	58.56
NET LOSS	816.55	168.70

DIVIDEND:

On account of accumulated losses, your Directors are not in a position to recommend any dividend for this year.

PERFORMANCE OF THE UNITS FOR THE YEAR UNDER REPORT :

(a) SUGAR UNIT:

The cane crushing in the year under review was 47.49 Lacs qtls as against 69.03 Lacs qtls in last year. The main reason of low crushing was low production of sugarcane due to reduction in cane area coupled with reduction in yield of sugarcane per acreage of cane area. Sugar recovery in the year under review was 9.06% as against 10.28% in last year.

Market sentiment during the financial year remained bullish due to mismatch between supply and demand of sugar, improving sales realization positively but low crushing coupled with higher cane cost and low recovery has resulted in loss of Rs.1480.20 Lacs as against loss of Rs.896.85 Lacs in the last year.

(b) **DISTILLERY UNIT:** During the year, the production of Spirit(RS) was 2856 KL as compared to last year 4559 KL. However, due to better sales realization the unit has reported net profit of Rs 423.73 Lacs during the current year as against a profit of Rs. 186.89 Lacs in the last year.

(c) **ELECTRODE UNIT:** Sales of the unit registered a growth of 23.58% to Rs.85.54 crores. The profit of the unit increased by 57.65% to Rs.10.97 crores.

(d) **GAS UNIT:** Net sales of the unit at Rs.6.55 crores registered a growth of 20% over last year. Profitability was satisfactory.

(e) **PAINT UNIT:** The unit registered a growth both in water base and solvent base products. Overall the company had a growth in excess of 20% over last year.

FIXED DEPOSITS:

The deposits of 2240 depositors amounting to Rs.158.34 Lacs including interest thereon till the date of maturity was claimed, but remained unpaid as on 31st March, 2009. The company will repay its fixed depositors as per final orders of BIFR that may be passed.

The deposits of 171 depositors amounting to Rs. 11.25 Lacs including interest thereon till the date of maturity remained unclaimed as on 31st March, 2009

DEBENTURES:

Debentures worth Rs. 737.36 Lacs are due for payment as on 31st March, 2009. The Company will repay to debenture holders as per final orders of BIFR that may be passed.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, in respect of all units of the company (excluding Balance Sheet of Steel Unit - refer note 4 of Schedule 15 of Annual Accounts) it is hereby confirmed:

- i) that in the preparation of the annual accounts, 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 at the end of the financial year and of the profit or loss 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.

DIRECTORS:

Shri Vinay Kumar Modi, Shri Santosh Kumar Aggarwal and Shri Krishna Kumar Jain are due to retire by rotation this year and being eligible, offer themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE:

As required under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Conservation of Energy in Form 'A' pertaining to Sugar Unit is annexed hereto. The particulars relating to Technology Absorption in Form 'B' and of the Foreign Currency in Form 'C', are annexed hereto for the units, wherever applicable.

PARTICULARS OF EMPLOYEES:

Particulars of employees as required to be given under provisions of the Section 217(2A) of the Companies Act, 1956 (as amended) read with Companies (Particulars of Employees) Rules 1975, are annexed and forms part of this report.

SUBSIDIARY COMPANIES:

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts alongwith the report of the Board of Directors of the Subsidiary Companies, namely, Your Investment (India) Limited and Own Investment (India) Limited

and the respective Auditors' Report thereon for the year ended on 31st March, 2009, and a statement thereon are annexed.

LISTING AGREEMENT:

The securities of the Company are listed with The U.P. Stock Exchange Association Limited, Kanpur as a Regional Exchange and Delhi Stock Exchange Limited, New Delhi. The Company has paid the Annual Listing Fees to each Exchange.

APPOINTMENT OF AUDITORS:

M/s. P. R. Mehra & Co., Chartered Accountants, the retiring auditors, being eligible, offer themselves for reappointment. The appointment of auditors has to be done by a Special Resolution in terms of Section 224A of the Companies Act, 1956.

AUDITORS' REPORT:

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.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion & Analysis Report is annexed and forms part of this report.

CORPORATE GOVERNANCE:

The report on the Corporate Governance together with the Auditors' Certificate thereon are annexed hereto and forms part of this report. All Board members and Senior Management

personnel have affirmed compliance with the code of Conduct for the year under review.

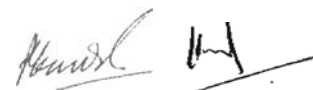
LABOUR RELATIONS:

The labour management relations generally remained harmonious.

ACKNOWLEDGEMENT:

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, you have placed in this 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



(M.K. MODI) (U.K. MODI)
MANAGING DIRECTORS

NEW DELHI
Dated:26th August, 2009

**ANNEXURE TO DIRECTORS' REPORT
PARTICULARS REQUIRED UNDER THE COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

FORM 'A': DISCLOSURE OF PARTICULARS WITH RESPECT OF CONSERVATION OF ENERGY.

PARTICULARS

	S U G A R	
	Year Ended on 31.3.2009	Year Ended on 31.3.2008
(A) POWER & FUEL CONSUMPTION		
(1) ELECTRICITY		
(a) Purchased unit	—	—
Total Amount (Rs.)	—	—
Rate/Unit (Rs.)	—	—
(b) Own Generation Through Diesel Generator :		
Unit	1010126	958039
Unit per Ltr. of Diesel Oil	—	—
Cost/Unit (Rs.)	11.02	10.17
Through Steam Turbine/ Generator :		
Unit	13429439	17862343
Unit per Ltr. of Fuel Oil/Gas	—	—
Cost/Unit (Rs.)	0.87	0.66
(2) COAL (Specify quality & where used)		
Quantity (M.T.)	—	—
Total Cost (Rs.)	—	—
Average Rate (Rs.)	—	—
(3) FURNACE OIL		
Quantity K. Ltr.	—	—
Total Amount (Rs.)	—	—
Average Rate (Rs.)	—	—
(4) OTHERS/INTERNAL GENERATION :		
Quantity	—	—
Total Cost (Rs.)	—	—
Rate/Unit (Rs.)	—	—
(B) CONSUMPTION PER UNIT OF PRODUCTION :		
Product (with details) Unit:		
Electricity KWH PMT	316.84	258.41
Furnace Oil Ltr. PMT	—	—
Coal(Specify quality)	—	—

FORM 'B' : DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

DESCRIPTION	ELECTRODE	PAINT
RESEARCH & DEVELOPMENT (R & D) :		
1 Specific areas in which R&D carried out by the Company	Development of new products,improvement in existing products, cost reduction through improvement in technology, providing welding solution to marketing personnel and improvement in production system.	Development of super most exterior emulsion paint. Development of fast drying Alkyd Resins. Development of Superior grade PU finishes.
2 Benefits derived as a result of the above R & D	Increase of product sale with customer satisfaction.Fulfilment of market requirements at competitive price. Induction of newly developed product/technology in the market.	Percentage contribution has increased.
3. Future Plan of Action	New Development/upgradation of products as per market requirements and cost control of products.	Cost reduction in PU & Epoxy Finishes. Durability Testing by Weatherometer. Capacity enhancement of Plastic Paint, OBD by some new machines incorporation.

DESCRIPTION	ELECTRODE	PAINT
EXPENDITURE ON R&D		
a Capital (Rs.)	—	—
b Recurring (Rs.)	<u>9,65,449.80</u>	<u>20,98,935.59</u>
TOTAL (Rs.)	<u>9,65,449.80</u>	<u>20,98,935.59</u>
c R&D Expenditure percentage of total turnover	0.11%	1.17%

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

DESCRIPTION	ELECTRODE	PAINT
1 Efforts in brief made towards technology absorption, adaptation and innovation.	N.A.	N.A.
2 Benefits derived as a result of the above efforts e.g. product improvement cost reduction, product development, import substitution etc.	N.A.	N.A.
3 In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished:		
a Technology Imported	N.A.	N.A.
b Year of Import	N.A.	N.A.
c Has Technology been fully absorbed	N.A.	N.A.
d If not fully absorbed, areas, where this has not taken place, reasons therefore and future plan of action	N.A.	N.A.

FORM 'C' : FOREIGN EXCHANGE EARNINGS & OUTGO:

Name of Units	Activities Relating to Exports, Initiative taken to increase Exports Development of New Export Markets for Products and Services and Export Plans	Total Foreign Exchange Used and Earned
		Rs. in Lacs
Electrode	Earnings	Nil
	Outgo	
	Raw Materials & Spare Parts	108.11
	Other Matters	3.75
Gas	Earnings	Nil
	Outgo	
	Raw Materials & Spare Parts	36.51
M.D. Office	Earnings	Nil
	Outgo	
	Other Matters	3.05

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

	Own Investment (India) Ltd.	Your Investment (India) Ltd.
1. Name of the Subsidiary Companies		
2. Number of Shares held in Subsidiary Companies.	13,200 Equity Shares of Rs.100/- each fully paid-up	21,450 Equity Shares of Rs.100/- each fully paid-up
3. Percentage of Holding in the Subsidiary Companies.	99.89%	99.93%
4. Financial Year ended	31st March, 2009	31st March, 2009
5. Profit/Loss of the subsidiary Companies for their Financial Year so far as they concern the members of Modi Industries Ltd., which have not been dealt with in the Accounts of Modi Industries Limited for the year ended 31st March, 2009: For the year ended	Rs.(-) 8,337.82	Rs.(+) 16,791.24
For the previous years	Rs.(-)24,531.48	Rs.(+) 5,80,484.84
6. The net aggregate of Profit/Loss of the Subsidiary Companies which have been dealt with in the Accounts of Modi Industries Ltd. for the year ended 31st March, 2009: For the year ended	NIL	NIL
For the previous years	NIL	NIL

**PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956
(FORMING PART OF THE DIRECTOR'S REPORT)**

(A) Persons employed throughout the financial year under review and were in receipt of remuneration for the year aggregating of not less than Rs. 24,00,000/-:

Sl. No.	Name	Designation	Nature of Duties	Qualifications	Experience (Years)	Date of commencement of employment	Total Remuneration (Rs.)	Age (Years)	Last employment before joining the company
01	Shri M.L. Gehani	Chief Executive	Overall responsibilities of Electrode Unit	B.Sc. (Mech. Engg.) PGDM	39	19.07.1982	40,93,634	61	D & H Secheron Electrodes Pvt. Ltd., Indore

(B) Persons employed for part of the financial year under review and were in receipt of remuneration not less than Rs. 2,00,000/- per month:

Nil

- 01 Remuneration includes salary, commission, exgratia, company's contribution to Provident Fund and money value of perquisites.
02 Employee mentioned above is not a relative of any Director of the Company.

**ANNEXURE TO DIRECTORS' REPORT
MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

(a) INDUSTRY SCENARIO

SUGAR UNIT

The sugarcane area in U.P. is expected to reduce by 6% in crushing season 2009-10. However, inspite of decrease in cane acreage, cane yield is likely to increase by 15 to 20% in 2009-10. The sugar production in the country is expected to be 17.5-18.5 million tons in the season 2009-10 against the production of 14.5 million tons in 2008-09. After two consecutive year of decline in sugar production, and the consequent increase in sugar and sugar cane prices, Indian sugar production is said to recover in marketing year 2009-10.

The consumption of sugar is likely to increase by 4.5%. The decrease in supply of sugar coupling with increase in demand of sugar will impact on the sugar price. The price will remain firm. The prices of sugar in open market have moved up about 35% since January, 2009.

DISTILLERY UNIT

The industry continues to be regulated at various levels by the Government. Potable Alcohol policy for the year 2003-04 continued in the current year also.

ELECTRODE UNIT

The global economic slow down during the year under review had its impact on Indian Industry. There was no growth in steel consumption during the year under review in India. The market was extremely tough during the last three quarters of the year. Now, the industry is expected to grow 2-3 percent during 2009-10, based on the forecasts for steel consumption growth.

PAINT UNIT

The Paint industry had a growth of 11% in the year 2008-09.

GAS UNIT

Gas unit operates in the merchant market, in which freight is a major cost. Thus, the area of operation is limited. The gas industry witnessed growth matching with industrial production in the country.

(b) OPPORTUNITIES AND THREATS

SUGAR UNIT

The State Government has so far been unable to evolve an equitable policy for allocation of sugarcane area amongst factories. Efforts are continuing at various levels to evolve an equitable methodology for reservation of cane area on factory wise basis, in the overall interest of the industry.

After the decision of the Hon'ble Supreme Court empowering the State Government to fix cane price, one of the major threat to the Sugar Industry relates to the successive interventions of the Government in the pricing as well as distribution of Sugarcane.

DISTILLERY UNIT

With the likely increase in production of sugar output, resulting an increase in production and availability of Molasses, the production of Rectified Spirit will be better as compared to last year.

ELECTRODE UNIT

The Government seems determined for development of infrastructure in the country. This may lead to growth in steel consumption and the welding industry during second half of 2009-10. Imports, specially from china may impact our profitability. Entry of reputed foreign manufacturers may pose threat to our share.

PAINT UNIT

The consumption of paint has been growing in the country. Greater emphasis is now on water base products, as concern regarding pollution is increasing. With emphasis to develop infrastructure and improvements in real estate market, paint industry has a good future.

GAS UNIT

The unit operates largely in the industrial gases segment. Thus, growth in industrial and construction activity present good opportunity for the gas market.

Subsidy by the Government on LPG continues to be a threat to the market for dissolved acetylene, an important manufactured product for the Gas Unit.

(c) OPERATIONAL PERFORMANCE

SUGAR UNIT

The cane crushing in the year under review was 47.49 Lacs Qtls as against 69.03 Lacs Qtls in last year. The main reason of low crushing was low production of sugar cane due to reduction in cane area coupled with reduction in yield of sugarcane per acreage of cane area. Sugar recovery in the year under review was 9.06% as against 10.28% in last year.

Market sentiment during the financial year remained bullish due to mismatch between supply and demand of sugar, improving sales realization positively but low crushing coupled with higher cane cost and low recovery has resulted in loss of Rs.1480.20 Lacs as against loss of Rs.896.85 Lacs in the last year.

DISTILLERY UNIT

During the year, the production of Spirit(RS) was 2856 KL as compared to last year 4559 KL. However, due to better sales realization the unit has reported net profit of Rs. 423.73 Lacs during the current year as against a profit of Rs. 186.89 lacs in the last year.

ELECTRODE UNIT

Sales of the unit registered a growth of 23.58% to Rs.85.54 crores. The profit of the unit increased by 58% to Rs.10.97 crores.

PAINT UNIT

The Unit registered a growth both in water base and solvent base products. Overall the unit had a growth in excess of 20% over last year.

GAS UNIT

Net sales of the unit at Rs.6.55 crores registered a growth of 20% over last year. Profitability was satisfactory.

(d) FUTURE OUTLOOK

SUGAR UNIT

The situation for the sugar business seems to be improving considering the domestic requirement and looming shortfall due to low production of sugarcane resulted in increase in sugar realizations. Therefore, the future outlook for the sugar industry appears to be encouraging.

DISTILLERY UNIT

Distillery unit has suffered adversely because of low production of Molasses during last year coupled with new Molasses Policy, under which the Distillery having its own Sugar Unit would not get allocation of levy molasses. In coming year, it is expected that production of molasses will be better as compare to last year. Therefore, the future outlook for the distillery industry appears to be encouraging.

We have introduced plan to add in our present activities, manufacturing & selling of different varieties of Indian Made Foreign Liquors. This plan is likely to be implemented from October, 2009 itself.

In the light of India's growing fuel demand and the surge in the global pricing, the Government of India is keen to promote admixing of ethanol with petrol. Keeping this in view and the normal growth in the Chemicals and Potable sectors, the demand for alcohol is expected to remain strong in the future.

ELECTRODE UNIT

The sale and profits may be under pressure due to recession, specially in internal market. International players are getting attracted towards India as international conditions are subdued.

PAINT UNIT

The company is on growth path and is expected to do better in 2009-10.

GAS UNIT

The outlook for the gas industry is promising in view of continued industrial development. The unit is aiming at higher productivity and superior product mix. Reasonable growth is expected in the business of the unit.

(e) RISKS & CONCERNS

The company is a Sick Industrial Company within the meaning of Section 3(1) (o) of Sick Industrial Companies (Special Provisions) Act,1985. Hence fresh funds both for working capital requirement and / or long term requirements are not made available by Banks/Financial Institutions.

(f) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The key features of the Internal Control Systems are given below:

- 1 Well defined organisation structure, documented policy guidelines, predefined authority levels ensures optimal utilisation and protection of resources.
- 2 Assets are adequately maintained and protected against Theft, Burglary and other Losses.
- 3 Transactions are properly recorded and accounted for.
- 4 Accounting records are maintained complying with all the statutory laws and reflect true and fair view.
- 5 There are adequate Management reporting systems for control and monitoring of performance.
- 6 Budgetary control system is in place.
- 7 Periodical review by the Management is being done.
- 8 Periodical review of system, procedures and transactions by Internal Auditors is conducted.

(g) MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT:

The underlying rule of company's policy towards human resource development is that competent and motivated manpower is the most important factor in achieving business goals. The policies in this regard are evolved and pursued to achieve this objective. Industrial relations remained cordial throughout the year.

As on 31st March, 2009 the total number of employees on the payrolls of the company were 1199.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE AS REQUIRED BY CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

- (1) **Company's Philosophy:** Your company firmly believes in good corporate governance. Towards this, 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:** The Board consists of ten directors as on the date of report. Out of these ten directors, eight are non-executive directors which include four independent directors. The company did not have any material pecuniary relation or transaction with non-executive directors during the year under review.
- (b) **Board Procedure:** During the year, five Board meetings were held on 29th April, 2008, 30th July, 2008, 22nd August, 2008, 31st October, 2008 and 28th January, 2009. The Board was presented with the relevant and necessary information at its meetings. None of the directors is a member of more than ten committees or acting as Chairman of more than five Committees across all companies in which he is a director. The attendance at the Board meetings during the year 2008-09 and at the last Annual General Meeting held on 27th September, 2008 and also number of other directorship are given herein below:

Name	Category	No. of Board meetings attended	Attendance at previous AGM	No. of outside Directorships @	No. of other Committee(s) \$	
					Membership	Chairmanship
Shri Mahendra Kumar Modi	MD	5	Yes	1	1	-
Shri Umesh Kumar Modi	MD	5	Yes	6	-	-
Shri Krishan Kumar Modi	NED	3	No	12	2	1
Shri Vinay Kumar Modi	NED	-	No	3	2	3
Shri Rakesh Kumar Modi	NED	5	No	-	-	-
Shri Suraj Parkash Modi	NED	5	No	-	-	-
Shri Manish Modi	NED	1	No	3	-	-
Shri Abhishek Modi	NED	5	No	5	-	-
Shri Santosh Kumar Aggarwal	NED	5	No	-	-	-
Shri Krishna Kumar Jain	NED	5	No	1	1	1

MD: Managing Director, NED: Non Executive Director, @ excludes Private Limited Companies & Foreign Companies.
\$ Represents Audit Committee and Investor's Grievance Committee.

- (c) **Relationship amongst Directors:** Shri Krishan Kumar Modi, Non-Executive Director, Shri Vinay Kumar Modi, Non-Executive Director and Shri Umesh Kumar Modi, Managing Director are real brothers. Shri Manish Modi, Non-Executive Director, is son of Shri Mahendra Kumar Modi, Managing Director and Shri Abhishek Modi, Non-Executive Director, is son of Shri Umesh Kumar Modi, Managing Director.
- (3) **Audit Committee:**(a) **Terms of Reference:** Terms of Reference of the Audit Committee specified by the Board are as contained in clause 49 of the Listing Agreement.
- (b) **Composition :** The 'Audit Committee' of the Company consists of 4 Non Executive Independent Directors, namely, (1) Shri Suraj Parkash Modi, (2) Shri Rakesh Kumar Modi, (3) Shri Santosh Kumar Aggarwal and (4) Shri Krishna Kumar Jain as members and Shri Ajay PS Saini as Secretary of the Committee.
- During the year, 5 Audit Committee meetings held on 29th April, 2008, 30th July, 2008, 22nd August, 2008, 31st October, 2008 and 28th January, 2009, were attended by all its Members.
- (4) **Remuneration of Directors:** The Remuneration Committee was constituted by the Board in April, 2009. The decisions regarding remuneration of executive and non-executive directors are taken by the entire Board on recommendation of the Remuneration Committee subject to such approvals from the Shareholders or the 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. 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. However, during the year, subject to pendency of approval of the Central Government, the company on the basis of legal advice obtained, has made payment amounting to Rs. 5.63 Lacs towards remuneration to Shri Mahendra Kumar Modi as Managing Director with effect from 1st October, 2008 for the period 1st October, 2008 to 31st March, 2009. Further an undertaking has been obtained from Shri Mahendra Kumar Modi, Managing Director stating that in the event of the Central Government not according its approval or approving lower remuneration, then the excess amount paid, if any, shall be refunded to the company and till the approval is accorded by the Central Government, the amount received will be held in trust for the company. The detail of proposed remuneration to Shri Mahendra Kumar Modi as Managing Director on his reappointment w.e.f. 1st November, 2009 is given in Item No.5 of the Notice convening 75th Annual General Meeting of the Company.
- (b) **Non- Executive Directors:** (Rs. in thousands)

Name	Sitting Fees	Shares held	
		Equity	Preference
Shri Krishan Kumar Modi	1.5	9664	8
Shri Vinay Kumar Modi	-	25477	8
Shri Rakesh Kumar Modi	9.0	48901	10
Shri Suraj Parkash Modi	9.5	870	--
Shri Manish Modi	0.5	22050	--
Shri Abhishek Modi	2.5	100	--
Shri Santosh Kumar Aggarwal	5.0	100	--
Shri Krishna Kumar Jain	5.0	100	--

- (5) **Share Transfer and Investors' Grievance Committee:** The Committee consisting of four members i.e. Shri Mahendra Kumar Modi, Managing Director, Shri Umesh Kumar Modi, Managing Director, Shri Suraj Parkash Modi, Independent-Non-Executive Director and Shri Rakesh Kumar Modi, Independent Non-Executive Director, has been entrusted with the work of Share/Debtenture Transfer and dealing with investors grievances. Shri Suraj Parkash Modi Chaired all meetings of the committee held during the year under review. Shri Ajay PS Saini, Company Secretary, acts as Secretary to the Committee and is Compliance Officer under Clause 49 of the Listing Agreement. All transfers, transmissions etc. of Shares and Debtentures were effected within the stipulated period by the Company.

All 52 Shareholders/ Investors complaints, received directly from them or through SEBI/ Stock Exchanges 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/Investors complaints received during the period under review were reported to the Share Transfer and Investors Grievance Committee by the Compliance Officer.

- (6) **General Body Meetings** : The last three Annual General Meetings were held at Modi Industries Transit House (Modi Industries Complex), Modinagar, on the following dates and time.

Financial Year	Date	Time
2007-08	27-09-2008	11.00 A.M.
2006-07	29-11-2007	3.00 P.M.
2005-06	27-09-2006	3.00 P.M.

Special resolutions for re-appointment of Statutory Auditors of the company were passed in the last three Annual General Meetings of the Company. The Company has so far no business which had to be conducted through postal ballot for passing any resolution at general meetings.

- (7) **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 non-compliance during the last three years by the company on any matters related to capital markets. Consequently, neither any penalties were imposed nor strictures passed on the company by Stock Exchanges, SEBI or any Statutory Authority. The company has complied with all the mandatory requirements of revised Clause 49.
- (8) **Means of Communication** : The Quarterly results of the Company are published in English and Local Language newspapers as required under the Listing Agreement. All financial and other vital information are promptly communicated to the Stock Exchanges on which company's shares are listed. At present the company is not having any website. Management discussion and analysis form a part of annual report and is given in a separate chapter thereto.
- (9) **General Shareholders' Information** :
- (a) **Annual General Meeting**:
Date : 29th September, 2009 Time : 3.00 P.M. Venue: Modi Industries Transit House (Modi Industries Complex), Modinagar.
- (b) **Financial Calendar**:
(i) Financial Year : April to March
(ii) First Quarter Results : Last week of July
(iii) Second Quarter Results : Last week of October
(iv) Third Quarter Results : Last week of January
(v) Fourth Quarter Results : Last week of April
- (c) **Date of Book Closure**: 24th September, 2009 to 29th September, 2009 (both days Inclusive).
- (d) **Dividend Payment Date**:
The Directors have not recommended any dividend on shares in view of accumulated losses.
- (e) **Stock Exchange Listing** : Shares of the company are listed on:
The Uttar Pradesh Stock Exchange Assn. Ltd., Kanpur (U.P.)
Delhi Stock Exchange Limited, New Delhi
- (f) **Stock Code** :
The Uttar Pradesh Stock Exchange Assn Ltd., -- Z-493, Delhi Stock Exchange Limited, -- 013154
- (g) **Market Price Data: High/ Low during each month in the year 2008-09**
The Company is a Sick Industrial Unit. There have been no transactions of Company's Shares on the Stock Exchanges, where the shares of the Company are listed, since long.
- (h) **Registrar and Transfer Agents**:
Company has not appointed any Registrar for Shares/ Debentures transfer. All such work is done in-house at Company's Share Department.
- (i) **Share Transfer System** :
Shares lodged with the Company for transfer are processed and returned to the shareholders within the stipulated time, provided transfer documents are complete and valid in all respect.
- (j) **Distribution of Shareholding as on 31-03-2009**

Distribution of Shareholding	Number of		Number of Shareholders		% age of Shareholding	
	Equity Shares of Rs. 10 each	Pref. Shares of Rs. 100 each	Equity Shares	Pref. Shares	Equity Shares	Pref. Shares
Upto 500	682703	248	8957	19	20.63	0.61
501-1000	99141	-	132	-	3.00	-
1001-2000	97688	-	65	-	2.95	-
2001-3000	37135	-	15	-	1.12	-
3001-4000	29589	3520	9	1	0.89	8.64
4001-5000	27988	9005	6	2	0.85	22.10
5001-10000	92907	14344	13	2	2.81	35.21
10001 and above	2242063	13624	53	1	67.75	33.44
Total	3309214	40741	9250	25	100.00	100.00

- (k) **Dematerialisation of Shares and Liquidity**:
The Company is a Sick Industrial Company within the meaning of Section 3(1)(o) of The Sick Industrial Companies (Special Provisions) Act, 1985 and all its shares are held in physical form.
- (l) **Outstanding GDRs/ADRs/Warrant or any Convertible Instruments, Conversion date and likely impact on Equity**:
The Company has no GDRs/ADRs/or any convertible instrument.
- (m) **Plant Location** : At Modinagar, District Ghaziabad (U.P.) 201204
- (n) **Address for Correspondence**:
Modi Industries Limited, Registered Office : P.O. Modinagar, District-Ghaziabad (U.P.), Pincode-201204.

CERTIFICATE

To The Members of
MODI INDUSTRIES LIMITED
Modinagar.

We have examined the compliance of conditions of corporate governance by Modi Industries Limited, for the year ended on 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the company has complied with the conditions of corporate governance upto 31st March, 2009 as stipulated in the above mentioned Listing Agreement *except that the Chairman of the Audit Committee did not attend the Annual General Meeting of the Company.* As per conditions of corporate governance regarding composition of Board, where the Chairman of the Board is a non executive director, at least one-third of the Board should comprise of independent directors and in case he is an executive director, atleast half of the Board should comprise of independent directors. *Upto 31st October, 2008, either of the two Managing Directors was elected as the Chairman of the meeting whereas out of 10 directors of the company, there were only four independent directors.*

With effect from 1st November, 2008 non-executive independent director was elected as Chairman of the meeting.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

for and on behalf of
P. R. MEHRA & CO.,
Chartered Accountants,

ASHOK MALHOTRA
PARTNER
M.No. 82648

Place : New Delhi
Dated :26th August, 2009

AUDITORS' REPORT

To The Members of
MODI INDUSTRIES LIMITED

(1) We have audited the attached Balance Sheet of MODI INDUSTRIES LIMITED as at 31st March, 2009 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date, both annexed thereto. *The attached Balance Sheet does not include Assets and Liabilities including Contingent Liabilities and quantitative details of Steel Unit as at 31st March, 2009 but includes balances as on 31st March, 1992, except for reduction of: (i) unsecured loans by Rs.323.95 Lacs in view of write-back of Rs.278.95 Lacs during the financial year 2004-05 and payment of Rs.45 Lacs during 2005-06 on account of one-time settlement of dues of a bank and (ii) net fixed assets by Rs.649.37Lacs (Previous year Rs.108.97Lacs) on account of provision for depreciation for the period 01.04.1993 to 31.03.2009 on opening balances of fixed assets as on 01.04.1992 as stated in Note 4(c) of Schedule 15. The Profit and Loss Account also includes profit and loss account of Steel Unit for three years i.e. 1993-94, 1994-95 and 1995-96 (Refer Schedule 14) but does not include: (i) certain provisions as stated in Note 4(f) of Schedule 15 and (ii) accumulated losses, amount unascertained, of the Steel Unit for the year 1992-93 in view of non-incorporation of annual accounts of the Steel Unit for the above year. The Cash Flow Statement, except for certain adjustments made as stated in foot-note 2 of cash flow statement, does not include adjustments for Cash Flows from investing/financing activities and changes in current assets and liabilities of Steel Unit in view of non-availability of audited Balance Sheets of the Unit as on 31.03.2008 and 31.03.2009 (Refer Note 4 of Schedule 15). These financial statements are the responsibility of the Company' management. Our responsibility is to express an opinion on these financial statements based on our audit.*

(2) *Subject to paragraphs 1 & 3 of this report, we conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.*

(3) *We report that :*

- (A) *The books of accounts, vouchers and other documents of the Steel Unit for 1992-93 were not made available to us and consequently audit could not be conducted in respect of the same (Note 4 of Schedule 15 to Annual Accounts). Therefore, as stated in Para 1 above, the attached Balance Sheet, Profit & Loss Account and Cash Flow Statement does not include: (a) the financial data/impact of working results and of declaration of closure/post-closure transactions, which includes realization of depot sales/dues from debtors, payment of final dues of employees, transfer of funds (including cash) to/from Sugar Unit and payments to various parties by Sugar Unit by debit to Steel Unit of the Company, rental income and personnel/administration expenses, 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 financial statements of the Company especially in view of the fact that (i) the assets and liabilities of Steel Unit constituted 28% and 43% respectively of the total Assets & Liabilities of the Company as at 31st March, 1992 and the Income & Expenditure of the Steel Unit constituted 30% and 32% respectively of the total Income & Expenditure of the Company for the said year which resulted in a loss of Rs.787.22 Lacs for the Unit and (b) impact on assets, liabilities and cash flows on account of non-incorporation of balance sheets for the years 1993-94 to 2008-09 as stated in note 4(c) of Schedule 15.*
- (B) *As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order except for certain matters relating to Steel Unit of the company in view of non-availability of information / details on account of non-incorporation of: (i) annual accounts of the Steel Unit for the year 1992-93 and (ii) balance sheets for the years 1993-94 to 2008-09 as stated in note 4(c) of Schedule 15. (See Paragraph 3(A) above).*
- (C) *Further to our comments in paragraphs 1 and 3(A) above and in the Annexure referred to in paragraph 3(B) above, we report that:*
- (i) *We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the Company except in case of Steel Unit in respect of which no details, information and explanations are available for the opening assets and liabilities as on 01.04.2008 and for contingent liabilities and quantitative details etc. as on 01.04.2008 in view of non-incorporation of (i) accounts of Steel Unit for 1992-93 and (ii) balance sheets for the years 1993-94 to 2008-09 as stated in note 4(c) of Schedule 15. (See Paragraphs 1 and 3A above).*
 - (ii) *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 the books except in respect of Steel Unit, where audited balances of opening assets, liabilities, contingent liabilities and quantitative details etc. as on 01.04.2008 were not available and consequently not incorporated in the books of account. (See Paragraph 3(A) above).*
 - (iii) *The 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, as on 31st March, 2009 as consolidated with the Balance Sheet of Steel Unit as stated in Note 4 (c)&(d) of Schedule 15 of Annual Accounts and hence is not in agreement with the books of account of the Company as a whole. Further, the 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 current assets and liabilities in view of non-availability of audited Balance Sheet of Steel Unit as on 31.03.2008 & 31-03-2009, is also not in agreement with the books of*

account. (Refer foot-note 2 of cash flow statement). Except for non-incorporation of profit and loss accounts/ accumulated losses of Steel Unit for the year 1992-93, the Profit and Loss Account is in agreement with the books of accounts.

- (iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and Notes thereon, so far as they relate to the remaining Units i.e. other than Steel Unit, give the information required by the Companies Act, 1956 in the manner so required except for non-disclosure of information relating to micro, small and medium enterprises. (Refer note 15 of Schedule 15). In the case of Steel Unit, in view of non-incorporation of balance sheets of Steel unit as on 31.03.2009 and 31.03.2008 on account of non-availability and consequently non-incorporation of audited opening balances as on 01.04.2008 and 01.04.2007 respectively of assets, liabilities, contingent liabilities and quantitative details etc., the accounts do not give the information required by the Companies Act, 1956 in the manner so required for the Company as a whole. (Refer Note 4 of Schedule 15).
- (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified, as on 31st March, 2009, from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956. Further, the company has been legally advised that provisions of Section 274(1)(g) 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 274(1)(g) of the Companies Act, 1956, on which we have relied upon.
- (D) (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, amount/impact unascertained. (Refer Note 4 of Schedule 15 and Paragraph 3(A) above).
- (ii) Though the Company has incurred losses far in excess of paid-up capital/reserves and has been declared a sick company, the accounts have been prepared on going concern basis for reasons stated in Note 20 of Schedule 15.
- (iii) Understatement of losses on account of:
- (1) Non-provision of depreciation on the value of buildings written-up consequent to revaluation, amount unascertained (Note 19);
- (2) Non-provision of earned leave encashment for Steel Unit, amount unascertained. (Note 28);
- (3) Non-provision of interest on loans, obsolete inventories, doubtful debtors/loan and advances and impairment loss, etc. in Steel Unit as stated in Note 4(f) of Schedule 15 of Annual Accounts. Amount of non-provision not ascertained.
- (iv) During the year 2006-07, the company had received 10,50,000 equity shares of Rs.10 each issued at a premium of Rs.31.66 per equity share of Indofil Organic Industries Limited (IOIL) without any payment by the company in view of its holding investment of 7 Lac equity shares in Modipon Limited (MPL). The company was legally advised that either the fair values of shares of IOIL can be recognized as revenue or the price at which IOIL has issued shares on behalf of MPL can be credited to Capital Reserve by debit to Investments in the books of the company. Based on the above legal opinion obtained by the company, an amount of Rs.437.43 Lacs, being the price at which IOIL issued shares, has been credited to Capital Reserve by debit to Investments in the books of the company as explained in note 17 of Schedule 15 of Annual Accounts. In our opinion, the cost to be allocated to the shares of IOIL should be either the amount which bears to the cost of acquisition of MPL shares the same proportion as the net worth of MPL immediately before the sale of Chemical Division or on the basis of fall in the market value of shares of MPL after the sale of Chemical Division.
- (v) (1) Non-provision of Income Tax Rs.224.75 Lacs (Previous year Rs.224.75Lacs) on excess price realization of free sale sugar. (Note 9(b));
- (2) Non-provision of interest Rs.2.40 Lacs for the year and Rs.132.05 Lacs up to 31st March, 2009 on disputed price of levy sugar (Note 8);
- (3) Non-provision of late payment surcharge on electricity tariff amounting to Rs.536.34 Lacs (Previous year Rs.536.34 Lacs) (Note 10(a));
- (4) (a) Non-provision of interest on fuel surcharge amounting to Rs.117.10 Lacs (Previous year Rs.117.10 Lacs) (Note 10(b));
- (b) Non-provision of late payment surcharge/recovery charges Rs.302.66 Lacs (Previous year Rs.302.66 Lacs) (Notes 10(c));
- (c) Non-provision of demands of UPSEB of Rs.1199.72 Lacs (Previous year Rs.778.17Lacs) for 1993-94 to 1999-2000. (Note 4 f (vii)) of schedule 15 and foot-note 3 of schedule 14);
- (5) Non-provision of disputed ESI demand Rs.56.52 Lacs (Previous year Rs.55.35 Lacs) (Note 11);
- (6) Non-provision of disputed House-tax demand Rs.188.63Lacs (Previous year Rs.199.54Lacs) (Note 12);
- (7) Non-provision of Gratuity Liability on actuarial basis for the period up to 30th September, 1987, Rs.84.82 Lacs (Previous year Rs.84.82 Lacs) (Note 14(a));
- (8) Non-provision of simple, penal and compound interest of Rs.15760.79 Lacs (for the year Rs.2772.11Lacs) on term loans/debentures and public deposits (Note 21(a) and (g)) and interest/ bank charges Rs.3267.51Lacs (for the year Rs.514.88 Lacs) on cash credit from banks (Note 21(c) to (f));
- (9) Non-provision of: (i) Sales-tax Rs.2455.78 Lacs excluding interest (Previous year Rs.2455.78 Lacs) (Note 22(a)) and (ii) demands for sales-tax & penalty of Rs.135.16Lacs (Previous year Rs.135.16 Lacs) (Note 1(c) of Schedule 15). Further, no due certificate of Sale-tax authorities is awaited for waiver of balance amount of interest and penalty as mentioned in Note 22(c);

- (10) Non-provision of Wages Rs.27.46 Lacs (Previous year Rs.27.46 Lacs) for the lock-out period (Note 24);
- (11) Non-provision of diminution Rs.80 Lacs (Previous Year Rs.80Lacs) in the value of a long-term investment. (Note 29);
- (12) Non-provision of excise-duty Rs.167.43 Lacs (Previous Year Rs.167.43 Lacs). (Note 35).
- (13) Non-provision of interest of Rs.77.37 Lacs and recovery charges of Rs.649.50 Lacs (Previous Year Rs.726.87Lacs) in view of the reasons stated in Note 41(a) & (c) of Schedule 15.
- (14) Non-provision of differential liability of Rs.848.12 Lacs (Previous year Rs.741.70 Lacs) of sugar cane price in view of reasons stated in note 42 of schedule 15.
- (E) Subject to paragraph (D) above and non-disclosure of impact on loss for the year on account of change in the method of valuation of raw-material and stores and spare-parts as stated in note 44 of Schedule 15, in our opinion, the Profit & Loss Account and Balance Sheet, so far as they relate to the remaining units i.e. other than Steel Unit, comply with the requirements of the Accounting Standards referred to in Sub-Section (3c) of Section 211 of the Companies Act, 1956. However, in view of non-availability and consequently non-incorporation of audited (i) opening balances as on 01.04.2008 of assets, liabilities, contingent liabilities and quantitative details etc. and (ii) profit and loss account for 1992-93 of Steel Unit (Refer Paragraph 3(A) above), the accounts do not comply with the requirements of Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956, for the Company as a whole.
- (F) Confirmation of Debit/Credit balances of the debtors/ creditors/certain banks and of parties who have discounted sale bills of Sugar Unit were not obtained. (Note 33 of schedule 15 and foot-note 6 of schedule 14).
- (G) The Company has not deposited unpaid unclaimed public deposits and interest accrued thereon amounting to Rs.11.25 Lacs with Investor Education & Protection Fund. Further, unpaid amount of such unclaimed debentures, if any, as on 31.03.2009 has not been identified. (Note 36)
- (H) Cars costing Rs.100.09 Lacs (Previous Year Rs.100.09 Lacs) purchased in the name of employees/ Corporate Advisor 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 Schedule 4).
- (I) We invite attention to note 39 regarding entering into agreements to sell 215 (previous Year 150) residential quarters, note 40 (a) regarding entering into lease, including perpetual lease, agreements for 11105.35 Sq. Meters out of total area of 6.75 Lac Sq. Meters approx. of factory land & buildings and note 40 (b) regarding entering into perpetual lease agreement for 1584 Sq. Mtrs. of factory land for which the approvals of financial institutions, to whom these quarters and factory land & buildings are mortgaged, were not obtained.
- (J) As stated in note 27(b) of schedule 15, the remuneration paid of Rs.5.63 Lacs to a Managing Director is subject to the approval of Central Govt.
- (K) The maximum borrowings of the company during the current year were Rs.61.10 Crores which are in excess of limit of Rs.50 Crores approved by the shareholders of the company under section 293(1)(d) of the Companies Act, 1956. (Note 48).
- (L) We further report that, without considering items mentioned at 3(D) (i) to (iii) and 3(F) to 3(K) above, the effect of which could not be determined, had the observations made by us in paragraphs 3D (iv)(4) & (v) above been considered, the loss for the year after appropriations would have been Rs.3511.32 Lacs (as against the reported figure of loss of Rs.125.25 Lacs), losses for the years 1993-94 and 1995-96 of Steel unit would have been Rs.1103.06 Lacs (as against the reported figure of loss of Rs.687.81Lacs), debit balance of Profit and Loss Account would have been Rs.35701.86 Lacs (as against the reported figure of Rs.9390.15 Lacs), total loan funds would have been Rs.32397.34 Lacs (as against reported figure of Rs.13369.04 Lacs), Current Liabilities and provisions would have been Rs.20864.46 Lacs (as against the reported figure of Rs.13661.05 Lacs), Investments would have been Rs.270.89 Lacs (as against the reported figure of Rs.788.32 Lacs) and reserves and surplus would have been Rs.3783.61Lacs (as against the reported figure of Rs.4221.04 Lacs).
- (M) In view of the significance of our observations in paragraphs 1 and 3(A) to (L) above and especially in view of the fact that the state of affairs would change substantially in case the profit & loss account for the financial year 1992-93 and balance sheet as on 31st March, 2009 of Steel Unit were included, which we are unable to quantify, we are of the opinion, the said accounts **DO NOT** give a true and fair view: (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009, (b) in the case of Profit & Loss Account, of the loss for the year ended 31st March, 2009 and (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

for **P.R. Mehra & Co.**
Chartered Accountants

ASHOK MALHOTRA
PARTNER
Membership No. 82648

Place: NEW DELHI
DATED:26th August, 2009

ANNEXURE REFERRED TO IN PARA (3B) OF OUR MAIN REPORT OF EVEN DATE

As required by the Companies (Auditors' Report) Order, 2003 and on the basis of such checks as were considered appropriate and according to the information and explanations given to us, we further state that in our opinion:

- (A) The following matters reported at paragraphs (B) 2,6,9,11,12,15 and 16 do not cover Steel Unit since (i) the accounts of the Steel Unit for the year 1992-93 has not been incorporated and consequently the audit of which has not been carried out and (ii) the balance sheets of Steel Unit for 1993-94 to 2008-09 have not been incorporated due to non-availability of audited opening balances as on 01.04.1993. (Refer Note 4 of Schedule 15 and paragraphs 1 & 3A of our main audit report).
- (B) Subject to our comments in paragraph (A) above:
- (1) (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 in Sugar & Distillery units . Fixed asset register of Steel Unit has not been produced to us. No physical verification of assets have been conducted by the Management since 1989 in sugar, steel and distillery Units and of Corporate office and since 2001-02 in respect of other units.*
- (b) The Company has not disposed off substantial part of Fixed Assets during the year.
- (2) (a) The inventory of the company, *except in respect of stores and spare parts in paint unit*, has been physically verified during the year by the management. In respect of stocks lying with third parties and consignee agents, these have substantially been confirmed.
- (b) *Subject to foregoing*, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, the company has maintained proper records of inventory and the discrepancies noticed on verification between the physical stocks and book records were not material.
- (3) The Company has not given/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 except for : (i) unsecured interest free loan given to a company of Rs.4.01Lacs (net) during the previous years, the terms and conditions of which are prima facie not prejudicial to the interest of the Company and repayment of the principal amount will be as per the terms of sanctioned rehabilitation scheme of that company and (ii) unsecured loan of Rs.7.25Lacs taken from two subsidiaries of the company, the rate of interest and terms and conditions of which are prima facie not prejudicial to the interest of the Company. *We are unable to comment on the rate of interest and terms and conditions with the two companies covered in the register maintained u/s 301 of the Companies Act, 1956 in view of pending execution of terms of settlement with those companies to whom Punjab National Bank and IDBI have agreed to assign their debts in view of the one time settlement of their dues. (Refer note 4(f)(i)(a) & (b) of schedule 15 of annual accounts).* The company has taken interest free loan of Rs.149.88 Lacs from a company covered in the register maintained under section 301 of the Companies Act, 1956, the terms and conditions of which are not prejudicial to the interests of the company.
- (4) There are generally adequate internal control procedures commensurate with the size and nature of the Company's business for the purchase of inventory and fixed assets and for the sale of goods *except in respect of documentation/confirmation of rebate/trade-discount allowed to certain customers by Distillery Unit. Some of the key areas including rebate & discount allowed, recovery from customers and balance confirmation of customers /suppliers/parties who have discounted sale bills of Sugar Unit of the company needs to be strengthened.* During the course of our audit, *except as stated above*, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (5) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act read with note 4(f)(i) (b & c) of schedule 15 of annual accounts have been entered in the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time (refer paragraph 3 above).
- (6) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the Rules framed there under *except for amount borrowed by Sugar Unit of Rs.1267.62 Lacs from public during the current year by way of sale bills discounting.* We are informed by the company that entire amount has been repaid till date. *Further, due to accumulated losses, the deposits accepted during the year and deposits outstanding as on 31st March, 2009 are in excess of the limit. Matured/Claimed and unclaimed deposits amounting to Rs.126.88 Lacs and interest accrued are outstanding on 31st March,2009. (Refer paragraph 3 (G) of our main report).The Company Law Board (CLB) vide its order dated 13th December,1991,inter-alia, directed the company to pay principal amount of the deposits commencing from April, 1992 with a moratorium of 3 years from the date of the original maturity of the deposits. Against the above order, the company filed writ petition before Hon'ble Allahabad High Court and vide its order dated 25th February1992, the court directed that no penal action shall be taken against the company in pursuance of the order of CLB. We are informed that the matter is still pending for final adjudication of the court.*
- (7) In our opinion, the company has an Internal Audit System commensurate with the size and nature of its business *except in respect of corporate office, Steel Unit and wholesale depot of Distillery Unit where no internal audit is being conducted.*
- (8) (a) We have broadly reviewed the books of account and other records maintained by the Company in respect of manufacture of Sugar, Gas and Distillery Units pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (b) To the best of our knowledge and according to the information given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act,1956, for any other product of the company. Further, Vanaspati and Steel Units are lying closed and hence no cost records are required to be maintained.

- (9) (i) During the current year, the company was regular in depositing with the appropriate authorities undisputed statutory dues except in following cases:
(a) Sugar and Distillery units of the company were not regular in deposit of Provident Fund (PF), FPS and ESI dues and interest on overdue PF/FPS.
(b) In respect of excise-duty, entry tax, fringe benefits tax and Tax Deducted at source, these have been regularly deposited though there have been substantial delays in Sugar Unit and in a few cases of tax deducted at source in Distillery unit. In respect of tax collection at source, there have been substantial delays in Distillery Unit and in a few cases in Sugar Unit. In respect of sales-tax/ vat, these have been regularly deposited though there has been a slight delay in few cases in sugar unit and in a few depots of Paint Unit of the company. Further, water cess was not deposited in time in Distillery unit.
(c) Investor Education and protection fund :
As on 31stMarch,2009, there were public deposits amounting to Rs.8.63 Lacs which has remained unclaimed and unpaid for a period of more than seven years and interest accrued but not paid on these unclaimed deposits till the date of maturity amounts to Rs.2.62 Lacs . Details of unclaimed and unpaid debentures for a period of more than seven years have not been ascertained. These amounts have not been deposited with Investor Education and protection fund (Refer Note 36 of Schedule 15 of Annual Accounts).
(ii) (a) 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 Unit) outstanding for more than six months as on 31st March, 2009 are as under :

Nature of dues	Amount (Rs. In Lacs)
Interest on Provident Fund/FPS	105.44
Tax deducted at source /Tax collection at source	43.02 *
Excise duty	4.28
U.P. Trade Tax/CST	807.68
Water Cess	5.90
Fringe benefits tax	5.52

* includes Rs. 27.74 Lacs deposited subsequently but excludes tax not deducted at source.

(b) In respect of sales tax on sales effected by consignees in the previous years, we are unable to report such outstanding balances since the relevant records of consignees regarding collection and payment of sales tax were not made available to us.

(iii) According to the records of the company and based on information and explanations furnished to us, the following custom duty, Excise duty, Income-tax and sales-tax dues (excluding unascertainable amounts and of Steel Unit) were not deposited on account of disputes pending at various forums:

Name of Statute	Nature of the Dues	Amount of dues (Rs. in Lacs)	Amount deposited under protest (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
U. P. Vat Act	Vat Tax, Penalty, Interest, Exemption to New Units	3101.62	51.29	1981-82, 87-88, 89-90 to 92-93, May 91 to March 96	Allahabad High Court
	Vat Tax and Penalty	@ 470.77	308.01	1984-85, 1985-86, 1994-95 to 1997-98, 99-2000, to 2001-02	Commercial Tax Tribunal, Ghaziabad/ Jaipur
	Vat Tax and Penalty	216.60	19.24	1982-83 to 1984-85 and 1986-87, 1988-89	Jt. Commr.(A), Ghaziabad
	Vat Tax	0.12	-	2005-06	Dy. Commissioner (Assessment), Modinagar
Central Sales Tax Act	CST, Deferment/ Exemption to New Unit.	129.18	6.85	1963-64 and 1992-93	Allahabad High Court
	Central Sales Tax	71.52	29.55	1985-86,94-95 to 97-98, 99-2000 to 2001-02	Gommerical Tax Tribunal, Ghziabad
	Central Sales Tax	47.64	-	1988-89	Jt. Commr.(A), Ghaziabad
	Central Sales Tax	1.01	-	2005-06	Dy. Commissioner (Assessment), Modinagar
State Sales Tax Act.	State Tax	10.56	0.20	1992-93	Addl. Commr. Sales Tax, Delhi
	Penalty(HGST)	0.30	-	1991-92	Tribunal Sales Tax, Chandigarh
	State Tax	15.79	1.79	1989-90 to 93-94, 98-99 and 2006-07	Dy. Commissioner(A) States
Central Sales Tax Act (States)	Central Sales Tax	1.92	0.29	1988-89 to 1992-93	Appellate Authority/ DC (Appeals)
Income Tax Act	Income Tax	224.75	217.87	1981-82	Delhi High Court
Central Excise & Custom Act	Custom Duty	* 43.91	-	1.03.2001 to 25.04 2001	Civil Court, Ghaziabad
	Excise Duty	167.45	50.00	1985-86	Delhi High Court
		23.73	0.45	1996-97, 2002-03 to 2004-05, 2006-07	CESTAT
		**49.93	-	February 1981 to February 1987 2002-03 to 2005-06	CESTAT
		5.00	-	Information not available	Information not available
		0.14	-	2007-08	Commissioner of Central Excise (Appeals), Ghaziabad

@ Provided for Rs. 82.60 Lacs in the Accounts . * Provided for in the accounts. ** Provided for Rs. 32.20 Lacs in the accounts.

- (10) In our opinion, after considering the effect of the qualifications on the figures of cash/accumulated losses as per Profit & Loss Account, the accumulated losses of the Company at the end of the Financial Year exceeds its net worth and the company was declared a sick industrial undertaking on 14th March, 1991 and the Company has incurred cash losses in this Financial Year and in immediately preceding financial year.
- (11) In our opinion, and according to the information and explanations given to us, the Company has defaulted in repayment of dues to Financial Institutions, banks and debenture-holders of the Company. The details of defaults and period of defaults are as under:

(Rs. in Lacs)

Particulars	Loan Amount	Interest including unprovided interest	Total dues*	Period of default of principal amount
Loans from Financial Institutions	423.13	7882.07	8305.20	Loan amounts due for 18 years i.e. since 1991-92
Loan from Banks (Cash Credit/Overdraft)	485.10	3317.63	3802.73	Entire amount due.
Debentures	737.36	12263.03	13000.39	Rs. 53 Lacs due since August 1990 Rs 100 Lacs due since September 1991 Rs 100 Lacs due since May 1992 Rs 30 Lacs due since December 1994 Rs 454.36 Lacs due since February 1995 to Feb 1997
Total	1645.59	23462.73	25108.32	

* excluding Steel Unit figures. Refer paragraph A above.

- (12) According to the information and explanations given to us, the company has not granted loans and advances on the basis of any security by way of pledge of shares, debentures and other securities.
- (13) The provisions of any special statute as specified under Clause 4 (xiii) of the Order are not applicable to the Company.
- (14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provision of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (15) In our opinion, and according to the information and explanations given to us, during the current year, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions. However, in the past, the Company had given guarantees/ undertakings as mentioned in Note 6 of Schedule 15 of Annual Accounts in respect of certain Companies (which presently have become Sick Industrial Undertakings) to financial Institutions.
- (16) In our opinion, and according to the information and explanations given to us, term loans were applied for the purpose for which loans were raised.
- (17) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long- term investment except in respect of Sugar Unit where capital expenditure was financed by short term-funds.
- (18) The Company has not made any preferential allotment of shares during the year.
- (19) The Company has created security in respect of debentures issued in the past.
- (20) The Company has not raised any money by way of public issue during the year.
- (21) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of audit.

for **P.R. Mehra & Co.**
Chartered Accountants

New Delhi
Dated: 26th August, 2009

ASHOK MALHOTRA
PARTNER
Membership No. 82648

BALANCE SHEET AS AT 31ST MARCH, 2009

DESCRIPTION	PER SCHEDULE	AS AT 31.3.2009	AS AT 31.3.2008
SOURCES OF FUNDS	Rs. Lacs	Rs. Lacs	Rs. Lacs
Shareholders' Funds			
(a) Share Capital	1	371.42	371.42
(b) Reserves & Surplus	2	<u>4221.04</u>	<u>4217.55</u>
		4592.46	4588.97
Loan Funds			
(a) Secured Loans	3	9682.34	9682.34
(b) Unsecured Loans		3651.59	1854.03
(c) Deferred Credits		<u>35.11</u>	<u>35.11</u>
		13369.04	11571.48
		17961.50	16160.45
APPLICATION OF FUNDS			
Fixed Assets			
(a) Gross Block	4	16937.05	15902.99
(b) Less: Depreciation		<u>7429.04</u>	<u>6446.68</u>
		9508.01	9456.31
Capital Work in Progress		168.06	429.12
Investments	5	788.32	791.98
Net Current Assets			
(a) Current Assets, Loans and Advances	6	11756.94	12454.91
(b) Less: Current Liabilities & Provisions	7	<u>13661.05</u>	<u>15556.54</u>
		(1904.11)	(3101.63)
Miscellaneous Expenditure			
(to the extent not written off or adjusted)			
Deferred Revenue Expenditure		11.07	11.07
Profit & Loss Account			
		9390.15	8573.60
		17961.50	16160.45
Accounting Policies, Contingent Liabilities & Notes.	15		

As per our report attached
for **P.R. Mehra & Co.**
Chartered Accountants

Ashok Malhotra
Partner

Ajay PS Saini
Company Secretary

Mahendra Kumar Modi
Umesh Kumar Modi
Managing Directors

Rakesh Kumar Modi
Suraj Parkash Modi
Manish Modi
Abhishek Modi
Santosh Kumar Aggarwal
Directors

Dated : 26th August, 2009
New Delhi

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

DESCRIPTION	PER SCHEDULE	Rs. Lacs	This Year	Previous Year
INCOME		Rs. Lacs	Rs. Lacs	Rs. Lacs
Sales & Services	8	30606.44		34889.60
Less: Excise Duty		<u>8523.57</u>		<u>8751.60</u>
		22082.87		26138.00
Other Income	9	<u>454.16</u>		<u>487.34</u>
			22537.03	26625.34
EXPENDITURE				
Materials, Manufacturing & Others	10	16862.60		21588.33
Excise duty on stock		(56.73)		(46.99)
Personnel	11	2607.11		2349.86
Administration & Selling	12	2191.96		2096.27
Managerial Remuneration	13	<u>5.63</u>		<u>—</u>
			21610.57	25987.47
PROFIT BEFORE Interest and Depreciation			926.46	637.87
Interest {Notes 4(f) (i),21,25 and 41}		551.06		246.32
Depreciation		<u>470.16</u>		<u>451.93</u>
			1021.22	698.25
OPERATING LOSS FOR THE YEAR BEFORE APPROPRIATION			94.76	60.38
Loss from continuing operations		55.75		52.91
Add: Loss from discontinuing operations {Notes 4(e) and 34}		<u>39.01</u>		<u>7.47</u>
Loss before Taxation			94.76	60.38
Add: Provision for Taxation-Fringe Benefit Tax (Net of Excess provision of previous year Rs.0.26 Lacs)			<u>30.49</u>	<u>44.44</u>
Loss after Taxation			125.25	104.82
Add: Transfer to Molasses Storage Fund			<u>3.49</u>	<u>5.32</u>
LOSS FOR THE YEAR AFTER APPROPRIATION			128.74	110.14
Add: Loss of Steel Unit for previous years (Note 4) 14			<u>687.81</u>	<u>58.56</u>
NET LOSS			816.55	168.70
Add: Loss brought forward from last year			8573.60	8236.72
Provision for Gratuity for previous Years			<u>—</u>	<u>168.18</u>
Loss carried over to balance Sheet			<u>9390.15</u>	<u>8573.60</u>
Earnings per share (Negative)(Rs.) (Note 38)			3.97	3.35

As per our report attached
for **P.R. Mehra & Co.**
Chartered Accountants

Ashok Malhotra
Partner

Ajay PS Saini
Company Secretary

Mahendra Kumar Modi
Umesh Kumar Modi
Managing Directors

Rakesh Kumar Modi
Suraj Parkash Modi
Manish Modi
Abhishek Modi
Santosh Kumar Aggarwal
Directors

Dated : 26th August, 2009
New Delhi

SCHEDULE 1: SHARE CAPITAL

DESCRIPTION	AS AT		
	31.3.2009	AS AT 31.3.2008	
	Rs. Lacs	Rs. Lacs	Rs. Lacs
AUTHORISED			
40,00,000 Equity Shares of Rs.10/- each		400.00	400.00
1,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each		100.00	100.00
		500.00	500.00
ISSUED & SUBSCRIBED			
33,09,214 Equity Shares of Rs.10/- each fully paid-up	330.92		330.92
Less: Calls in Arrears (See note 1 below)	0.24		0.24
		330.68	330.68
40,741 15% Redeemable Cumulative Preference Shares of Rs.100/- each fully paid-up. (See note 2 below)		40.74	40.74
		371.42	371.42

1. Of the above Equity Shares :

- 2,40,000 and 6,28,370 Equity Shares are allotted as fully paid-up by way of Bonus Shares by capitalisation of share premium account and reserves respectively.
- 1,09,896 Equity Shares are allotted as fully paid-up otherwise than for cash pursuant to a scheme of arrangement for the Amalgamation of Modi Food Products Company Limited and Modi Supplies Corporation Limited with this Company.
- 12,59,800 Equity Shares as fully paid-up issued on conversion of a portion of Debentures.
- Rs.1.29 Lacs were adjusted against dividend payable to the Shareholders and Rs.17.48 Lacs were adjusted against earlier deposits and other dues owing by the Company to the allottees of shares.

2. In view of the approval obtained from both equity and preference shareholders, the redemption of these preference shares, which was originally redeemable at par at the option of the company in whole or in part but not later than 10 years from the date of issue i.e. by 31st March, 2000 was extended to 31st December, 2010 at par with an option to the Company, on giving three months notice to the shareholders, to redeem the said preference shares at any time after 31st December, 2000.

SCHEDULE 2: RESERVES & SURPLUS

DESCRIPTION	AS AT	ADDITIONS	TRANSFER OR ADJUSTMENT	BALANCE
	31.3.2008			AS AT 31.3.2009
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
Capital Reserve (Note 17 of Schedule15)	459.34	—	—	459.34
Capital Redemption Reserve	25.11	—	—	25.11
Share Premium Account	22.57	—	—	22.57
Revaluation Reserve	3538.72	—	—	3538.72
Debenture Redemption Reserve	113.00	—	—	113.00
Molasses Storage Fund	58.81	3.49	—	62.30
	4217.55	3.49	—	4221.04

SCHEDULE 3: LOAN FUNDS

DESCRIPTION	AS AT	
	31.3.2009	31.3.2008
SECURED	Rs. Lacs	Rs. Lacs
Debtures (Note 1)	738.36	738.36
Less: Calls in Arrears	1.00	1.00
		<u>737.36</u>
Interest accrued and due	3755.42	3755.42
Banks (Note 2)		
Cash Credits/Term Loan/Overdraft	1925.13	1925.13
Interest/Other Charges Accrued and due	50.12	50.12
Others (Note 3)	1506.85	1506.85
Interest accrued and due	1707.46	1707.46
	9682.34	<u>9682.34</u>
UNSECURED		
Fixed Deposits	126.88	127.32
Interest accrued and due	299.97	300.09
Short Term Loans and Advances :		
(a) From Others	2769.99	1232.48
(b) Interest accrued and due	451.76	191.15
Interest accrued and due (others)	2.99	2.99
	3651.59	<u>1854.03</u>
DEFERRED CREDITS (See Note 7 of Schedule 15)	35.11	35.11
	13369.04	<u>11571.48</u>

NOTES:**(1) DEBENTURES**

- (a) (i) 5,300-15% Mortgage Debentures of Rs.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.
- (ii) 1,00,000-15% Mortgage Debentures of Rs.100/- each redeemable at 5% premium on the expiry of seventh year from the date of allotment i.e. 26th September, 1984 and due for payment.{Note 21(a)}
- (iii) 1,00,000-15% Mortgage Debentures of Rs.100/- each redeemable at 5% premium on the expiry of seventh year from the date of allotment i.e. 16th May, 1985 and due for payment.{Note 21(a)}
- (iv) 30,000-15% Mortgage Debentures of Rs.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.
- * (v) 2,27,680 -12.5% Mortgage Debentures (Non-Convertible part of Rs.200/- each) redeemable in three yearly instalments of Rs.65.00, Rs.65.00 and Rs.70.00 respectively commencing from the expiry of seventh year from the date of allotment i.e. 29th Feb 1988 and due for payment.
- (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 clauses 2,3 (b, c and d).

(2) BANKS

Cash Credits of Rs.1925.13 Lacs and interest accrued and due of Rs. 50.12 Lacs are secured by hypothecation of Stock of Raw Materials, Stocks-in-Process, Finished Goods, Stores and Spares and Book Debts and guaranteed by a Managing Director(Refer Note 4(f)(i) of Schedule 15).

(3) OTHERS

- (a) Loans aggregating to Rs.1,377.87 Lacs (IDBI Rs.627.74 Lacs, ICICI Rs.235.00 Lacs, IFCI Rs.287.66 Lacs, LIC Rs.138.97 Lacs, GIC and its subsidiaries Rs.88.50 Lacs) are secured against securities as mentioned in 1(b) above (Refer Note 4(f)(i) of Schedule 15).
- (b) Loan of Rs.8.08 Lacs from Government of Uttar Pradesh under the Industrial Subsidised Housing Scheme is secured by 1st Mortgage of Land and tenements constructed under the Scheme.
- (c) Loan from IDBI under Technical Development Fund Scheme amounting to Rs.74.70 Lacs is secured against Electrolyser and Copper Electrodes Machine(Refer Note 4(f)(i) of Schedule 15).
- (d) Loan from IFCI under Equipment Finance Scheme amounting to Rs.46.20 Lacs is secured against Effluent Treatment Plant.

* Including Rs.0.02 Lacs from Directors (As at 31st March, 2008 Rs.0.02 Lacs)

SCHEDULE 4: FIXED ASSETS

DESCRIPTION	COST ADDITIONS		TOTAL COST		D E P R E C I A T I O N		NET VALUE	
	AS AT 31.3.2008	AS AT 31.3.2009	AS AT 31.3.2008	AS AT 31.3.2009	FOR THE YEAR	WRITTEN BACK	AS AT 31.3.2009	AS AT 31.3.2008
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs	UPTO LAST YEARS	Rs. Lacs	Rs. Lacs	Rs. Lacs
Land	2023.50 C	—	2023.50	2023.50	—	—	2023.50	2023.50
Buildings (A & B)	2738.17 C	1.65	2739.82	2739.82	629.70	—	2054.82	2108.47
Plant & Machinery *	10511.47	1017.19	11528.66	11512.08	5395.79	15.40	5239.56	5115.68
Water Supply & Drainage	53.52	—	53.52	53.52	39.49	—	10.68	14.03
Railway Siding	15.54	—	15.54	15.54	14.54	—	0.75	1.00
Furniture & Fixture	295.62	17.55	313.17	307.84	244.24	4.88	52.01	51.38
Vehicles	197.23	10.80	208.03	206.30D	109.25	1.24	75.39	87.98
Software	67.86	10.51	78.37	78.37	13.67	—	51.22	54.19
Live Stock	0.08	—	0.08	0.08	—	—	0.08	0.08
Sub Total	15902.99	1057.70	16960.69	16937.05	6446.68	21.52	9508.01	9456.31
PREVIOUS YEAR	15542.12	398.59	15940.71	15902.99	5997.18	23.03	9456.31	9456.31
* Includes under Finance Lease (Note 23)	—	598.55	598.55	598.55D	—	11.75	586.80	—

NOTES :

(A) Buildings include Land, Furniture, Fixture & Fittings acquired for a lumpsum consideration of Rs.2.25 Lacs in the year 1947.

(B) Includes a sum of Rs.13.25 Lacs (Previous Year Rs.13.25 Lacs) towards permanent improvement to the rented property.

(C) Company's Land and Buildings at Modinagar & Meerut have been revalued as at 31st March, 1992 at Current Replacement Cost on the basis of valuation report. The appreciation on revaluation Rs.924.66 Lacs on Land and Rs.1526.21 Lacs on Buildings have been credited to the Revaluation Reserve. The Land was previously revalued as at 31st March, 1985 and the appreciation of Rs.1087.85 Lacs on such revaluation also stands credited to the Revaluation Reserve.

(D) Includes Twenty (Previous Year Twenty) Cars costing Rs. 100.09 Lacs (Previous Year Rs.100.09 Lacs) WDV Rs. 38.22 Lacs (Previous Year Rs.47.97 Lacs) purchased in the name of Employees/Corporate Advisor who have given disclaimer in favour of the Company.

(E) Excludes depreciation on loose tools Rs.0.08 Lacs (Previous Year Rs.0.08 Lacs) and Rs. 0.23 Lacs (Previous Year Rs.0.13 Lacs) on addition to assets of Steel Unit but includes depreciation on opening balances of assets as on 01.04.1992, Rs. 534.03 Lacs of Steel Unit (marked as *) for 1993-94 to 1995-96(Refer Schedule 14).

SCHEDULE 5: INVESTMENTS (Net of Provisions)

DESCRIPTION	FACE VALUE		COST
	ASAT	ASAT	ASAT
	31.3.2009	31.3.2009	31.3.2008
	Rs.Lacs	Rs.Lacs	Rs.Lacs
OTHER THAN TRADE (LONG TERM)			
(1) QUOTED : AT COST			
TRUST SECURITIES			
* Nil (prev Year19711) of Rs.100/-each of 6,75% Tax free US64 Bonds 75551.226 Units (Prev. Year Nil) of Rs.10/- each of UTI Infrastruure Fund Growth Plan (Net of provision for diminution in Value of Rs. 9.79Lacs)	—	—	19.71
EQUITY SHARES			
Under the Same Management			
700000 Fully paid-up Shares of Rs.10/- each in Modipon Limited	70.00	20.00	20.00
1999960 Fully paid-up Shares of Rs.10/- each in Bihar Sponge Iron Limited	200.00	200.00	200.00
Others			
800000 Fully paid-up Shares of Rs.10/- each in Modi Rubber Limited (Note 29)	80.00	80.00	80.00
62755 Fully paid-up Shares of Rs.10/- each in Lords Chloro Alkali Ltd(LCAL). (Net of provision for diminution in Value of Rs. 6.28 lacs)	6.28	—	—
5 Fully paid-up Shares of Rs.10/- each in Mukand Ltd.	—	0.01	0.01
1 Pref. Share in Mukund Ltd. of Rs. 10/- each	—	—	—
Aggregate Amount	382.12	316.06	319.72
Aggregate Market Value	Rs.191.25 Lacs		(Previous Year Rs. 856.72 Lacs)

(2) UNQUOTED : AT COST

GOVERNMENT SECURITIES:			
**Government Securities (Lodged as Security)	0.11	0.11	0.11
EQUITY SHARES			
Under the same Management			
Subsidiary Companies			
21450 Fully paid-up Shares of Rs.100/- each in Your Investment (India) Limited	21.45	21.45	21.45
13200 Fully paid-up Shares of Rs.100/- each in Own Investment (India) Limited	13.20	13.20	13.20
Others			
1050000 Fully paid-up Shares of Rs.10/- each in Indofil Organic Industries Limited (Note17)	105.00	437.43	437.43
1200 Partly paid-up Shares of Rs.10/- each (Rs.3.50 paid-up) in Vital Chemicals Pvt. Ltd. (Transfer refused by the Board-matter in dispute before the Court)	0.12	0.07	0.07
Aggregate Amount	139.88	472.26	472.26
	522.00	788.32	791.98

* On maturity of UTI US 64 Bonds in 1st June,2008, the company got converted these bonds into units of UTI Infrastructure Fund and also received the statement of holding of units. Corporate Lien marked on these Infrastructure Units.

* * U. P. State Electricity Board Bonds 6% 1982 Face Value of Rs.0.11 Lacs listed but not quoted.

SCHEDULE 6: CURRENT ASSETS, LOANS AND ADVANCES

DESCRIPTION	ASAT	
	ASAT	AS AT
	31.3.2009	31.3.2008
	Rs.Lacs	Rs.Lacs
(A) INVENTORIES		
STORES & SPARES, STOCK-IN-TRADE AS PER INVENTORIES TAKEN, VALUED AND CERTIFIED BY THE MANAGEMENT :		
Stores & Spares Parts (Note1 below)	826.13	832.28
Loose Tools	24.68	24.76
STOCK-IN-TRADE		
Finished Goods	4033.39	4919.46
Goods-in-Process	314.74	298.91
Raw Materials	302.29	337.64
Goods in Transit (Note 2 below)	39.07	—
	5540.30	6413.05
(B) SUNDRY DEBTORS		
(a) DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS		
Fully Secured	5.15	4.53
Unsecured Good (Note 3 below)	387.76	362.55
Unsecured Doubtful (Note 3 below)	482.48	484.69
(b) OTHER DEBTS		
Fully Secured	106.22	115.85
Unsecured Good (Note 3 below)	2221.80	2525.53
Unsecured Doubtful	—	—
	3203.41	3493.15
Less: Provision for Doubtful Debts	482.48	484.69
	2720.93	3008.46
(C) CASH AND BANK BALANCES		
Cash in hand	24.02	11.63
Cheques and drafts in hand and for collection	38.73	85.71
With Scheduled Banks in Current Accounts	339.42	361.10
FDR/Savings Account	62.11	56.95
(Molasses Storage Fund)(Note 7 below)		
Fixed Deposits (Pledged as Security/Margin Money Rs.218.41Lacs. (PreviousYear Rs. 320.03Lacs)	1756.27	1145.99
	2220.55	1661.38
(D) OTHER CURRENT ASSETS		
Interest accrued (Note 4 below)	44.21	39.69
(E) LOANS AND ADVANCES		
Unsecured Good		
Advances recoverable in cash or in kind or for value to be received (including Rs.159.44 Lacs considered doubtful -Previous Year Rs. 158.67Lacs)(Note 5 below)	511.25	567.29
Inter Unit balances (Note 4 of Schedule 15)	26.69	214.07
Loans to others (including employees)	28.43	25.72
Deposits with Excise Authorities (including unutilised CENVAT balance)	154.55	78.11
Security Deposits(including Rs.10.38 Lacs considered doubtful -Previous Year Rs.10.38 Lacs)(Note 6below)	353.21	296.54
Advance Income-tax including	326.64	319.59
Tax deducted at source	1400.77	1501.32
Less: Provision for doubtful advances	169.82	168.99
	1230.95	1332.33
	11756.94	12454.91

Notes:

- Stores & Spares include materials given on loan on returnable basis against security deposit as under:
 - With Companies under the same Management:

Modipon Limited	6.27	6.27
	(6.18)	(6.18)
	11.28	11.28
	(16.75)	(16.75)
 - Others

	—	—
--	---	---
- Figures in bracket represent the amount of security
- Consists of:
 - Raw Materials
 - Finished Goods
- Includes due from a Company under the same Management (including doubtful Rs. 3.78 Lacs) (Previous Year Rs. 3.78 Lacs)(Modipon Ltd.) (Maximum Balance during the year Rs. 12.18 Lacs) (Previous Year Rs. 12.18Lacs)
- Includes interest on :

Investment	0.07	6.39
Deposits with Banks	44.14	32.16
Others	—	1.14
- (a) Includes due from a company under the same management(Modipon Ltd.) (Maximum balance during the year Rs.7.01 Lacs) (Previous year Rs.24.61 Lacs)
- (b) Includes due from a subsidiary company (Maximum balance during the year Rs.0.37 Lacs) (Previous year Rs.0.23 Lacs)
- (c)Includes due from Managing Directors
- Includes security given against quarters
- These FDRs are in the joint name of Modi Sugar Mills and Inspector, Molasses(Excise)

SCHEDULE 7: CURRENT LIABILITIES AND PROVISIONS

DESCRIPTION	AS AT	AS AT
	31.3.2009	31.3.2008
(A)CURRENT LIABILITIES	Rs.Lacs	Rs.Lacs
Acceptances	33.05	33.05
Sundry Creditors (Note 15 & 23 of Schedule 15)	8899.78	10847.60
Interest Accrued but not due on loans	61.45	61.45
Statutory Liabilities	1992.42	2109.44
Employees dues	653.05	709.72
Security from Employees	0.37	0.37
Due to Managing Directors/Directors	1.46	1.46
Advance against Quarters(Note 39)	504.50	325.97
TOTAL 'A'	12146.08	14089.06
(B)PROVISIONS		
For Taxation(Including Wealth Tax)(a)	68.08	68.08
*For Gratuity		
As per last Balance Sheet	955.14	751.47
Add: Provided during the year	206.78	88.49
Provided for earlier years	—	168.18
Less:Paid during the year	76.67	53.00
Sub Total(b)	1085.25	955.14
For Leave Encashment		
As per last Balance Sheet	107.06	105.04
Add: Provided during the year	53.07	32.75
Less:Paid during the year	31.38	30.73
Sub Total(c)	128.75	107.06
For Excise Duty on Closing Stock(d)	220.77	320.45
For Fringe Benefit Tax		
As per last Balance Sheet	16.75	2.40
**Provided during the year	30.23	44.14
Less:Paid during the year	34.86	29.79
Sub Total(e)	12.12	16.75
TOTAL 'B'(a) to (e)	1514.97	1467.48
TOTAL ("A" + "B")	13661.05	15556.54
* Includes for Managing Directors.	3.35	3.35
** Excludes for Steel Unit	0.52	0.30

SCHEDULE 8: SALES & SERVICES

DESCRIPTION	THIS	PREVIOUS
	YEAR	YEAR
	Rs.Lacs	Rs.Lacs
Gross Sales(Net of trade discounts & rebates)(Note43)	30136.79	34156.50
Add: Sales of By-product	505.31	737.92
	30642.10	34894.42
Less: Returns	62.87	43.13
Net Sales	30579.23	34851.29
Hire of Gas Cylinders	19.75	19.75
Processing Charges & Others	7.46	18.56
	30606.44	34889.60

SCHEDULE 9: OTHER INCOME

DESCRIPTION	THIS	PREVIOUS
	YEAR	YEAR
	Rs. Lacs	Rs.Lacs
Rent Realised (Note 1 below)	123.78	114.78
Interest (Note 2 below)	115.34	96.16
Dividend Income from Investments	10.50	—
Profit on :		
Bargain	1.42	0.05
Sale of Raw Materials & Stores	0.01	0.01
Sale of Fixed Assets	0.34	13.45
Miscellaneous	112.82	134.81
Dharmada Received	4.85	6.04
Claims Received	27.13	9.55
Excess Provision/Unclaimed Balances/ Amount Written back	35.32	77.27
Security Forfeited (Cylinders)	0.77	15.11
Commission/ Royalty received	21.88	20.11
	454.16	487.34

Notes:

(1) Includes tax deducted at sources	1.23	1.65
(2) (a) Consists of		
Bank Deposits	93.70	74.56
UTI Bonds	—	6.32
Staff Loans	2.39	1.94
Others	19.25	13.34
(b) Tax deducted at source	9.61	6.95

SCHEDULE 10: MATERIALS, MFG. & OTHERS

DESCRIPTION	THIS	PREVIOUS
	YEAR	YEAR
	Rs. Lacs	Rs. Lacs
RAW MATERIALS CONSUMED	12720.82	13069.74
GOODS PURCHASED FOR SALES(Note 43)	188.45	6294.05
MANUFACTURING		
Stores & Spares	1610.46	1954.17
Power, Coal & Fuel	410.37	384.87
Carriage & Siding	12.72	5.27
Repairs to Plant & Machinery	807.38	770.96
Cane Development Expenses	28.40	25.26
Repairs to Buildings	132.95	126.36
Processing Charges & Others	80.81	15.98
	3083.09	3282.87
DECREASE/INCREASE IN STOCKS		
OPENING STOCKS		
Finished Goods	4919.46	3903.41
Goods-in-Process	298.91	256.63
	5218.37	4160.04
LESS:CLOSING STOCKS		
Finished Goods	4033.39	4919.46
Goods-in-Process	314.74	298.91
	4348.13	5218.37
	870.24	(1058.33)
	16862.60	21588.33

SCHEDULE 11 : PERSONNEL

DESCRIPTION	THIS	PREVIOUS
	YEAR	YEAR
	Rs. Lacs	Rs. Lacs
Salaries and Wages	1821.26	1718.52
Gratuity*	209.16	91.27
Bonus	180.32	168.57
Contribution to Provident Fund etc.	156.98	146.42
Staff and Labour Welfare Expenses	239.28	223.73
Workmen Compensation	0.11	1.35
	2607.11	2349.86
* Includes for Steel Unit	2.38	2.78

SCHEDULE 12: ADMINISTRATION & SELLING

DESCRIPTION	THIS	PREVIOUS
	YEAR	YEAR
	Rs. Lacs	Rs. Lacs
Rent	47.02	45.49
Rates & Taxes	141.47	86.09
Insurance	34.26	41.92
General Office Expenses	647.76	581.10
(including Legal, Stationery, Postage, Advertisement etc)		
Directors' Sitting Fee	0.33	0.29
Travelling Expenses	223.03	218.12
Auditor's Remuneration (Note 1)	10.16	8.95
Sales-Tax paid	2.18	1.92
Freight/Transport Forwarding etc.	415.72	466.03
Commission to Selling/C&F/Consignee Agents*	424.54	403.71
Donation & Dharmada Disbursed	2.56	1.13
Discounts & Sales Promotion	177.34	218.11
Bad Debts Written Off	5.82	0.65
Claims/Amount written off	0.19	6.58
	6.01	7.23
Less:Adjusted against existing Provision for Doubtful Debts and Advances	5.02	0.99
Provision for Doubtful Debts and Advances	3.64	7.55
Assets Written Off (Net) (Note 2)	4.20	2.45
Loss on Sale of Assets (Note 3)	4.65	3.80
Provision for Obsolete Stores	5.00	6.00
Provision for diminution in Value of investments	9.79	—
Provision for excess sales realisation	37.32	—
Investment Written Off	—	56.48
Less: adjusted out of provision for diminution in value of investments	—	56.48
	2191.96	2096.27

* Includes commission to C&F/ Consignee Agents amounting to Rs. 78.76Lacs(Previous Year Rs. 128.86 Lacs)

SCHEDULE 12 : (Contd.)

DESCRIPTION	THIS YEAR	PREVIOUS YEAR
Notes:	Rs. Lacs	Rs. Lacs
(1) Auditors Remuneration		
(a) As Auditors	4.41	3.93
(b) Taxation including Tax Audit	1.51	1.35
(c) Management Services/Certification	3.15	2.63
(d) Expenses reimbursed	1.09	1.04
(2) Assets Written Off		
(a) Raw Materials, Stores & Loose Tools	3.14	3.16
Less: Adjustment against provision for obsolete stores	—	0.77
	3.14	2.39
(b) Fixed Assets	1.06	0.06
(3) Loss on Sale of		
(a) Raw Materials and Stores	3.89	2.21
(b) Fixed Assets	0.76	1.59

SCHEDULE 13: MANAGERIAL REMUNERATION

DESCRIPTION	THIS YEAR	PREVIOUS YEAR
Remuneration to Managing Directors (See Note 27(b) of Schedule 15)	Rs. Lacs	Rs. Lacs
Salary	4.50	—
Contribution to Provident Funds	0.54	—
Gratuity	—	—
Rent Paid	—	—
Electricity Actual	0.59	—
	5.63	—
Money Value perquisites	—	—
	5.63	—

SCHEDULE 14: PROFIT & LOSS ACCOUNT OF STEEL UNIT FOR THE YEARS 1993-94, 1994-95 AND 1995-96: (REFER NOTE 4 OF SCHEDULE 15)

DESCRIPTION	1993-94	1994-95	1995-96	TOTAL 1996-97 & 1997-98	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
INCOME:					
Sales	28.54	—	—	28.54	—
Other Income:					
Rent from Employees	0.64	0.29	0.16	1.09	0.36
Rent realised from others	20.30	23.20	25.64	69.14	69.09
Insurance claim received (Note-1 below)	18.57	—	—	18.57	—
Misc. Income	0.29	—	—	0.29	0.21
Interest Income from Others	0.72	0.01	0.01	0.74	0.02
Profit on Sale of Fixed Assets (Note-1 below)	—	0.20	—	0.20	0.04
Excess provision written back	—	—	—	—	0.07
Total	69.06	23.70	25.81	118.57	69.79
EXPENDITURE:					
Repairs to buildings	0.18	—	0.07	0.25	0.07
Salaries & Wages	18.60	16.06	15.30	49.96	31.69
Contribution to Provident Fund & Other Funds	2.22	1.95	1.84	6.01	4.05
Gratuity (Note 2)	0.33	0.77	0.27	1.37	1.64
Bonus	1.43	1.19	1.15	3.77	2.39
Staff Welfare Expenses	1.17	0.75	0.91	2.83	1.47
Electricity Expenses (Note 3 below)	16.51	15.08	17.56	49.15	30.79
Rent Paid (Cylinders) (Note 4 below)	—	0.59	—	0.59	0.59
Legal Expenses	1.13	1.00	0.91	3.04	11.27
Rent paid	3.72	3.01	2.67	9.40	5.64
Insurance	1.87	2.22	1.06	5.15	—
General Office Expenses	10.19	4.27	2.64	17.10	4.56
Compensation for closure of factory	15.91	—	—	15.91	—
Statutory Audit Fees	0.55	0.55	0.55	1.65	0.78
Lease Rent	24.24	23.70	—	47.94	—
Sales Tax Paid	2.05	—	—	2.05	—
Decrease in closing Stock (Note 7 below)	28.54	—	—	28.54	—
Interest paid on:					
Fixed Loans	—	—	—	—	3.60
Others	—	11.65	16.00	27.65	9.00
Depreciation on:					
Opening Balance as on 1.4.1992	182.22	182.22	169.58	534.02	20.81
Total	310.86	265.01	230.51	806.38	128.35
Loss for the Year	241.80	241.31	204.70	687.81	58.56

Notes: 1. In the absence of asset-wise details of cost/written down value, the gross amount realised on sale of fixed assets of Rs. 0.20 Lacs and insurance claim received have been accounted for as profit on sale of fixed assets/insurance claim received in the Profit & Loss Account. 2. Refer Note 14(b) of Schedule 15. 3. Excludes surcharge/interest charges on arrears of Electricity dues. Provision not made for surcharge of Rs. 2.07 Lacs, Rs. 6.25 Lacs and Rs. 10.64 Lacs for 1993-94, 1994-95 and 1995-96 respectively (Rs. 64.86 Lacs for 1996-97 to 1998-99) 4. In view of income booked by Distillery Unit, this entry is passed now to nullify that effect since the Corporate Office did not reverse this inter-unit income in the respective years.

5. The above Profit & Loss Account represents profit before inter-unit rental income/expenses since the same were incorporated in the respective years at Corporate Office level to nullify the inter unit income/expenses. 6. In the absence of bank statement for the years 1993-94 to 1997-98 bank reconciliation could not be prepared and the impact, if any, of this on the Profit & Loss Accounts for the above years is not ascertainable. 7. In view of non availability of value of opening stock of finished goods, the net sale value of goods sold during the year 1993-94 of Rs. 28.54 Lacs (198.601M.Tons Wires) has been treated as reduction in closing stock.

SCHEDULE 15 : ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES**(A) 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 of U.P. VAT) or net realisable 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 assets 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 realisable 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) FIXED ASSETS:

- Major improvements to fixed assets 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 of construction of fixed assets are included in the gross book value of fixed assets to which they relate.

(3) DEPRECIATION:

- Depreciation on Plant & Machinery is provided on Straight Line Method except in Corporate Office. In respect of other assets including office equipments, depreciation is provided on Written Down Value Method in all units except Sugar and Steel Units where it is provided on Straight Line Method. (Also refer accounting Policy No. 2(i) above)
- Assets for which Straight Line Method basis is adopted and acquired prior to 2nd April, 1987, are depreciated at rates prevailing in the year of acquisition.
- Depreciation on additions/deletions is charged on prorata basis and in accordance with Schedule XIV of the Companies Act, 1956.

(4) INTANGIBLE ASSETS:

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Computer Software is amortised over a period of five years.

(5) REVENUE RECOGNITION:

- Export incentives under the duty entitlement pass book scheme is recognised on accrual basis.
- Revenue arising by use of company's properties by others yielding rent is recognised when no significant uncertainty as to measureability or collectability exists.
- Sale of Goods is recognised 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 Profit & Loss Account.
- Gratuity Liability is accounted for on accrual basis, computed actuarially, except for Steel Unit upto 31st March, 2002 which is accounted for on cash basis.
- Leave encashment is accounted for on accrual basis, computed actuarially.

SCHEDULE 15 : (Contd.)

(B) CONTINGENT LIABILITIES AND NOTES:

	AS AT 31.3.2009	AS AT 31.3.2008
	Rs. Lacs	Rs. Lacs
1. (a) Claims against the Company not acknowledged as debts		
(i) Workmen (excluding unascertainable amounts)	160.24	103.64
(ii) Others	154.09	91.89
(b) Partly paid-up Equity Shares of Vital Chemicals Private Limited	0.08	0.08
(c) Disputed Liability for Excise, Sales-tax matters and liquidated damages on Provident Fund dues (excluding interest unascertainable and undisputed Sales Tax/ penalty demands (net of provision made of Rs. 62.21 Lacs) of Rs. 135.16 Lacs)[Note 22(d)]	1103.30	991.74
(d) Bills discounted	427.32	148.59

2. Estimated amount of contracts remaining to be executed on Capital Account Rs. 111.10 Lacs (Previous Year Rs. 85.86 Lacs).

3. Guarantees given to Sales-tax/Excise Departments on behalf of Companies in the same group amounts to Rs.139.42 Lacs (Previous Year Rs.139.42 Lacs). Information regarding outstanding position is not available. This excludes guarantees of Rs. 109.63 Lacs (Previous year Rs. 109.63 Lacs) 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 finalising the audit for the year ended 31st March, 1993. Even though there have been substantial transactions subsequent to the closure of the unit like realisation of depot sales/ dues from debtors, rental income, payment of full & final dues to ex-employees etc. including loans given to corporates and transfer of funds to/from the Units of the Company, these transactions 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 Profit & Loss accounts for 2004-05 was incorporated during the financial year 2004-05, for the years 2005-06 and 2001-02 to 2003-04 were incorporated during the financial year 2005-06, Profit & Loss Account for the years 2006-07 and 1998-99 to 2000-01 have been incorporated during the year 2006-07, Profit and Loss Account for the years 2007-08, 1996-97 and 1997-98 have been incorporated during the previous financial year and Profit & Loss Account for the years 2008-09 and 1993-94 to 1995-96 were incorporated during the current financial year.(Refer Schedule 14 of Annual Accounts). As an interim measure, Rs.26.69 Lacs (Previous year Rs. 214.07 lacs) which represents (i) Rs. 120.91 Lacs being net cumulative inter-unit debit balance on account of transactions of other units of the company with steel unit during 01.04.1992 to 31.03.2009 (ii) Payment of unsecured loan of Rs. 45.00 Lacs (Refer Note (c) below) and (iii) net loss of Rs. 139.22 Lacs for the years 1993-94 to 2008-09 (before inter unit rental income, write back of Rs. 278.95 Lacs and provision for depreciation of Rs. 649.37 Lacs) have been clubbed with current Assets of the company as on 31.03.2009 and 31.03.2008 respectively as "Inter-Unit Balances" pending incorporation of (i) Annual Accounts for the period 1st April, 1992 to 31st March, 1993 and (ii) assets and liabilities including inter unit balances arising on account of transactions for the period 1st April, 1993 to 31st March, 2009.

(b) The financial results for the years 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 and notes of the Steel Unit as on 1st April, 1992, subject to (i) reduction of unsecured loans taken by Rs. 278.95 Lacs in view of write back on account of one time settlement (OTS) of dues with Hong Kong and Shanghai Banking Corporation Limited (HSBC), during the year 2004-05 and further reduction of Rs. 45.00 Lacs on account of payment during 2005-06 of OTS to HSBC (ii) reduction of fixed assets (net) by Rs.649.37 Lacs being depreciation provided during 1993-94 to 2008-09 on closing balances of fixed assets as on 31st March, 1992 and (iii) decrease in Inter-Unit balance by Rs. 184.22 Lacs which represents; (a) the sum of net loss of Rs.139.22 Lacs for the years 1993-94 to 2008-09 (before inter-unit rental income, write back of above amount of Rs. 278.95 Lacs and provision for depreciation of Rs.649.37 Lacs) and repayment of unsecured loan of Rs. 45.00 Lacs. The above inter-unit balance will actually represent either net increase in assets or net decrease in liabilities as on 31st March, 2009 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 31.03.2008 and 31.03.2009 are as under: (Rs. in Lacs)

Liabilities	As on 31.03.2009	As on 31.03.2008	Assets	As on 31.03.2009	As on 31.03.2008
Secured Loans	3,421.08	3,421.08	Fixed Assets (Net)	476.72	1,017.12
Current Liabilities & Provisions	2,838.28	2,838.28	Investments	0.11	0.11
Accumulated Profits/Losses(net)	(509.64)	202.57	Current Assets & Advances :		
1993-94 to			Inventories	1,340.14	1,340.14
1996-97 and			Sundry Debtors	1,199.25	1,199.25
1997-98	(58.56)		Cash and Bank Balances	150.78	150.78
1998-99 to			Loans and Advances	249.70	249.70
2000-01	(29.83)		Miscellaneous Expenditure	11.07	11.07
2001-02 to			(to the extent not written off or adjusted)		
2003-04	56.53		Inter-unit Balances	1,534.73	1,706.54
2004-05	300.90		Loss for year 1991-92	787.22	787.22
2005-06	(36.67)				
2006-07	(18.94)				
2007-08	(10.86)				
2008-09	(24.40)				
TOTAL	5,749.72	6,461.93	TOTAL	5,749.72	6,461.93

(e) Profit & Loss Account of the Steel Unit for the year ended 31st March, 2009 & 31st March, 2008 (Excluding inter-unit rental income of Rs. 42.89 Lacs) (Previous Year Rs. 37.68 Lacs)

PARTICULARS	2008-09	2007-08
INCOME:		
Rental Income:	94.82	87.37
Profit on Sale of Fixed Assets	0.03	0.21
	94.85	87.58
EXPENDITURE:		
Repairs to building	7.97	6.74
Personnel	35.67	28.97
Administration & Selling	34.20	27.05
Interest	34.28	28.88
Depreciation	6.61	6.50
Loss before tax	23.88	10.56
Add: Provision for fringe benefits tax	0.52	0.30
Loss for the Year	24.40	10.86

(f) The Profit & Loss Accounts of Steel Unit for the years 1993-94 to 2008-09 are subject to following notes on accounts:

(i)(a) During the year 2006-07, a One Time Settlement (OTS) dated 22nd January, 2007 has been signed between the Company, Punjab National Bank (PNB), Shri U.K. Modi (as Guarantor) and SBEC Sugar Limited (SSL) on the terms as contained in the PNB letter dated 28th September, 2006. In terms of this settlement, SSL agreed to make payment of Rs. 2810.60 Lacs together with interest to PNB in consideration of PNB agreeing to assign its debt of the Steel Section of the company in favour of SSL. SSL is making payment under the settlement in instalments for which it has deposited post dated cheques and on completion of the payment by SSL, PNB's claims against the steel section of the company together with all securities and charges created by the Company in its

SCHEDULE 15: (Contd.)

favour shall stand assigned to SSL. Upon SSL completing the above payment, the company proposes to enter into terms of settlement of this debt with SSL.

- (b) As reported last year with reference to the outcome of the settlement with regard to the debt of IDBI Limited, Shri Umesh Kumar Modi had stated that a settlement agreement was concluded with IDBI Limited alongwith SBEC Bio-Energy Limited (SBEL). This settlement agreement was in terms of IDBI's letter dated 9th February, 2007. Against payment by SBEL to IDBI of Rs.1232.20 Lacs together with interest from 1st July 2006 and in consideration thereof IDBI had agreed to assign to SBEL, all its claims, rights, securities and charges created by the company in its favour. SBEL has completed the payment of Rs.1232.20 lacs along with interest to IDBI on 06th October, 2007 and IDBI had agreed to assign all its claims (towards principal and interest), rights against the Company and also charges and securities created by the Company in favour of SBEL. The Company had proposed to enter into terms of payment of this debt with SBEL.

- (c) As reported last year, Shri M.K.Modi had filed Petitions being OMP 411/2007 and AA No. 287/07 in the Delhi High Court to enforce an Agreement dated 17th November,2006 entered into with Shri Umesh Kumar Modi. In the above mentioned Petitions, Shri M.K. Modi, interalia claims that the OTS settlement are contrary to the aforesaid Agreement. Shri U.K. Modi has filed replies disputing the existence and validity of the said Agreement. One of the shareholders of the Company has also intervened in the proceedings pending before the High Court and the AAIFR. These matters are still pending hearing and disposal by the High court and the AAIFR.

As per Shri U.K. Modi the said settlements are duly approved by the Company and are in the interest of the Company. The settlements are legal, valid and binding on all concerned.

According to Shri M.K. Modi, the other Managing Director the said settlements are neither legal nor binding and is without approval of the Board. The same is also contrary to the agreement between the two Managing Directors, the Board Resolution and the 'status-quo' order of AAIFR and Delhi High Court.

- (d) In view of non-availability of book balance of liabilities towards PNB and IDBI 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 4 of Schedule 15 of Annual Accounts), the difference between OTS amounts and book balances could not be ascertained. These liabilities will now be quantified with the assignees of PNB and IDBI debts.
- (e) 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.
- (ii) 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,2008;
- (iii) Non-provision of obsolete/damaged stocks and fixed assets, if any, in view of non-incorporation of earlier year's accounts and non-physical verification of inventories and fixed assets as on 31st March 2009;
- (iv) Non-confirmation/reconciliation of balances of debtors, creditors, banks, financial institutions etc. and impact, if any, on the Profit and Loss Account;
- (v) Non-provision of doubtful debts and loans & advances, amount unascertained;
- (vi) Non-provision of impairment of Assets, if any, of the fixed assets as per Accounting Standards (AS 28) i.e. Impairment of Assets, amount unascertained.
- (vii) Uttar Pradesh Electricity Board (UPSEB) raised various demand notices against electricity dues and late payment surcharge amounting to Rs. 2435.48 Lacs on the Steel unit of the Company. The company filed writ petition in Allahabad High Court challenging the said demand notices. The Hon'ble Allahabad High Court dismissed the writ petitions filed by the Company. Accordingly, UPSEB issued recovery notices on the Steel Unit of the Company. The company filed Special Leave Petition (SLP) with Hon'ble Supreme Court of India, who has granted interim stay on 14th March, 2005 for stay of recovery by way of sale of property which is still continuing.
- In view of the above and pending incorporation of annual accounts of Steel Unit for 1992-93, no provision is considered necessary at this stage. The above includes Rs. 396.29 Lacs for the years 1993-94 to 1995-1996/(Rs.499.50 lacs for 1996-97 and 1997-98, Rs. 220.11 Lacs for 1998-99 and 1999-2000), the accounts of which

have been incorporated during the current year.

5. Company has two subsidiaries i.e. Your Investment (India) Ltd. and Own Investment (India) Limited. These subsidiaries are holding only long-term unquoted investments and main objects clause of the company was amended to restrict these companies not to acquire any fresh investments. Further, these companies are not having any other major assets. Consequently, these subsidiaries are operating under severe long term restrictions, which significantly impairs their ability to transfer funds to the holding company. Accordingly, as permitted by Accounting Standard 21, consolidated financial statement are not prepared.
6. 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.
7. 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.
8. The Company has disputed the price of levy sugar fixed during the year 1970-71 to 1974-75 and recovered an amount of Rs. 37.73 Lacs in excess of the control price which was paid subsequently in pursuance of Supreme Court Order dated 22nd September, 1993. However, the company obtained Stay order from Hon'ble Allahabad High Court against demand of interest made by the Food Corporation of India.
- In view of the above, interest on excess realisations for the years 1970-71 to 1974-75 amounting to Rs.132.05 Lacs upto 31st March, 2009 (for the year Rs.2.40 Lacs) will be accounted for as expenses in the year of receipt of final claim from the Government/disposal of the above writ petition.
9. (a) In accordance with an Interim Order dated 27th April, 1981 of the Delhi High Court, the Company had availed higher quota of free sale sugar and concessional excise duty on provisional basis as New Unit. The consequent excess price and excise duty realised during the period from 1980-81 to 1985-86 amounted to Rs.879.88 Lacs and Rs. 103.43 Lacs respectively, which was included in sales in the said period. In terms of the interim order of the High Court, in the event of the Company losing the Writ Petition, it has to replenish additional quantity of levy sugar in subsequent years to compensate for the excess free sale sugar availed. Hon'ble Delhi High Court vide its order dated 28th February, 2005 decided the matter in favour of the Company.
- (b) No provision for Income-tax has been considered necessary in respect of the excess sale price realisation and write back of provision for excise duty in view of favourable decisions subsequently by various appellate authorities and Hon'ble Calcutta High Court in a similar case. The Company has filed application for reference of a question of law to the Delhi High Court against the orders of the Income Tax Appellate Tribunal for assessment year 1982-83. In case the Company does not succeed, there will be additional liability including interest, which is estimated at Rs. 224.75 Lacs(previous year Rs. 224.75 Lacs) for assessment year 1982-83 against which Rs. 217.87 Lacs (Net of existing provision for Income Tax Rs. 68.08 Lacs) paid/adjusted has been shown as amount recoverable as on 31st March 2009.
10. (a) No provision has been made for the late payment surcharge on Electricity Tariff increase amounting to Rs.536.34 Lacs (Previous Year Rs.536.34 Lacs) claimed by UPSEB since the Company (Steel Unit) had made representation for its waiver.
- (b) The U.P. State Electricity Board had raised demands against the Steel Unit towards interest on fuel surcharge amounting to Rs.117.10 Lacs (Previous Year Rs.117.10 Lacs) consequent to the High Court orders. During the year 1997-98 the Company has lost the claim in Supreme Court. No provision has been made in the accounts in respect thereof.
- (c) 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

SCHEDULE 15: (Contd.)

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 Rs.131.46 Lacs upto the period of permanent disconnection of residential feeder SC.No. 2005 i.e. 31st May, 2001 (Previous Year Rs. 131.46 Lacs) for the unauthorised occupants and late payment surcharge/ recovery charges amounting to Rs. 302.66 Lacs upto 31st May, 2001 (Previous Year Rs. 302.66 Lacs). In accordance with the agreement, matter regarding waiver of late payment surcharge and recovery charges after 1st July, 1998 will be referred to the Government.

11. ESI Authorities had raised a demand on the Company for Rs.56.52 Lacs (upto previous year Rs.55.35 Lacs) (inclusive of interest) towards Company's liability for ESI for the years 1968 to 1986. The demand is disputed by the company and no provision has been made against this liability.

12. Modinagar Municipal Committee had determined the basis/ liability of house-tax payable by the Company for the years 1982-83 to 2006-07 at Rs.213.98 Lacs. The said liability/ demand/basis is disputed by the company at various levels and has deposited Rs.16.51 Lacs on account upto 31st March, 2009. Pending final decision of the Court/settlement and after taking into account the provision/payments already made by the Company, there is a net liability of Rs.188.63 Lacs (upto the previous year Rs.199.54 lacs), which has not been provided for in the accounts.

Modinagar Municipal Committee has fixed the House Tax liability for the financial year 2007-2012 @ Rs. 20,03,040/- per annum and accordingly the company has paid the house tax for the financial year 2007-08 and 2008-09 during the year ended 31st March, 2009.

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

14. (a) In respect of Steel Unit, gratuity liability upto 30th September, 1987 amounting to Rs.84.82 Lacs has not been provided in the books on accrual basis.

(b) The Gratuity Liability of continuing employees in Steel Unit was being accounted for on cash basis from 1993-94 to 2001-02. During 2002-03 past gratuity liability of continuing employees amounting to Rs. 14.96 Lacs was provided on accrual basis computed on actual basis and w.e.f. 2003-04, Gratuity liability is computed on actuarial basis and provided for in the books of account.

(c) The Company has adopted Accounting Standards 15 (Revised) on employees benefits with effect from 1st April 2007 in respect of Gratuity Liability.

Details in respect of Gratuity are as under:

Liability to be recognised in Balance Sheet	As on	As on
	31-03.2009	31-03.2008
	(Rs. in Lacs)	(Rs. in Lacs)
Present value of Funded Obligations	1,004.36	872.15
Fair value of Plan Assets	—	—
Net Liability	(1,004.36)	(872.15)
Reconciliation of Opening and Closing Balances of Obligation		
Change in defined benefit Obligation as at 1st April, 2008	872.15	834.67
Current Service Cost	50.48	40.30
Interest Cost	61.05	66.78
Actuarial Losses/(Gain)	97.49	(69.60)
Benefits Paid	(76.81)	—
Obligation as at 31st March, 2009	1,004.36	872.15
Expenditure to be recognised during the year		
Current Service Cost	50.48	40.30
Interest Cost	61.05	66.78
Expected return on Plan Assets	—	—
Net Actuarial Losses/(Gains) Recognised during the year	97.49	(69.60)
Total expenditure included in "Employees' Emoluments"	209.02	37.48
Assumptions		
Discount Rate(per annum)	7%	8%
Expected rate of return on Assets (per annum)	0%	0%
Salary Escalation Rate	7.50%	7.50%

The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified numbers 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.

(d) (i) Hitherto, earned leave liability provision at the year end was computed on actual basis. During the current year, the company has adopted Accounting Standard 15(Revised) on employees benefits with effect from 1st April, 2008 in respect of Earned Leaves which resulted in increase in loss by Rs. 18.01 Lacs.

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

Liability to be recognised in Balance Sheet	As on
	31-03.2009
	(Rs. in Lacs)
Present value of funded Obligations	133.18
Fair value of Plan Assets	—
Net Liability	(133.18)
Reconciliation of Opening and closing Balances of Obligation	
Change in defined benefit Obligation as at 1st April, 2008	125.46
Current Service Cost	12.50
Interest Cost	8.74
Actuarial Losses/(Gain)	17.43
Benefits Paid	(31.00)
Obligations as at 31st March, 2009	133.18
Expenditure to be recognised during the year	
Current Service Cost	12.50
Interest Cost	8.74
Expected return on Plan Assets	—
Net Actuarial Losses/(Gains) Recognised during the year	17.43
Total expenditure included in "Employees' Emoluments"	36.67
Assumptions	
Discount Rate(per annum)	7%
Expected rate of return on Assets (per annum)	0%
Salary Escalation Rate	7.50%

15. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this act has not been provided.

16. Government of India has issued guidelines dated 15th January 1987 which requires companies raising resources through issue of Debentures to create a Debenture Redemption Reserve. The Company has not created such a reserve in view of the accumulated losses.

17. During the year 2006-07, Modipon Limited (MPL), in which the company holds investments of 7,00,000 equity shares, has sold its Chemical Division alongwith certain other assets to Indofil Organic Industries Limited (IOIL) with effect from 1st October, 2006. As per the sale agreement between MPL and IOIL, the company has received directly 10,50,000 equity shares of (Rs. 10/- each) at a premium of Rs. 31.66 per equity share allotted by IOIL on 28th March, 2007 for consideration otherwise than in cash.

As per a legal opinion received by the company, an amount of Rs. 437.43 Lacs being cost of shares has been shown as investments by credit to Capital Reserve during the year 2006-07.

18. Arrears of dividend on Cumulative Preference Shares upto 31st March, 2009 Rs. 111.51 Lacs (upto previous year Rs.105.40 Lacs).

19. No depreciation has been provided on appreciated value of Buildings consequent to their revaluation in the books of accounts on 31st March, 1992. However, the said depreciation as and when decided to be charged would be set off against Revaluation Reserve.

20. Consequent to the losses, the Company had been declared a Sick Industrial Company on 14th March, 1991 in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. Further proceedings before the BIFR/ Appellate Authority for Industrial and Financial Reconstruction(AAIFR) are pending.

Pending final orders of BIFR, the accounts of the company have been prepared on a going concern basis.

21. (a) (i) BIFR in its hearing held on 13th February, 2008 directed the company to pay Rs. 2.00 crore to Army Group Insurance Fund(AGIF)(debenture holder) in two instalments. Based on the Company's offer for One time settlement(OTS), the AGIF has agreed in principle to accept principal amount of Rs. 2 crore in full and final settlement of its dues towards principal amount and interest till date. The company has sought the appropriate directions of BIFR for enabling the company to make the payment to AGIF, which is pending before the Hon'ble bench. Pending final payment to AGIF, interest already provided in the books of Rs.702.68 Lacs upto 31st March, 2009 will be accounted for as revenue in the year of payment.

The amount of interest not provided in the books on

SCHEDULE 15: (Contd.)

above debentures of AGIF upto 31st March, 2009 amounts to Rs. 3941.04 Lacs which is included in (ii) below also.

(ii) No provision has been made for penal/delayed/ simple/compound interest amounting to Rs.15,544.45 Lacs upto 31st March, 2009 (for the year Rs. 2,748.37 Lacs) on term borrowings of Financial Institutions and Debentures pending final order of BIFR.

(b) Interest payable by Vanaspati Unit of the Company to Financial Institutions since the date of disbursement of the loan on simple rate of interest basis amounts to Rs. 1086.30 Lacs upto 31st March, 2009 and the unit holds total interest provision of Rs. 732.41 Lacs as on 31st March, 2009 resulting in the short provision of Rs. 353.89 Lacs on simple interest basis.

(c) No provision for interest on cash credit from Bank for the period 1st October, 1997 to 31st March, 2009 i.e. after lock-out has been made by Vanaspati Unit amounting to Rs.1718.60 Lacs (Previous Year Rs.1436.27 Lacs) since the Unit has made representation for waiver and also there are no operation in the account. Difference of interest payable over books balance, if any, will be accounted for in the year of final settlement.

(d) No provision has been made for interest/bank charges amounting to Rs.1305.45 Lacs (for the year Rs.186.05 Lacs) in Sugar Unit, since the said unit is disputing these amounts.

(e) Interest on Cash Credit Account has been provided on simple basis upto 31st January 2004 in Paint Unit. No interest is being provided in the books after 31-01-2004. Had the same been provided on compound basis, the charge of interest would have been higher by Rs. 134.94 Lacs (Previous Year Rs.111.38 Lacs) upto 31-03-2009.

(f) No provision has been made for interest on Cash Credit amounting to Rs. 108.52 Lacs (for the year Rs.22.94 Lacs) in Distillery Unit.

(g) Till 31st March, 2000, simple interest on matured fixed deposits and interest upto date of maturity was provided in the books of account. With effect from 1st April, 2000, no provision has been made for interest of Rs. 216.34 Lacs, upto 31st March, 2009 (for the year Rs. 23.74 Lacs) computed as per past practice, 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 Rs. 299.97 Lacs in the past (net of payments) has been retained in the books of accounts as on 31st March, 2009.

22. (a) The 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 granted stay. Pending disposal of the case, no provision has been made for sales-tax Rs.2,455.78 Lacs relating to the period May, 1991 to July, 1994 (Previous Year Rs.2,455.78 Lacs).

(b) The 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 Rs.440.46 Lacs (previous year Rs. 441.05 Lacs) relating to the period August, 1994 to March, 1996 has not been deposited with the authorities.

The above writ petition filed by the company was listed for hearing on 2nd May, 2008 at High Court, Lucknow Bench. The Company had filed an affidavit with the court that BIFR had passed an order dated 26th March, 2008 by virtue of which the Bench permitted the Commercial Tax Department, Government of U.P. to recover its outstanding dues, due after 30th June, 2007. The Company had also stated in the said affidavit that the Hon'ble Supreme Court of India had affirmed the order of the BIFR and therefore in view of the said orders of BIFR as affirmed by the Hon'ble Supreme Court, the said Writ Petition may be dismissed as infructuous. Accordingly the High Court, Lucknow Bench has dismissed the said writ petition as infructuous.

(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 Rs. 54.77 Lacs i.e. 10% of the total interest as per the scheme. No dues certificate of sales tax authorities is awaited.

(d) Trade Tax Department had issued the recovery Notice amounting to Rs. 910.96 Lacs. The Company had filed a writ petition before Hon'ble High Court at Allahabad against the RC issued by Trade Tax Department. The Hon'ble High Court dismissed our writ and the permission granted to the department for recovery. The Company has filed a SLP before Hon'ble Supreme Court against the order of Hon'ble High Court Allahabad. Hon'ble Supreme Court had passed order that Trade Tax Department take the permission for recovery from BIFR. BIFR had issued a order on 26-03-2008. Therefore, the Bench permits the Commercial Tax Department, Government of Uttar Pradesh to recover its outstanding dues, due after 30-06-2007 i.e the cut off date given by the BIFR vide its final order dated 12-03-2007 regarding preparation of rehabilitation scheme. The Supreme Court had affirmed the order of BIFR.

23. Fixed Assets of Modi Sugar Mills(MSM) as on 31st March, 2009 includes Boiler and Turbine acquired under finance lease. Details are as under. (Rs. in Lacs)

Particulars	Boiler		Turbine	
	Present Value		Present Value	
Lease Period	4 yrs		5yrs	
Lease Amount	200.00		399.85	
Interest Amount	70.42		177.20	
Total Lease rental Payable	270.42		575.75	
Payable as on 31st March, 2009	158.67	148.85	528.93	381.84
Payable during 2009-10	67.60	63.07	115.40	107.64
Payable during 2010-11 to note later than 5 year	91.07	85.78	413.53	274.20
Option to purchase at the end of Lease	Yes		Yes	

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 Rs. 27.46 Lacs for the lockout period.

25. Interest expenses on fixed loans Rs. 484.73 Lacs (Previous Year Rs. 219.57 Lacs) and on others Rs. 66.33 Lacs (Previous Year Rs. 26.75 Lacs).

26. Income and Expenditure pertaining to previous year included under relevant heads amounts to Rs. 11.47 Lacs and Rs. 16.74 Lacs (Administration & Selling Rs. 8.30 Lacs, Interest Rs. 6.15 Lacs, Personnel Rs. 0.22 Lacs, Returns, Rebates & Discount Rs.1.47 Lacs, Mfg.& Others Rs. 0.60 Lacs) respectively.

27. (a) Provision/payments (including value of perquisites) has been made to Managing Directors for the remuneration of Rs. 80.68 Lacs in terms of shareholders resolution, which is subject to approval of the Financial Institutions.

(b) The remuneration w.e.f. 1st October, 2008 of Dr. Mahendra Kumar Modi, managing Director, is subject to the approval of Central Government. Pending approval, as per the legal advice obtained, the company has made payment amounting to Rs. 5.63 lacs towards Remuneration for the period 1st October, 2008 to 31st March, 2009 as the approval of the Shareholders. Further, an undertaking has been obtained from the Managing Director stating that in the event the Central Government not according its approval or approving lower remuneration than the excess amount paid, if any, shall be refunded to the company and till the approval is accorded by the Central Government, the amount received will be held in trust for the company.

28. No provision has been made for Earned Leaves for Steel Unit- upto 1991-92, amount unascertained.

29. There has been diminution, other than temporary, of Rs. 80.00 Lacs as on 31st, March, 2009 (Previous year Rs. 80.00 Lacs) in the value of one of its investments in Group companies. However, being long term investment, this is valued at cost with no provision made for fall in market value. This investment is considered strategic investment and also having long term involvement with above company, no provision is considered necessary since the decline is also not permanent in nature.

30. (a) Punjab National Bank(PNB) had, prior to the One Time Settlement(OTS)concluded and referred to in Note No.4(f)(i)(a), instituted suit for recovery of its dues of Rs. 36.63 crores against the Company and Others in the Debt Recovery Tribunal(DRT), Delhi. Pursuant to the OTS concluded as aforesaid on 22-01-2007 the Debt Recovery Appellate Tribunal(DRAT), New Delhi vide their order dated 6th February, 2007, had directed the Debts Recovery Tribunal to dispose off the case in terms of the said OTS. Further proceedings in that connection are pending.

(b) Allahabad Bank had filed a recovery suit for recovery of Rs. 21.41Crores against Modi Industries Limited and others before the Debts Recovery Tribunal(DRT), Lucknow, in April,

SCHEDULE 15: (Contd.)

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. Debts Recovery Tribunal, Lucknow allowed continuation of recovery suit against which company filed appeal with Debts Recovery Appellate Tribunal(DRAT), Allahabad. The Debts Recovery Appellate Tribunal had stayed further proceedings by Debts Recovery Tribunal in the matter. A writ petition was filed by the Company before the Lucknow bench of Allahabad High Court challenging the orders of the DRT, Lucknow and DRAT Allahabad. The Lucknow bench of Allahabad High Court noting the contention of the Company has disposed off the Writ Petition by its order dated 18th July, 2008. The Company has filed review petition against the said order seeking the quashing of the Allahabad Bank's suit before the DRT.

31. IFCI had filed a suit against Modi Industries Limited and others for recovery of its dues amounting to Rs. 22.41 Crores in Debts Recovery Tribunal, Delhi. The Debts Recovery Tribunal vide its order dated 11th December, 2006 dismissed the recovery suit filed by IFCI on the grounds that IFCI had no valid authority from Board for Industrial and Financial Reconstruction(BIFR) for instituting the recovery suit. IFCI has filed a Writ Petition in Hon'ble Delhi High Court against order of Debts Recovery Appellate Tribunal(DRAT). Further proceedings in the matter are pending.
32. Previous year's figures have been regrouped wherever necessary.
33. No confirmation letters were sent to debtors/creditors and to parties who have discounted sale bills. In the absence of such confirmations, the balances in respect of Sundry Debtors/ Creditors, Bills discounted(Contingent Liability), Loans taken/ given and Advances and other accounts are taken as shown by the books of accounts and are subject to adjustments and reconciliation, if any.
34. 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 04th December, 2002. The closure is consistent with the company's strategy to focus on its other viable manufacturing activities.

At 31st March, 2009, the carrying amount of the assets of the Vanaspati Unit is Rs. 170.45 Lacs (Previous year Rs. 181.21 Lacs) and its liabilities(excluding inter-unit balances) are Rs. 2617.95 Lacs (Previous year Rs. 2,687.24 Lacs). The following statement shows the revenue/ expenses and other relevant disclosures of the discontinuing operations (excluding for trading operation) as required under AS-24 i.e. "Discontinuing Operations".

Particulars	Discontinuing operation Vanaspati Unit	
	2008-09	2007-08
Turnover	-	-
Other Income	20.85	76.20
Total Income	20.85	76.20
Operating Expenses	33.94	73.11
Pre-Tax Profit/(Loss) from Operating activities	-13.09	3.09
Interest expenses	1.71	-
Profit/(Loss) before Tax	-14.80	3.09
Fringe Benefit Tax	0.18	0.86
Profit/(Loss) from operating activities After Tax	-14.98	2.23
Total Assets	170.45	181.21
Gain on sale of assets	-	-
Gain on settlement of liabilities	7.10	45.21

35. Delhi Excise Authorities issued Show Cause Notices and raised demand for Rs. 167.43 Lacs 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 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 deposited Rs. 50.00 Lacs till date against the above demand. No provision is considered necessary at this stage since the matter is sub-judice.

36. As on 31st March, 2009, there were 171 Public Deposits amounting to Rs. 8.63 Lacs which have remained unclaimed and unpaid for a period of more than seven years and interest accrued but not paid on these unclaimed deposits till the date of maturity amounts to Rs. 2.62 Lacs. Details of unclaimed and unpaid debentures for a period of more than seven years are presently not available.

The Company has filed a return dated 14th June, 2002 with

the Registrar of Companies duly certified by practicing Company Secretary stating that the Company is a Sick Industrial Company as per orders of BIFR dated 14th March,1991 and rehabilitation proposal for payment in respect of debentures and fixed deposits etc. is pending before the IDBI (as the operating agency)/BIFR for consideration. The Company will pay/ credit the amount as per final orders of BIFR. Accordingly, no amount was credited/ paid to Investor's Education and Protection Fund till date.

37. Deferred Tax :

Deferred Tax Assets are Rs. 2,473.97 Lacs as on 31st March, 2009 (Previous year Rs. 2,532.61 Lacs) constituting mainly of unabsorbed depreciation, unabsorbed losses, provision for doubtful debts, provisions disallowed and interest on term loans disallowed in Income tax. Deferred Tax Liabilities is Rs. 474.07 Lacs as on 31st March, 2009 (Previous Year Rs. 628.69 Lacs) on account of higher depreciation claimed in Income Tax. On conservative basis as required by the Accounting Standard 22, the net Deferred Tax Assets have not been recognised and position will be re-assessed at next balance sheet date. However, the estimated Deferred Tax Assets and Liabilities details are given as under:

Description	As at 31.3.2009	As at 31.3.2008
	Rs. Lacs	Rs. Lacs
(a) Deferred Tax Assets:		
(i) Disallowances under the Income Tax Act.	1454.34	1476.83
(ii) Provision for Doubtful Debts	163.99	164.75
(iii) Unabsorbed Depreciation	781.52	891.03
(iv) Business Loss	74.12	-
(b) Deferred Tax Liabilities :		
Related to Fixed Assets	474.07	628.69
(c) Deferred Tax Assets (Net) (a-b)	1999.90	1903.32

38. Earnings per Share (EPS) computed in accordance with Accounting Standard-20:

Particulars	2008-09	2007-08
Loss for the year as per accounts*	125.25	104.82
Add:Dividend on Preference Shares	6.11	6.11
Total (A)	131.36	110.93
Number of Equity Shares issued (B)	33,09,214	33,09,214
Earning per share(Negative) (in Rs.) (A)/(B)	3.97	3.35
Face Value of Equity Share in Rupees	10	10

*Excludes Loss of Steel Unit for the period 1993-94 to 1995-96 incorporated during the current year and for the period 1996-97 and 1997-98 incorporated during the previous year.

39. Till 31-03-2009 Certain Quarters of the Company are occupied unauthorisedly by ex-employees/outside. The company has entered into "Agreement to Sell" for 215 (Previous Year 150) including 65 (previous year 12) registered agreements entered into during the current year, such residential quarters with such parties. Sale consideration amounting to Rs. 504.50 Lacs (Previous Year Rs. 325.97 Lacs) 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".

40. (a)The Steel unit of the company has entered into few leases, including perpetual leases, agreements for certain portion of the factory land and building(1105.35 Sq.Mtrs.) for which approval of financial institution, 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 has mainly been utilised for payment of workers dues.

(b)The company has entered into a perpetual lease agreement for certain portion of closed Soap factory, land & building(1584 sq. mtrs) to a related party. As the said land and building is mortgaged with the financial institutions therefore the company had sought the approval of IDBI Limited (the lead financial institution) to the said transaction vide its letter dated 6th September, 2006. Since IDBI Limited did not respond, therefore the Company again wrote a letter to IDBI Limited on 5th April, 2007 requesting for its approval to the said transaction. The company in the letter under reference also mentioned that if IDBI 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.

SCHEDULE 15: (Contd.)

- 41.(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. The Hon'ble High Court has stayed therecovery 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 hasdisputed the payment of interest of Rs.142.00 Lacs and recoverycharges of Rs. 236.00 Lacs in the Hon'ble Allahabad High Court which is still pending. On consideration of prudence, thecompany has made provision for interest of Rs.142.00 Lacs during the year 2004-05.
- (b) Recovery Certificate (RC) was issued on 10th August, 2007 on account of non payment of cane price/commission/interest due to Co-operative societies for the sugar season 2006-07. The above RC also includes interest of Rs. 340.66 Lacs upto 7th August, 2007 on cane price/ commission payable to societies and recovery charges of Rs. 426.95 Lacs which has not been provided for in the books of account. As per the Interim Order dated 27th February, 2008 of Hon'ble Supreme Court, there shall not be any recovery charges or interest for delayed payment at this stage.
- (c) Recovery Certificate (RC) was issued on 18th March, 2008 on account of non payment of cane price/ commission /interest due to co-operative societies for the sugar season 2007-08.The above RC also includes interest of Rs. 77.37 Lacs upto 15th March, 2008 on cane price/commission payable to societies and recovery charges of Rs. 413. 50 lacs which has not been provided for in the books of account.
42. The Company, in compliance of the interim order of the Lucknow bench of Hon'ble Allahabad High Court dated 15th November, 2007 and subsequently confirmed by Hon'ble Supreme Court vide its order dated 15th May, 2008 has paid cane price of Rs. 110/- per Qtl. for the crushing season 2007-08 and has accordingly accounted for the liability. The Lucknow bench of Hon'ble Allahabad High Court by a subsequent order dated 7th July, 2008 upheld the validity of State Advised Price(Rs. 130/- per qtl. for Early variety and Rs.125/- per qtl. for General variety) fixed by State Government. Aggrieved by the said order, the company has filed Special Leave Petition with Hon'ble Supreme Court. The differential liability of the sugar cane price of Rs. 848.12 lacs(Previous Year Rs. 741.70 Lacs) for sugar season 2007-08, if so ordered, will be accounted for in the books at the time of final disposal of the matter by the Hon'ble Supreme Court.
43. In the previous year, As a result of the government policy governing the sale of country liquor w.e.f. 01-07-2007, the company is required to route the sale through the authorised licensee appointed by the state government. In view of the above the Distillery Unit sold liquor of Rs. 64.82 Crores (5372 K.L.) to authorised licensee and then purchased 4912 K.L. as trading goods for Rs 59.72 Crores which were then resold as trading goods for Rs 62.02 Crores(4912K.L.). In the current year this policy was abandoned by the government w.e.f. 01-04-2008. Accordingly, current year figures are not comparable with the previous year figures. Hitherto the closing stock of raw-materials and stores in Gas Units were valued at moving average method basis. During the current year, due to change in software i.e. from Enterprice Resources Planning Solution to Fox Pro, the same has been valued at yearly weighted average cost method. Impact on Loss of the company on account of change in the method of valuation has not been ascertained.
44. The Sugar Unit of the Company has discounted sales bills raised on SBEC Sugar Limited amounting to Rs. 1789.95 Lacs during the current year from certain persons/ limited companies etc. and the same (net of discounting charges) has been credited to the account of SBEC Sugar Limited. The above includes Rs. 1267.62 Lacs being bills discounted from individual persons/ HUF/Firms. Balance outstanding of bills discounted as on 31st March, 2009 amounts to Rs. 278.73 Lacs (paid fully subsequently by the drawees) and has been shown in Note(d) of Schedule 15 of Annual Accounts as Bills Discounting.
46. The following are the particulars of dues on account of sales tax, excise duty, income tax and others as at 31st March, 2009 that have been disputed by the Company in appeals pending before appellate authorities.

Name of Statute	Nature of the Dues	Amount of dues (Rs. in Lacs)	Amount deposited under protest (Rs. in Lacs)	Period to Which the amount relates	Forum where dispute is pending
U. P. Vat Act	Vat Tax, Penalty, Interest, Exemption to New Units	3101.62	51.29	1981-82, 87-88, 89-90 to 92-93, May 91 to March 96	Allahabad High Court
	Vat Tax and Penalty	@470.77	308.01	1984-85,1985-86, 1994-95 to 1997-98, 1999-2000, to 2001-02,	Commercial Tax Tribunal Ghaziabad / Jaipur
	Vat Tax and Penalty	216.60	19.24	1982-83, 1984-85 and 1986-87, 1988-89	Jt. Commr.(A) Ghaziabad
	Vat Tax	0.12	-	2005-06	Dy. Commr.(Assessment) Modinagar
Central Sales Tax Act	Central Sales Tax, Deferment/ Exemption to New Unit.	129.18	6.85	1963 -64 and 1992-93	Allahabad High Court
	Central Sales Tax	71.52	29.55	1985-86, 1994-95 to 1997-98, 1999-2000, to 2001-02,	Commercial Tax Tribunal Ghaziabad
	Central Sales Tax	47.64	-	1988-89	Jt. Commr.(A) Ghaziabad
State Sales Tax Act.	Central Sales Tax	1.01	-	2005-06	Dy. Commr.(Assessment), Modinagar
	State Tax	10.56	0.20	1992-93	Addl. Commr. Sales Tax, Delhi
	Penalty(HGST)	0.30	-	1991-92	Tribunal Sales Tax, Chandigarh
Central Sales Tax Act (States)	State Tax	15.79	1.79	1989-90 to 1993-94,1998-99 and 2006-07	Dy. Commissioner(A) States
	Central Sales Tax	1.92	0.29	1988-89 to 1992-93	Appellate Authority/ DC(Appeals)
	Income Tax Act	224.75	217.87	1981-82	Delhi High Court
Central Excise & Custom Act	Custom Duty	*43.91	-	1-3-2001 to 25-04-2001	Civil Court, Ghaziabad
	Excise Duty	167.45	50.00	1985-86	Delhi High Court
		23.73	0.45	1996-97, 2002-03 to 2004-05, 2006-07	CESTAT
		**49.93	-	February 1981 to February, 1987 2002-03 to 2005-06	CESTAT
		5.00	-	Information not available	Information not available
0.14	-	2007-08	Commr of Central Excise (Appeals), Ghaziabad		

@ Provided for Rs. 82.60 Lacs in the Accounts. * Provided for in the Accounts. ** Provided for Rs. 32.20 Lacs in the Accounts.

SCHEDULE 15: (Contd.)**47. SEGMENT REPORTING**

(i) The Management has identified five reportable Business Segments for the current year namely: Sugar comprising of Cane Sugar, Gas comprising of Gases, Distillery comprising of Liquors and Spirit, Paint comprising of Paints and Varnish, Electrodes comprising of Welding Electrodes (ii) The Vanaspati unit of the company, which is lying closed since 2003, has not been treated as business segment. (iii) The Steel Unit is lying closed since 24th January,1993 due to strike/lock-out. In the meanwhile, opening balances (Assets and Liabilities) of the units as on 01st April,1992 subject to certain modifications as per Note 4(c) of Schedule 15 have been incorporated as Assets & Liabilities of Steel Unit. (Refer Note 4 of Schedule 15)

(IV) Segmentwise Information(Primary Segments) for the current year :

(Rs. in Lacs)

Particulars	Sugar	Gas	Distillery	Paint	Electrode	Total
REVENUE:						
Total External Sales	9582.21	650.10	2596.55	1583.27	7604.51	22016.64
Inter-Segment Sales	647.80	4.73	—	6.95	0.18	659.66
Total Sales	10230.01	654.83	2596.55	1590.22	7604.69	22676.30
Less:						
Inter Segment Sales	647.80	4.73	—	6.95	0.18	659.66
Total Sales	9582.21	650.10	2596.55	1583.27	7604.51	22016.64
Trading Sales of Vanaspati						<u>66.23</u>
						<u>22082.87</u>
RESULTS:						
Segment Resultt	(973.68)	110.57	429.92	(70.14)	1376.45	873.12
Add:						
(i) Profit of Steel Unit #						19.03
(ii) Profit of Vanaspati Unit						(15.13)
(iii) Interest Income						<u>45.01</u>
						922.03
Less:						
Interest Expenses						515.07
Unallocable Expenses(Net) **						<u>501.72</u>
Loss Before Tax						94.76
Less : Provision for Tax						
						—
Fringe Benefit Tax						<u>30.49</u>
Loss after Tax						<u>125.25</u>

Including inter-unit rental income of Rs. 42.91 Lacs.

Other Information :

(Rs. in Lacs)

Particulars	Sugar	Gas	Distillery	Paint	Electrode	Total
Segment Assets	7225.47	249.40	1148.32	649.86	2814.60	12087.65
Steel Unit *						3427.75
Vanaspati Unit						170.45
Investments						788.32
FD with Banks &						
Interest Accrued	106.30	1.15	3.07	2.83	1026.34	1139.69
Other Unallocable Assets **						<u>4618.54</u>
Total Assets						<u>#22232.40</u>
Segment Liabilities:	5490.69	204.22	1096.50	522.04	1039.85	8353.30
Steel Unit *						2839.59
Vanaspati Unit						1194.93
Other Unallocable Liabilities**						<u>1273.24</u>
Total Liabilities						<u>13661.06</u>
Secured/ Unsecured Loan/DPG (Including interest accrued)						13369.03
Capital Expenditure:						
(Including Under Erection and acquired under finance lease)	573.41	16.32	110.66	18.74	68.69	787.82
On Segment Assets						
Depreciation	328.64	5.20	33.12	12.39	74.87	454.22

NOTES:

* Refer Note 47 (iii) above. ** Includes Administrative Offices i.e. MD Office and Corporate Office.

01 The Business operations are concentrated in India only. 02 External Revenue is exclusive of Excise duty realised.

03 Inter segment revenues between operating segments are accounted for at market price.

@ Includes revaluation of Fixed Assets also. # This excludes Rs.26.69 Lacs being unreconciled debit balance of Steel Unit included in Loans and Advances i.e. Schedule 6.

SCHEDULE 15: (Contd.)

(IV) Segmentwise Information(Primary Segments) for the previous year : (Rs. in Lacs)

Particulars	Sugar	Gas	Distillery	Paint	Electrode	Total
REVENUE						
Total External Sales	9675.65	512.36	8639.27	1278.20	5997.55	26103.03
Inter-Segment Sales	336.76	4.82	—	4.68	6.53	352.79
Total Sales	10012.41	517.18	8639.27	1282.88	6004.08	26455.82
Less :						
Inter Segment Sales	336.76	4.82	—	4.68	6.53	352.79
Total Sales	9675.65	512.36	8639.27	1278.20	5997.55	26103.03
Trading Sales of Vanaspati						34.97
						<u>26138.00</u>
RESULTS:						
Segment Result	(681.41)	89.57	205.00	(86.37)	899.63	426.42
Add:						
(i) Profit of Steel Unit #						27.12
(ii) Profit of Vansapati Unit						2.52
(iii) Interest Income						18.46
						<u>(474.52)</u>
Less: Interest Expenses						217.44
Unallocable Expenses (Net)**						<u>317.46</u>
Loss Before Tax						60.38
Less: Provision for Tax						—
Fringe benefit Tax						44.44
Loss after Tax						<u>104.82</u>

Including inter-unit rental income of Rs. 37.68 Lacs.

Other Information : (Rs. in Lacs)

Particulars	Sugar	Gas	Distillery	Paint	Electrode	Total
Segment Assets	8541.50	148.77	1132.15	535.18	2556.38	12913.98
Steel Unit*						3968.16
Vanaspati Unit						209.34
Investments						791.86
FD with Banks &						
Interest Accrued	95.94	11.61	3.07	2.69	304.65	417.96
Other Unallocable Assets**						<u>4628.02</u>
Total Assets						<u>#22929.32</u>
Segment Liabilities:	7186.33	187.12	917.33	496.50	1080.37	9867.65
Steel Unit*						2839.59
Vanaspati Unit						1246.54
Other Unallocable Liabilities**						<u>1602.76</u>
Total Liabilities						<u>15556.54</u>
Secured/ Unsecured Loan/DPG						
(Including interest accrued)						11571.46
Capital Expenditure:						
(Including Under Erection)						
On Segment Assets	287.71	5.09	3.38	6.37	238.02	540.57
Depreciation	327.04	3.88	36.03	10.98	54.51	432.44

NOTES:

* Refer Note 47 (iii) above. ** Includes Administrative Offices i.e. MD Office and Corporate Office.

01 The Business operations are concentrated in India only. 02 External revenue is exclusive of Excise duty realised.

03 Inter segment revenues between operating segments are accounted for at market price.

@ Includes revaluation of Fixed Assets also. # This excludes Rs. 214.07 Lacs being unreconciled debit balance of Steel Unit included in Loans and Advances i.e. Schedule 6.

SCHEDULE 15: (Contd.)

48. As required under Section 293(1)(d) of the Companies Act 1956, the shareholders of the company in their meeting held on 18th November, 1989 authorised Board of Directors of the company to borrow money upto Rs. 50 crores. During the current year, the maximum borrowings of the company were Rs.61.10 crore which are in excess of the limits of Rs.50.00 crores as stated above and the excess is subject to ratification by the shareholders.

49. RELATED PARTIES DISCLOSURE**01 Entities under the Control of the Company:****Subsidiaries:**

Own Investment (India) Limited. Your Investment (India) Limited.

02 Key Management Personnel:

Shri Mahendra Kumar Modi Managing Director

Shri Umesh Kumar Modi Managing Director

03 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	Bihar Sponge Iron Limited	SBEC Sugar Limited
Morgardshammar India Ltd.	Modi Mundipharma Pvt. Ltd.	Win-Medicare Pvt. Limited
Modi Motors Pvt. Ltd.	SBEC Bio Energy Ltd.	Modi Line Travel Services Pvt. Ltd.
Modi Revlon Pvt. Ltd.	H.M. Tubes & Containers Pvt. Ltd.	Modi Senator (I) Pvt. Ltd.
Ashoka Merchantile Limited	Weld Excel India Limited	A to Z Holding Pvt. Ltd.

04 Disclosure of transactions between the company and related parties and the status of outstanding balance as at 31st March, 2009 :

(A) Transactions with the enterprises over which the key Management personnel and their relatives are able to exercise significant influence:

(Rs. in Lacs)

	Year	
	2008-09	2007-08
Sale of Goods	2322.60	1407.31
Sale of Fixed Assets	—	5.17
Purchase of Goods/Raw Materials	454.00	95.77
Purchase of Assets	26.86	44.70
Machinery taken on Lease[Note 45(a)]	—	200.00
Rental Income	71.70	62.05
Payment of Rent	2.35	2.28
Expenses reimbursed	11.02	12.79
Expenses realised	7.48	17.92
Services rendered	4.29	18.38
Royalty Fee Received	24.31	19.88
Receiving of Services	88.24	20.90
Security Deposits given	57.50	16.00
* Unsecured Loan Taken	—	199.88
* Amount recoverable		
Good	86.97	239.71
Doubtful	3.78	3.78
* Amount Payable	100.62	87.67
Unsecured Loan Outstanding	149.88	149.88
lease rent payable	135.68	—

* This excludes amount 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(Refer Note 4 of Schedule 15)

(B) Disclosure of transactions with subsidiaries: (Rs. in Lacs)

	Year	
	2008-09	2007-08
Balance of loan taken	7.25	7.25
Interest payable on Loan	1.04	0.93
Interest expense	0.51	0.51

(C) Payment to the Key Management Personnel (Rs.in Lacs)

	Year	
	2008-09	2007-08
(i) Managerial Remuneration	5.63	—
(ii) Amount recoverable	0.29	—
(iii) Amount Payable (Provision for gratuity)	3.35	3.35

SCHEDULE 15: (Contd.)

CLASS OF GOODS	UNITS/QUANTITY VALUE Rs. Lacs	STOCKS OF GOODS MANUFACTURED			
		OPENING		CLOSING	
		2009	2008	2009	2008
Sugar	M.T.	20621	14711	10401	20621
	Value	3056.77	2205.54	1755.75	3056.77
Molasses	M.T.	5589	6673	7708	5589
	Value	206.74	129.51	413.44	206.74
Vanaspati Others	M.T.	1.415	1.415	1.415	1.415
	Value	0.02	0.02	0.02	0.02
Dissolved Acetylene Gas	Cu.Mtr.	2891	2888	2484	2891
	Value	3.89	3.38	3.35	3.89
Carbon di-oxide Gas	K.G.	—	—	7926	—
	Value	—	—	0.42	—
Spirit	K.L. in B.L.	1012	629	712	1012
	Value	167.62	99.11	206.01	167.62
ENA	K.Ltr.in B.L.	46	4	0.1	46
	Value	8.01	0.76	0.19	8.01
Special Denatured Spirit	K.L.in B.L.	4	—	—	4
	Value	0.61	—	—	0.61
Country Liquor	K.Ltr.in B.L.	9	158	59	9
	Value	11.68	179.61	78.93	11.68
Bio-Organic Manure	M.T.	1800	2000	1200	1800
	Value	8.64	10.12	4.50	8.64
Paint & Varnish	M.T.	271.02	397.26	318.67	271.02
	Value	102.65	140.47	123.77	102.65
Welding Electrodes	M.T.	472	189	585	472
	Value	425.17	237.04	547.00	425.17
Wires *	M.T.	2425	2425	2425	2425
	Value	442.63	442.63	442.63	442.63
Rods, Flats, Sections *	M.T.	2552	2552	2552	2552
	Value	398.25	398.25	398.25	398.25
Oxygen Gas *	Cu.Mtr.	1061	1061	1061	1061
	Value	0.05	0.05	0.05	0.05
Scrap & Others *	Value	54.81	54.81	54.81	54.81
Total (Value)		4887.54	3901.30	4029.12	4887.54

* This represents figures of Steel Unit as at 31st March, 1992. (Refer Note 4 of Schedule 15).

These figures are subject to change in view of sale of goods in 1993-94 as stated in note 7 of Schedule 14.

SCHEDULE 15: (Contd.)**TRADING OPERATIONS:**

CLASS OF GOODS	UNITS/QTY	PURCHASES		OPENING		CLOSING		SALES	
		2009	2008	2009	2008	2009	2008	2009	2008
	VALUE Rs.Lacs								
								T4000	T3908
Oxygen Gas	Cylinders	87124	65634	95	429	186	95	83033	62060
	Value	53.48	36.75	0.07	0.30	0.15	0.07	75.62	58.71
Hydrogen Gas	Cylinders	16440	50881	416	380	449	416	16407	50845
	Value	20.62	44.82	0.54	0.51	0.81	0.54	30.46	64.62
Argon Gas	Cylinders	6289	3422	134	152	286	134	6137	3440
	Value	23.88	15.59	0.62	0.77	1.10	0.62	44.84	27.29
									T 9
CO2 Gas	Cylinders	12234	15261	8	72	39	8	12203	15316
	Value	23.75	27.24	0.02	0.16	0.08	0.02	35.65	44.34
N2H2 Mixture	Cylinders	688	1171	8	15	55	8	641	1178
	Value	0.64	1.14	0.01	0.02	0.06	0.01	1.59	2.13
								T 1	T 3
Nitrogen Gas	Cylinders	21133	23847	207	206	344	207	20995	23843
	Value	20.29	23.27	0.20	0.31	0.39	0.20	34.63	38.97
Medical Oxygen	Cylinders	10	24	—	—	—	—	10	24
	Value	0.01	0.01	—	—	—	—	0.01	0.01
Zero Air Gases	Cylinders	321	301	15	16	37	15	299	302
	Value	0.49	0.49	0.02	0.03	0.06	0.02	0.79	0.89
Glowlite Putty	Kgs.	20180	9780	1970	40	770	1970	21380	7850
	Value	2.77	1.46	0.25	0.01	0.11	0.25	5.21	1.50
Satina Uni Stainer	Kgs.	2435	5028	1085	—	807	1085	2713	3943
	Value	4.51	9.59	2.07	—	1.51	2.07	8.81	12.50
Country Liquor	K.L.@	—	5452	—	—	—	—	—	5452
	Value@	—	6071.12	—	—	—	—	—	6299.39
Vanaspati	M.T.	68.519	105.360	46.110	—	—	46.110	114.629	59.250
	Value	38.01	62.57	28.12	—	—	28.12	66.23	34.97
	Total (Value)	188.45	6294.05	31.92	2.11	4.27	31.92	303.84	6585.32

@ Refer Note 43.

B. RAW MATERIALS CONSUMED

PARTICULARS	UNITS	QUANTITY		VALUE	
		2009	2008	2009	2008
				Rs.Lacs	Rs.Lacs
Sugarcane	Qtls.	4,749,069	6,903,501	7,086.07	8,542.49
Oils	M.T.	93.969	124.453	53.29	55.52
Calcium Carbide	M.T.	642.450	656.600	230.68	179.56
Acetone	M.T.	10.807	10.142	7.34	6.50
Carbon di Oxide Gas	M.T.	1022.395	—	39.80	—
Molasses	M.T.	—	13729.45	3.27	167.20
Chemicals	M.T.	7379.74	6965.245	2254.88	1785.35
Wires	M.T.	5904.115	5663.915	2955.24	2293.02
Scotch	B.L.	4	7	0.01	0.01
Rectified Spirit	K.L.	75	—	24.90	—
Sugar for reprocessing	Qtls.	3236	2791	65.34	40.09
				12720.82	13069.74

SCHEDULE 15: (Contd.)**C. ADDITIONAL INFORMATION**

PARTICULARS	2009		2008	
	Rs. Lacs	%AGE	Rs. Lacs	% AGE
(A) Value of Imports on CIF Basis				
(i) Raw Materials (Cost of Material acquired)	138.60		144.62	
(ii) Components & Spare Parts	—		—	
(iii) Capital Goods	—		—	
(B) Expenditure in Foreign Currency				
Professional Consultation	—		—	
Other Matters(Travelling)	6.32		6.80	
(C) Earning in Foreign Exchange				
Value of Export	—		—	
(D) Value of Imported/Indigenous Raw Materials, Spare Parts and Components consumed				
(a) (i) Raw Material Imported	206.64	1.62	171.20	1.31
(ii) Raw Material Indigenous	12514.18	98.38	12898.54	98.69
TOTAL	12720.82	100.00	13069.74	100.00
(b) (i) Spare Parts and Components Imported	0.04	0.01	—	—
(ii) Spares Parts and Components Indigenous	344.48	99.99	349.39	100.00
TOTAL	344.52	100.00	349.39	100.00

Notes:

- Licensed and installed capacity is as certified by officials of the Company.
- Where one class of goods is used in the manufacture of another, consumption of materials has been arrived at without deducting internal transfer during the year.
- The quantity sold has been derived from the quantitative details available in respect of opening, closing stocks and productions.
- 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 D(b) above are as certified by the officials of the Company.

51. Balance Sheet Abstract and Company's General Business Profile as required under Part IV of Schedule VI to the Companies Act, 1956.

i. Registration Details :		Investments	78,832
Registration No. 469	State Code : 20	Net Current Assets	(1,90,411)
Date of Balance Sheet :	31.03.2009	Miscellaneous Expenditure	1,107
ii Capital Raised during the year	Amount in Rs.'000	Accumulated Losses	9,39,015
Public Issue	Nil	iv Performance of the Company:	Amount in Rs.'000
Right Issue (Conversion of Warrants)	Nil	Turnover(including other income but excluding Excise Duty)	22,53,703
Bonus Issue	Nil	Total Expenditure	22,63,179
Private Placement	Nil	Profit before Tax*	(-)9,476
iii Position of Mobilisation and Deployment of Funds	Amount in Rs.'000	Profit after Tax*	(-)12,525
(Refer Note 4 of Schedule 15)		Earning per Share (Negative in Rupees)	3.97
Total Liabilities	17,96,150	Dividend Rate (%)	Nil
Total Assets	17,96,150	* Excluding Loss of Steel unit for previous years.	
(including accumulated losses)		v Generic Names of Three Principal Products/Services of Company (as per monetary terms)	
Sources of Funds :		Item Code No. (ITC Code)	17011190
Paid Up Capital	37,142	Product Description	Cane Sugar (others)
Reserves & Surplus	4,22,104	Item Code No. (ITC Code)	32081010
Secured Loans	9,68,234	Product Description	Enamel (Paint)
Unsecured Loans	3,65,159	Item Code No. (ITC Code)	831110
Deferred Credits	3,511	Product Description	Coated Electrodes of Base Metal
Application of Funds :			
Net Fixed Assets	9,50,801		
Capital Work in Progress	16,806		

As per our report attached
for **P.R. Mehra & Co.**
Chartered Accountants

Ashok Malhotra
Partner

Ajay PS Saini
Company Secretary

Mahendra Kumar Modi
Umesh Kumar Modi
Managing Directors

Rakesh Kumar Modi
Suraj Parkash Modi
Manish Modi
Abhishek Modi
Santosh Kumar Aggarwal
Directors

Dated : 26th August, 2009
New Delhi

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	2008-09	2007-08	PARTICULARS	2008-09	2007-08
	Rs. Lacs	Rs. Lacs		Rs. Lacs	Rs. Lacs
(A) CASH FLOW FROM OPERATING ACTIVITIES :			(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Loss before Tax	94.76	60.38	Unsecured Loan from Others(Net)	1537.51	590.82
Before Loss of Steel Unit for earlier years			Unsecured Fixed Deposits paid	(0.44)	(0.25)
Add: Adjustments for:			Debentures redeemed	—	—
i) Interest Income	115.34	96.16	Cash Credits (Note 3)	—	0.88
ii) Profit on Sale of Fixed Assets	0.34	13.45	Net Cash from Financing Activities (C)	1537.07	591.45
iii) Excess Provision written back	35.32	77.27	* Inter Unit Balances (Net) (D) (Note 2)	33.37	5.38
iv) Profit on sale of stores	0.01	0.01			
v) Security forfeited(cylinders)	0.77	15.11	Net increase/(decrease) in cash and		
	151.78	202.00	Cash Equivalents (A+B+C+D)	655.63	(79.54)
	246.54	262.38	Opening Cash and Cash Equivalents	739.40	818.94
Less: Adjustments for :			Closing Cash and Cash Equivalents	1395.03	739.40
i) Depreciation	470.16	451.93	Notes:		
ii) Assets/Investment written off/ Loss on Sale of Fixed Assets/Stores	8.85	6.25	1. Interest credited to accounts of Suppliers, C& F Agents and dealers etc. is treated as paid.		
iii) Interest Expenses	551.06	246.32	2. In view of the non availability of audited balance sheet as on 31.03.2008 and 31.03.2009 of Steel unit, cash flow from investing/ financing activities and changes in current assets and liabilities of Steel Unit are not included in the Cash Flow Statement except for inclusion of net inflow of Rs.33.37 Lacs on account of net decrease in inter unit balances appearing in Schedule 6 i.e. Current Assets, Loans & Advances (Refer Note 4 of Schedule 15)		
iv) Provision for Obsolete Stores	5.00	6.00	3. Figures in brackets represents outflows.		
v) Provision for Doubtful Debts & Advances	3.64	7.55	4. Cash and cash equivalents excludes Fixed Deposits pledged as Security/lying in No Lien Account/Molasses Storage Fund.		
vi) Amounts/ Claims/Bad Debts written off (Net of Provisions)	0.99	3.61	5. Previous year figures have been rearranged/regrouped wherever considered necessary.		
vii) Provision for diminution in value of investments	9.79	—			
	1049.49	721.66			
Operating Profit before Working Capital Changes	802.95	459.28			
<u>Adjustments for :</u>					
Trade Receivables	283.92	(357.03)			
Inventories	860.65	(1098.18)			
Trade Payable	(2530.82)	1145.44			
Loans & Advances	9.44	(69.15)			
Cash Generated from Operations	(573.86)	80.36			
Interest Paid (Note 1)	(283.69)	(263.08)			
Fringe Benefit Tax	(35.38)	(30.09)			
Net Cash from Operating Activities (A)	(892.93)	(212.81)			
(B) CASH FLOW FROM INVESTING ACTIVITIES :					
	Rs. Lacs	Rs. Lacs			
Purchase of Fixed Assets	(305.74)	(606.13)			
Sale of Fixed Assets	0.64	26.49			
Increase in Investments	(6.13)	—			
Advance against sale of Fixed Assets	178.53	42.92			
Interest Received	110.82	73.16			
Net Cash Flow from Investing Activities (B)	(21.88)	(463.56)			

As per our report attached
for **P.R. Mehra & Co.**
Chartered Accountants

Ashok Malhotra
Partner

Ajay PS Saini
Company Secretary

Mahendra Kumar Modi
Umesh Kumar Modi
Managing Directors

Rakesh Kumar Modi
Suraj Parkash Modi
Manish Modi
Abhishek Modi
Santosh Kumar Aggarwal
Directors

Dated : 26th August, 2009
New Delhi

OWN INVESTMENT (INDIA) LIMITED

DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS :

During the year under report, the Company incurred a loss of Rs.0.08 Lac (before tax) after meeting all the expenses. There is already a debit balance amounting to Rs. 0.34 Lac in the Profit and Loss Account upto last years. After appropriation the loss for the year of Rs. 0.08 Lacs was transferred to the Profit & Loss Account.

In view of the above no dividend could be declared for the year.

FIXED DEPOSITS :

During the year under review, the Company has not accepted any Fixed Deposits from the Public.

DIRECTORS :

Shri Gulab Chand Jain, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, it is confirmed:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and where ever 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 at the end of the financial year and of the profit or loss 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.

COMPLIANCE CERTIFICATE UNDER SECTION 383 A (1):

In terms of Proviso to Section 383 A (1) of the Companies Act, 1956 as inserted by Companies (Amendment) Act, 2000. Compliance Certificate as obtained from a whole time practicing Company Secretary is attached herewith.

AUDITORS' OBSERVATION :

The provision for fall in value of investments has not been done as these investments are considered strategic investments.

AUDITORS :

You are requested to appoint Auditors for the year 2009-10 and fix their remuneration. M/s. P.D. Ramanand & Co., Chartered Accountants, Modinagar, being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES :

There is no employee for the financial year under review who was in receipt of remuneration at the rate of Rs.2,00,000/- per month whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956.

By Order of the Board,

Delhi

G.C. JAIN

Dated: 24th August, 2009

CHAIRMAN

AUDITORS' REPORT

To The Members of
Own Investment (India) Limited,
Delhi.

We have audited the attached Balance Sheet of OWN INVESTMENT (INDIA) LIMITED as at 31st March, 2009, and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted an audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (2) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (3) The Balance Sheet and Profit & Loss Account have been dealt with by this report are in agreement with the books of account;
- (4) In our opinion, the Balance Sheet & Profit & Loss Account

dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; *except that the provision for diminution in market value (book value amounting to Rs. 4,11,640.00) of quoted investments and in the book value (amount unascertained) of unquoted investments has not been made as required by AS-13 on Accounting for Investments as issued by the Institute of Chartered Accountants of India.*

- (5) On the basis of written representations received from the directors, as on 31-03-2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31-03-2009 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956 ;
- (6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of Balance Sheet of the state of affairs of the company as at 31st March, 2009.
 - (ii) in the case of profit & Loss account, of the loss for the year ended on that date.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date.

- (I) The Company has no fixed assets.
- (II) The Company has no inventories.
- (III) The Company has neither granted nor taken unsecured loans to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (IV) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods. During the course of audit, no major weakness has been noticed in the internal control system.

OWN INVESTMENT (INDIA) LIMITED

- (v) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register in pursuance of section 301 of the Companies Act, 1956 have been entered.
- (VI) The Company has not accepted any deposit from public.
- (VII) In our opinion, the company does not need internal audit system commensurate with its size and nature of its business.
- (VIII) The Central Government has not prescribed maintenance of cost records by the company under section 209(1)(d) of the Companies Act, 1956.
- (IX) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other applicable statutory dues.
(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, wealth tax, custom duty, excise duty, cess which have not been deposited on account of any dispute.
- (X) The company's accumulated losses on 31-03-2009 are less than fifty percent of its net worth. The company has incurred cash losses during the year under report and during last year.
- (XI) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution, bank or to debenture holders during the year.
- (XII) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (XIII) The provisions of any special statute pertaining to chit fund, nidhi or mutual benefit fund/society are not applicable to the company.
- (XIV) In our opinion and according to the information and explanations given to us, the company does not deal or trade in shares, securities, debentures and other investments. However, it holds investments in shares of other bodies corporate.
- (XV) As explained to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (XVI) The Company has not raised any term loans.
- (XVII) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short term basis have not been used for long term investment and vice-versa.
- (XVIII) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (XIX) The Company has not issued debentures since inception.
- (XX) The Company has not raised any money by public issue during the year.
- (XXI) According to the information and explanations given to us, during the year, no fraud on or by the company has been noticed or reported.

for P.D. RAMANAND & COMPANY
CHARTERED ACCOUNTANTS

R.N. GUPTA
M.No.-9784
PARTNER

Delhi
Dated: 24th August, 2009.

BALANCE SHEET AS AT 31ST MARCH, 2009

LIABILITIES	AS AT 31.3.2009	AS AT 31.3.2008	ASSETS	AS AT 31.3.2009	AS AT 31.3.2008
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
SHARE CAPITAL :			FIXED ASSETS	—	—
AUTHORISED			INVESTMENTS (AT COST)		
80,000 Equity Shares of Rs.100/- each	8,000,000.00	8,000,000.00	SCHEDULE 1	1,171,640.00	1,171,640.00
20,000 Preference Shares of Rs.100/- each	2,000,000.00	2,000,000.00	CURRENT ASSETS, LOANS & ADVANCES :		
	<u>10,000,000.00</u>	<u>10,000,000.00</u>	A. Current Assets:		
ISSUED, SUBSCRIBED & PAID-UP:			Balance with Scheduled Bank in Current Account	21,212.00	15,279.00
13,215 Equity Shares of Rs.100/- each fully paid-up (Note)	1,321,500.00	1,321,500.00	B. Loans & Advances:		
RESERVES & SURPLUS:			Loans to Holding Company	1,25,000.00	1,25,000.00
General Reserve	—	—	Advances recoverable in cash or in kind or for value to be received	857.51	857.51
Special Reserve	9,000.00	9,000.00			
Profit & Loss Account	(41,905.49)	(33,558.49)	Income-tax paid in advance	5,930.00	3,947.00
CURRENT LIABILITIES & PROVISIONS					
a. Current Liabilities:					
Sundry Creditors	36,045.00	19,782.00			
b. Provisions:					
Taxation	—	—			
	<u>1,324,639.51</u>	<u>1,316,723.51</u>		<u>1,324,639.51</u>	<u>1,316,723.51</u>

NOTE: Of the above 13,200 (Previous year 13,200) Equity shares are held by Modi Industries Ltd., Modinagar, the holding Company
AS PER OUR REPORT ATTACHED
For P.D. RAMANAND & CO.,
CHARTERED ACCOUNTANTS

Delhi	R.N. GUPTA M.No. F-9784	A.J. KOHLI	N.P. BANSAL	VIJAY SULTANIA	G.C. JAIN
Dated: 24th August, 2009	PARTNER	SECRETARY	DIRECTOR	DIRECTOR	CHAIRMAN

OWN INVESTMENT (INDIA) LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

EXPENDITURE	THIS YEAR (Rs.)	PREVIOUS YEAR (Rs.)	INCOME	THIS YEAR (Rs.)	PREVIOUS YEAR (Rs.)
General Office Expenses (including Legal, Postage, Stationery, Bank Charges etc.)	2,167.00	3,768.00	Interest received (Note)	8,750.00	9,024.00
Salary paid	6,000.00	6,012.00			
Filing Fees	1,530.00	1,530.00			
Directors' Sitting Fees	2,400.00	2,400.00			
Auditors Remuneration: Fee	5,000.00	3,933.00	By Loss for the year carried down	8,347.00	8,619.00
	<u>17,097.00</u>	<u>17,643.00</u>		<u>17,097.00</u>	<u>17,643.00</u>
Loss for the year	8,347.00	8,619.00			
Loss of Previous years	<u>33,558.49</u>	<u>24,939.49</u>	Loss Carried Over	<u>41,905.49</u>	<u>33,558.49</u>
	<u>41,905.49</u>	<u>33,558.49</u>		<u>41,905.49</u>	<u>33,558.49</u>

NOTE: Includes tax deducted at source Rs.1,983.00 (Previous Year Rs.1,983.00).

AS PER OUR REPORT ATTACHED
For P.D. RAMANAND & CO.,
CHARTERED ACCOUNTANTS

R.N. GUPTA

Delhi
Dated: 24th August, 2009

M.No. F-9784
PARTNER

A.J. KOHLI
SECRETARY

N.P. BANSAL
DIRECTOR

VIJAY SULTANIA
DIRECTOR

G.C. JAIN
CHAIRMAN

SCHEDULE 1: INVESTMENTS-FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

DESCRIPTION	FACE VALUE	COST	
	AS AT 31.3.2009	AS AT 31.3.2009	AS AT 31.3.2008
	(Rs.)	(Rs.)	(Rs.)
OTHER THAN TRADE QUOTED			
41,164 Equity Shares of Rs.10/- each fully paid up in Modi Spinning & Weaving Mills Company Limited (Aggregate Market Value NIL)	411,640.00	411,640.00	411,640.00
Aggregate Amount	<u>411,640.00</u>	<u>411,640.00</u>	<u>411,640.00</u>
UNQUOTED			
1,500 Equity Shares of Rs.100/- each fully paid up in Associated Tubewells (India) Limited	150,000.00	150,000.00	150,000.00
20,000 Equity Shares of Rs.10/- each fully paid up in Morgardshammer India Limited	200,000.00	200,000.00	200,000.00
24,000 Equity Shares of Rs.10/- each fully paid up in Win Medicare Pvt. Limited	240,000.00	240,000.00	240,000.00
5,000 Equity Shares of Rs.10/- each fully paid up in Modi Garh Chemicals Private Limited	50,000.00	50,000.00	50,000.00
10,000 Equity Shares of Rs.10/- each fully paid up in Modi Santa Fe (India) Limited	100,000.00	100,000.00	100,000.00
2,000 Equity Shares of Rs.10/- each fully paid up in Bekaert Engg. Private Limited	20,000.00	20,000.00	20,000.00
Aggregate Amount	<u>760,000.00</u>	<u>760,000.00</u>	<u>760,000.00</u>
TOTAL	<u>1,171,640.00</u>	<u>1,171,640.00</u>	<u>1,171,640.00</u>

NOTES: 1. No provision has been made for fall in the market/Book value of the above shares.

2. Pursuant to directions received from Reserve Bank of India, main object clauses of the Company was amended on 16.09.2000 so that the Company would not carry on the business of Non-banking Financial Institution within the meaning of Section 45 1A of the Reserve Bank of India Act, 1934. Accordingly the Company has not acquired any fresh investments.

Delhi
Dated: 24th August, 2009

A.J. KOHLI
SECRETARY

N.P. BANSAL
DIRECTOR

VIJAY SULTANIA
DIRECTOR

G.C. JAIN
CHAIRMAN

OWN INVESTMENT (INDIA) LIMITED

Balance Sheet Abstract and Company's General Business Profile as required under Part IV of Schedule VI to the Companies Act, 1956

i. Registration Details :			
Registration No. 12017	State Code : 55	Balance Sheet Date: 31.03.2009	
ii Capital Raised during the year		(Amount in Rs.'000)	
Public Issue		Nil	
Right Issue		Nil	
Bonus Issue		Nil	
Private Placement		Nil	
iii Position of Funds :		(Amount in Rs.'000)	
Total Liabilities		1,322	
Total Assets		1,322	
Sources of Funds :			
Paid Up Capital		1,322	
Reserves & Surplus		—	
Secured Loans		Nil	
Unsecured Loans		Nil	
Deferred Credits		Nil	
Application of Funds :			
Net Fixed Assets		Nil	
Investments		1,172	
Net Current Assets		117	
Miscellaneous Expenditure		Nil	
Accumulated Losses		33	
iv Performance of the Company		(Amount in Rs.'000)	
Turnover (including other income)		9	
Total Expenditure		17	
Loss Before Tax		8	
Loss After Tax		8	
Earning per Share (in Rupees)		0.63	
Dividend Rate (%)		Nil	
v Generic Names of Three Principal Products/Services of the Company (as per monetary terms)			
Item Code No. (ITC Code)	NO PRODUCTION ACTIVITY		
Product Description			

AS PER OUR REPORT ATTACHED
For P.D. RAMANAND & CO.,
CHARTERED ACCOUNTANTS

Delhi	R.N. GUPTA	A.J. KOHLI	N.P. BANSAL	VIJAY SULTANIA	G.C.JAIN
Dated:24th August, 2009	M.No. F-9784 PARTNER	SECRETARY	DIRECTOR	DIRECTOR	CHAIRMAN

YOUR INVESTMENT (INDIA) LIMITED

DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS :

During the year under report, the Company earned a profit of Rs. 0.25 Lacs (before tax) after meeting all the expenses. After making a provision of Rs. 0.08 Lacs for Income Tax for the year, the Company earned a net profit of Rs. 0.17 Lacs.

In view of the above no dividend could be declared for the year.

FIXED DEPOSITS :

During the year under review, the Company has not accepted any fixed deposits from the public.

DIRECTORS :

Shri Vijay Sultania, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, it is confirmed:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and where ever 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 at the end of the financial year and of the profit or loss 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.

COMPLIANCE CERTIFICATE UNDER SECTION 383 A (1):

In terms of Proviso to Section 383 A (1) of the Companies Act, 1956 as inserted by Companies (Amendment) Act, 2000. Compliance Certificate as obtained from a whole time practicing Company Secretary is attached herewith.

AUDITORS' OBSERVATION :

The provision for fall in value of investments has not been done as these investments are considered strategic investments.

AUDITORS:

You are requested to appoint Auditors for the year 2009-10 and fix their remuneration. M/s. P. D. Ramanand & Co., Chartered Accountants, Modinagar, being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES :

There is no employee for the financial year under review who was in receipt of remuneration at the rate of Rs.2,00,000/- per month whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956.

By Order of the Board,

Delhi

Dated: 24th August, 2009

VIJAY SULTANIA

CHAIRMAN

AUDITORS' REPORT

To The Members of

Your Investment (India) Limited,
Delhi.

We have audited the attached Balance Sheet of YOUR INVESTMENT (INDIA) LIMITED as at 31st March, 2009 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted an audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (2) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (3) The Balance Sheet and Profit & Loss Account have been dealt with by this report are in agreement with the books of account;
- (4) In our opinion, the Balance Sheet & Profit & Loss Account

dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; *except that the provision for diminution in market value (book value amounting to Rs. 4,62,560.00) of quoted investments and in the book value (amount unascertained) of unquoted investments has not been made as required by AS-13 on Accounting for Investments as issued by the Institute of Chartered Accountants of India;*

- (5) On the basis of written representations received from the directors, as on 31-03-2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31-03-2009 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956 ;
- (6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of Balance Sheet of the state of affairs of the company as at 31st March, 2009;
 - (ii) in the case of Profit & Loss account, of the Profit for the year ended on that date:

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date.

- (I) The Company has no fixed assets.
- (II) The Company has no inventories.
- (III) The Company has neither granted nor taken unsecured loans to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (IV) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods. During the course of audit, no major weakness has been noticed in the internal control system.

YOUR INVESTMENT (INDIA) LIMITED

- (v) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register in pursuance of Section 301 of the Companies Act, 1956 have been entered.
- (VI) The Company has not accepted any deposit from public.
- (VII) In our opinion, the company does not need internal audit system commensurate with its size and nature of its business.
- (VIII) The Central Government has not prescribed maintenance of cost records by the company under Section 209(1)(d) of the Companies Act, 1956.
- (IX) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other applicable statutory dues.
(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, wealth tax, custom duty, excise duty, cess which have not been deposited on account of any dispute.
- (X) The company has no accumulated losses as on 31-03-2009. The company has not incurred any cash loss during the year under report.
- (XI) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution, bank or to debenture holders during the year.
- (XII) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII) The provision of any special statute pertaining to chit fund, nidhi or mutual benefit fund/society are not applicable to the company.
- (XIV) In our opinion and according to the information and explanations given to us, the company does not deal or trade in shares, securities, debentures and other investments. However, it holds investments in shares of other bodies corporate.
- (XV) As explained to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (XVI) The Company has not raised any term loans.
- (XVII) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short term basis have not been used for long term investment and vice-versa.
- (XVIII) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (XIX) The Company has not issued debentures since inception.
- (XX) The Company has not raised any money by public issue during the year.
- (XXI) According to the information and explanations given to us, during the year, no fraud on or by the company has been noticed or reported.

for P.D. RAMANAND & COMPANY
CHARTERED ACCOUNTANTS

R.N. GUPTA
M.No. -9784
PARTNER

Delhi
Dated: 24th August, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

LIABILITIES	AS AT 31.3.2009	AS AT 31.3.2008	ASSETS	AS AT 31.3.2009	AS AT 31.3.2008
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
SHARE CAPITAL : AUTHORISED			FIXED ASSETS	—	—
80,000 Equity Shares of Rs.100/- each	8,000,000.00	8,000,000.00	INVESTMENTS (AT COST)		
20,000 Preference Shares of Rs.100/- each	2,000,000.00	2,000,000.00	SCHEDULE 1	2,022,560.00	2,022,560.00
	10,000,000.00	10,000,000.00	CURRENT ASSETS, LOANS & ADVANCES :		
ISSUED, SUBSCRIBED & PAID-UP:			A. Current Assets:		
21,465 Equity Shares of Rs.100/-each fully paid-up (Note)	2,146,500.00	2,146,500.00	Balance with Scheduled Bank		
			in Current Account	18,612.50	11,819.50
			Interest Accrued	—	—
RESERVES & SURPLUS:			B. Loans & Advances:		
General Reserve	331,942.50	331,942.50	Loan to Holding Company	600,000.00	600,000.00
Special Reserve	100,000.00	100,000.00	Advances recoverable in cash or		
Profit & Loss Account	165,751.96	148,948.96	in kind or for value to be received	105,195.96	94,242.96
CURRENT LIABILITIES & PROVISIONS			Income-tax paid in advance	28,459.00	19,802.00
a. Current Liabilities:					
Sundry Creditors	5,433.00	3,933.00			
b. Provisions:					
For Taxation	25,200.00	17,100.00			
	2,774,827.46	2,748,424.46		2,774,827.46	2,748,424.46

NOTE: Of the above 21,450 (Previous year 21,450) Equity shares are held by Modi Industries Ltd., Modinagar, the holding Company.

AS PER OUR REPORT ATTACHED
For P.D. RAMANAND & CO.,
CHARTERED ACCOUNTANTS

Delhi	R.N. GUPTA M.No. F-9784	A.J. KOHLI	N.P. BANSAL	SANTOSH GUPTA	VIJAY SULTANIA
Dated: 24th August, 2009	PARTNER	SECRETARY	DIRECTOR	DIRECTOR	CHAIRMAN

YOUR INVESTMENT (INDIA) LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

EXPENDITURE	THIS YEAR (Rs.)	PREVIOUS YEAR (Rs.)	INCOME	THIS YEAR (Rs.)	PREVIOUS YEAR (Rs.)
General Office Expenses (Including Legal, Postage, Stationery, Bank Charges etc.)	2,167.00	3,881.00	Interest Received (Note)	42,000.00	42,000.00
Salary paid	6,000.00	6,012.00			
Filing Fees	1,530.00	2,040.00			
Directors' Sitting Fees	2,400.00	2,400.00			
Auditors Remuneration: Fee	5,000.00	3,933.00			
Income Tax Paid	—	—			
Profit for the year carried down	<u>24,903.00</u>	<u>23,734.00</u>			
	<u>42,000.00</u>	<u>42,000.00</u>		<u>42,000.00</u>	<u>42,000.00</u>
Provision for Tax	8,100.00	8,100.00	Profit of Previous Years	148,948.96	130,561.96
			Excess Provision written Back	—	2,753.00
Profit carried over	<u>165,751.96</u>	<u>148,948.96</u>	Profit for the Year	<u>24,903.00</u>	<u>23,734.00</u>
	<u>173,851.96</u>	<u>157,048.96</u>		<u>173,851.96</u>	<u>157,048.96</u>

NOTE: Includes tax deducted at source Rs. 9,517.00 (Previous Year Rs.9,517.00).

AS PER OUR REPORT ATTACHED
For P.D. RAMANAND & CO.,
CHARTERED ACCOUNTANTS

R.N. GUPTA

M.No. F-9784

PARTNER

A.J. KOHLI

SECRETARY

N.P. BANSAL

DIRECTOR

SANTOSH GUPTA

DIRECTOR

VIJAY SULTANIA

CHAIRMAN

Delhi
Dated:24th August, 2009

SCHEDULE 1: INVESTMENTS-FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

DESCRIPTION	FACE VALUE	COST	
	AS AT 31.3.2009 (Rs.)	AS AT 31.3.2009 (Rs.)	AS AT 31.3.2008 (Rs.)
OTHER THAN TRADE QUOTED			
45,586 Equity Shares of Rs.10/- each fully paid up in Modi Spinning & Weaving Mills Company Limited	455,860.00	455,860.00	455,860.00
67 Preference Shares of Rs. 100/- each fully paid-up in Modi Spg. & Wvg. Mills Co. Ltd. (Aggregate Market Value-NIL)	6,700.00	6,700.00	6,700.00
Aggregate Amount	<u>462,560.00</u>	<u>462,560.00</u>	<u>462,560.00</u>
UNQUOTED			
95,000 Equity Shares of Rs.10/- each fully paid up in Xerox India Limited	950,000.00	950,000.00	950,000.00
20,000 Equity Shares of Rs.10/- each fully paid up in Morgardshammer India Limited	200,000.00	200,000.00	200,000.00
24,000 Equity Shares of Rs.10/- each fully paid up in Win Medicare Private Limited	240,000.00	240,000.00	240,000.00
5,000 Equity Shares of Rs.10/- each fully paid up in Modi Garh Chemicals Private Limited	50,000.00	50,000.00	50,000.00
10,000 Equity Shares of Rs.10/- each fully paid up in Modi Santa Fe (India) Limited	100,000.00	100,000.00	100,000.00
2,000 Equity Shares of Rs.10/- each fully paid up in Bekaert Engg. Private Limited	20,000.00	20,000.00	20,000.00
Aggregate Amount	<u>1,560,000.00</u>	<u>1,560,000.00</u>	<u>1,560,000.00</u>
TOTAL	<u>2,022,560.00</u>	<u>2,022,560.00</u>	<u>2,022,560.00</u>

NOTES: 1. No provision has been made for fall in the market/ book value of the above shares.

2. Pursuant to directions received from Reserve Bank of India, main object clauses of the Company was amended on 16.09.2000 so that the Company would not carry on the business of Non-Banking Financial Institution within the meaning of Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly the Company has not acquired any fresh investments.

Delhi
Dated:24th August, 2009

A.J. KOHLI
SECRETARY

N.P. BANSAL
DIRECTOR

SANTOSH GUPTA
DIRECTOR

VIJAY SULTANIA
CHAIRMAN

YOUR INVESTMENT (INDIA) LIMITED

Balance Sheet Abstract and Company's General Business Profile as required under Part IV of Schedule VI to the Companies Act, 1956

i.	Registration Details : Registration No. 12003	State Code : 55	Balance Sheet Date: 31.03.2009
ii	Capital Raised during the year		(Amount in Rs.'000)
	Public Issue		Nil
	Right Issue		Nil
	Bonus Issue		Nil
	Private Placement		Nil
iii	Position of Funds :		(Amount in Rs.'000)
	Total Liabilities		2,744
	Total Assets		2,744
	Sources of Funds :		
	Paid Up Capital		2,146
	Reserves & Surplus		598
	Secured Loans		Nil
	Unsecured Loans		Nil
	Deferred Credits		Nil
	Application of Funds :		
	Net Fixed Assets		Nil
	Investments		2023
	Net Current Assets		721
	Miscellaneous Expenditure		Nil
	Accumulated Losses		Nil
iv	Performance of the Company		(Amount in Rs.'000)
	Turnover (including other income)		42
	Total Expenditure		16
	Profit Before Tax		25
	Profit After Tax		17
	Earning per Share (in Rupees)		0.78
	Dividend Rate (%)		Nil
v	Generic Names of three Principal Products/Services of the Company (as per monetary terms)		
	Item Code No. (ITC Code)	NO PRODUCTION ACTIVITY	
	Product Description		

AS PER OUR REPORT ATTACHED
For P.D. RAMANAND & CO.,
CHARTERED ACCOUNTANTS

Delhi	R.N. GUPTA M.No. F-9784	A.J. KOHLI	N.P. BANSAL	SANTOSH GUPTA	VIJAY SULTANIA
Dated: 24th August, 2009	<i>PARTNER</i>	<i>SECRETARY</i>	<i>DIRECTOR</i>	<i>DIRECTOR</i>	<i>CHAIRMAN</i>



FORM OF PROXY
MODI INDUSTRIES LIMITED
 REGD. OFFICE: MODINAGAR 201204 (U.P.)

I/We of
 in the district of being a Member(s)
 of **MODI INDUSTRIES LIMITED** hereby appoint
 of in the district of
 or failing him
 of in the district of
 as my/our proxy to attend and vote for me/us and on my/our behalf at the 75th Annual General Meeting
 of the Company to be held on Tuesday, the 29th September, 2009 at 3.00 P. M. and at any adjournment
 thereof.

Signed at this day of September, 2009

Signature

Ledger Folio No.

Number of Equity Shares held

Affix a 1.00 Rupee Revenue Stamp

NOTE :-

- (i) The Proxy need not be a member.
- (ii) The Proxy duly signed across Rs.1.00 revenue stamp should reach at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

..... TEAR HERE

MODI INDUSTRIES LIMITED
 Regd. Office; Modinagar-201204 (U.P.)
ATTENDANCE SLIP

I hereby record my presence at the 75th Annual General Meeting held at Modi Industries Transit House (Modi Industries Complex), Modinagar 201204, Distt. Ghaziabad (U.P.) on Tuesday, the 29th September, 2009, at 3.00 P.M.

1. Full Name of the Shareholder (in Block Letters)
2. L.F. No.
3. No. of Equity Shares held
4. Signatures of the Shareholder or proxy attending

To be used only when First named shareholder is not attending.

Please give full name of the 1st Joint Holder

Mr./Mrs./Miss.

Note: Please fill-in this attendance slip and hand it over at the ENTRANCE OF THE TRANSIT HOUSE.

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ANNUAL REPORT 2008-09

To,

If undelivered please return to :

MODI INDUSTRIES LIMITED

REGISTERED OFFICE

MODINAGAR - 201204 (U.P.)