



MODI INDUSTRIES LIMITED

87th Annual Report and Accounts 2020-21

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BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

Shri Umesh Kumar Modi

DIRECTORS

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

COMPANY SECRETARY

Shri Shobit Nehra

STATUTORY AUDITORS

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

COST AUDITORS

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

INTERNAL AUDITORS

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

SECRETARIAL AUDITORS

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

REGISTERED OFFICE

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

NAME OF UNITS

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

BANKERS

Indian Bank
Punjab National Bank
State Bank of India
Axis Bank



Shri Umesh Kumar Modi, Chairman and Managing Director along with Shri Daehun Kim, Chairman Ecoweld, Korea during the visit of the recently revamped Modi Arc Electrode Unit for Collaboration.

NOTICE

NOTICE is hereby given that the 87th Annual General Meeting of **Modi Industries Limited** will be held on **Wednesday, the 15th December, 2021**, at **12:30 PM**, at Auditorium, Dayawati Modi Public School, Modinagar, District Ghaziabad (U.P.) 201204, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt (a) the audited financial statement of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2021 and the Report of Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions:**

- (a) **“RESOLVED THAT** the audited financial statement of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and the Auditors thereon laid before this meeting, be and are hereby considered and adopted.”
- (b) **“RESOLVED THAT** the audited consolidated financial statement of the Company for the financial year ended March 31, 2021 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. To appoint Director, who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment and to consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

“RESOLVED that pursuant to Section 152(6) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) and re-enactment thereof for the time being in force), Shri Vinay Kumar Modi (DIN 00274605), who retires by rotation at this Annual General Meeting and is eligible for re-appointment, be and is hereby re-appointed as Director of the Company liable to retire by rotation.”

SPECIAL BUSINESS:

3. **Ratification of remuneration payable to Cost Auditors for the financial year ending March 31, 2022.**

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

“RESOLVED that pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded for payment of total remuneration of ₹1,20,000/- (including all expenses) + applicable taxes payable to M/s. M.K. Singhal & Co., (Firm’s Regn. No. 00074) Cost Accountants, Modinagar, to conduct the audit of Cost Accounts maintained by Sugar and Distillery units of the Company for the financial year 2021-22.”

By Order of the Board of Directors

Place: Modinagar-201204.(U.P.)
Dated: 9th November, 2021

(Shobit Nehra)
(ACS-31863)
Company Secretary

Regd. Office: Modinagar-201204. (U.P.)
Tel: 01232-243115, 9084786567
CIN - U15429UP1932PLC000469
Email: modiindustriesslimited@gmail.com
Website: www.modiindustriess.net

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members and holding in aggregate, not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc. must be supported by an appropriate resolution/authority, as applicable.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
3. Brief resume of Director seeking re-appointment at the Annual General Meeting is annexed hereto.
4. The requirement to place the matter relating to appointment of Auditors for the ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on 21st December, 2017.
5. The Register of Members of the Company will remain closed from 9th December, 2021 to 15th December, 2021 (both days inclusive).
6. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturday, Sunday and Holidays, between 9.00 A.M. to 11.00 A.M. upto the date of the Annual General Meeting.
7. ISIN of fully paid up equity shares of the Company is INE573D01012. For demat of shares related work shareholders are requested to please contact to Registrar & Agents (RTA) of the Company, M/s. Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase II, New Delhi 110020 (Contact No. 011-26387281-82-83) or their NSDL Depository Participant where they have opened their Demat Account.
8. Shareholders are requested to intimate change in their address, if any, directly to RTA of the Company.
9. Share-holders who have not registered their email addresses so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
10. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details directly to the RTA of the Company.
11. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip, which is enclosed with this Annual Report. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue.
12. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.
13. In case of joint holders, attending the meeting, only such joint holder who is higher in the order of names, will be entitled to vote at the Meeting.
14. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members as on Wednesday, the 8th December, 2021, i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Sunday, the 12th December, 2021 and will end at 5.00 p.m. on Tuesday, the 14th December, 2021. The Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed M/s. A. N. Jaiswal & Co., Practicing Company Secretaries of New Delhi, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. Shri Amar Nath Jaiswal, Proprietor, shall act as Scrutinizer on behalf of the firm. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

15. In view of the massive outbreak of the COVID-19 pandemic and as per circulars issued by MCA, the Members of the Company will attend AGM of the Company through Video Conferencing (VC) or Other Audio Visual Means (OAVM).
16. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
17. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
18. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
19. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website www.modiindustries.net of the Company, Modi Industries Limited at Modinagar and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING ANNUAL GENERAL MEETING ARE AS UNDER:

The remote e-voting period begins on Sunday, December 12, 2021 at 9:00 A.M. and ends on Tuesday, December 14, 2021 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e. 8th December, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 8th December, 2021.

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

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

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by the Company, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. If you are already registered for NSDL IDeAS facility , please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “ Beneficial Owner ” icon under “Login” which is available under “ IDeAS ” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
	2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com . Select “ Register Online for IDeAS ” Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirect.Reg.jsp

	3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

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

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join Annual General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join Annual General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and Annual General Meeting is in active status.
2. Select "EVEN" of Modi Industries Limited for which you wish to cast your vote during the remote e-Voting period and casting your vote during the Annual General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Annual General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please send signed request with Folio No., Name of shareholder, scanned copy of any one share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to info@masserv.com.

2. In case shares are held in demat mode, please update your email id with your depository. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e.Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by the Company, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

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

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against Modi Industries Limited. You are requested to click on VC/OAVM link placed under **Join General Meeting** menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at modiindustrieslimited@gmail.com. The same will be replied by the company suitably.

General Instructions

- i. The Board of Directors has appointed M/s. A. N. Jaiswal & Co., Practicing Company Secretaries of New Delhi (ACS NO. 19000, CP. NO. 14629) as the Scrutinizer to the e-voting process and voting at the e- AGM in a fair and transparent manner.
- ii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to epost2amar@gmail.com with a copy marked to evoting@nsdl.co.in.
- iii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the evoting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

- iv. The Scrutinizer shall, immediately after the conclusion of voting at the e-AGM, first count the votes cast at the meeting, thereafter unblock the votes through evoting in the presence of at least two witnesses, not in the employment of the Company and make a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.
- v. The Scrutinizer shall submit his report to the Chairman or in his absence Director of the Company, who shall declare the result of the voting. The results declared along with the scrutinizer's report shall be placed on the Company's website www.modiindustries.net.
- vi. Shri Amar Nath Jaiswal, proprietor shall act as a Scrutinizer on behalf of M/s A. N. Jaiswal & Co., Practicing Company Secretaries (Membership No. ACS-19000 & CP No. 14629), appointed for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- vii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the e-voting facility.
- viii. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- ix. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.modiindustries.net and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing.
- x. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-1020-990 and 1800-22-4430 or send a request to Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in.

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

ITEM NO. 3

On recommendation of Audit Committee, Board has appointed M/s. M.K. Singhal & Co., (Firm's Regn. No. 00074) Cost Accountants, Modinagar, as Cost Auditors for the financial year 2021-22 to conduct the audit of Cost Accounts in respect of Sugar and Distillery units of the company subject to ratification of remuneration by share holders.

Proposed remuneration for the financial year 2021-22 is mentioned below:

Name of the unit (1)	Proposed remuneration (including all expenses)+ applicable Taxes to be paid to Cost Auditors.(₹) (2)
Sugar	60,000.00
Distillery	60,000.00
Total	1,20,000.00

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

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

None of the directors of the Company are concerned or interested in the Resolution as set out in item no. 3.

By Order of the Board of Directors

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

Dated: 9th November, 2021

(Shobit Nehra)

(ACS-31863)

Company Secretary

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

Tel: 01232-243115, 9084786567

CIN - U15429UP1932PLC000469

Email: modiindustrieslimited@gmail.com

Website: www.modiindustries.net

Details of Director retiring by rotation seeking re-appointment at this Annual General Meeting pursuant to Secretarial Standard-2 on General Meetings

Name of Director	Shri Vinay Kumar Modi	
Director Identification Number (DIN)	00274605	
Date of Birth & Age	13th June, 1943 & 78 Years	
Date of Appointment on the Board	29/04/1967	
Qualifications	A first class Bechelor of Technology (Chemical Engineering) from IIT, Kanpur (U.P.)	
Expertise	He is leading industrialist and has vast experience of around 54 years in various industries.	
Shareholding of Director in the Company as on 31.03.2021	25477	
Relationship with other directors and KMPs of the Company	Shri Umesh Kumar Modi (Brother)	
Chairmanship/Membership in the Committees of the Boards of other Companies in which he/she is Director	In Board Committees of Modi Rubber Limited:	
	Name of the Committee	Chairmanship/Membership
	1. CSR Committee	Chairman
	2. Stakeholders Relationship Committee	Chairman
	3. Audit Committee	Member
	4. Nomination & Remuneration Committee	Member
Number of Board meetings attended during the year 2020 (i.e. from 01.01.2020 to 31.12.2020)	3/4	
Remuneration (including Sitting Fees and Commission) paid during the year under review (i.e. from 01.04.2020 to 31.03.2021)	₹20,000/-	

DIRECTORS' REPORT

To
The Members,

The Directors of your Company hereby present the 87th Annual Report together with the Audited Financial Statement of the Company along with Auditors' Report thereon for the financial year ended on 31st March, 2021. The working results of the year are summarized as under:

(₹ in Lac)

	Standalone		Consolidated	
	For the Year Ended on			
	31.03.2021*	31.03.2020*	31.03.2021*	31.03.2020*
Revenue from operations	99,484.51	87,551.48	99,506.84	87,551.48
Less: Excise Duty	35,481.83	27,362.63	35,481.83	27,362.63
Net Revenue from Operations	64,002.68	60,188.85	64,025.01	60,188.85
Other Income	1,834.53	1,196.64	1,816.15	1,198.62
Total Revenue	65,837.21	61,385.49	65,841.16	61,387.47
Profit/(Loss) before Depreciation, Finance Costs, Exceptional Items & Tax	1,147.01	2,679.89	1,149.30	2,680.72
Finance Costs	762.39	792.57	762.39	792.57
Depreciation	311.21	289.79	311.21	289.79
Profit/(Loss) before Exceptional Items & Tax	73.41	1,597.53	75.70	1,598.36
Exceptional items:	1,123.69	(1,641.38)	1,103.36	(1,641.38)
Tax Expenses (Net)			0.11	0.18
Minority Interest			0.02	-
Profit/(Loss) for the period	1,197.10	(43.85)	1,178.93	(43.20)

* Figures of the year and the previous year only consist of Sugar, Distillery, Steel Units and Corporate Office of the Company. The above results do not include financial data of Gas, Paint, Electrode Units and Central Accounts Department (CAD), as the same could not be made available on account of closure of these units. Other information for the year under review and previous year relating to these units were also not made available by these units and hence not included in the Directors' Report/Annual Report. Presently the books of accounts of these units and CAD are under compilation.

Standalone Operations

Standalone Revenue from Operations of your Company for the year was ₹ 99,484.51 Lac as against ₹ 87,551.48 Lac in the previous year. Operating Profit (EBITA) is ₹ 1147.01 Lac, as against Operating Profit of ₹ 2,679.89 Lac in the previous year. Cash profit during the year is ₹ 1508.31 Lac as against previous year's cash loss of ₹ 245.94 Lac.

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

OPERATIONAL PERFORMANCE OF THE UNITS FOR THE YEAR UNDER REPORT:

(a) SUGAR UNIT (Modi Sugar Mills, Modinagar):

The operating performance of the sugar unit for crushing season 2020-21 as compared to the previous crushing season 2019-20 is as under;

Particulars		2020-21	2019-20
(i)	Gross Working days	206.41	223.45
(ii)	Cane Crushed (lakh/qtls.)	92.42	91.26
(iii)	Average cane crush (qtls./day)	44776.54	40841.06
(iv)	Manufacturing losses (%)	2.028	2.012
(v)	Steam Consumption (% Cane)	45.31	46.48
(vi)	Average sugar recovery (% Cane)	11.260	11.432
(vii)	Sugar Production (lakh/qtls.)	10.41	10.43

The cane crushing during the year under review was 86.44 Lac qtls. as against 83.84 Lac qtls. in the previous year. Sugar recovery during the year decreased in comparison to previous year from 11.63 % to 11.36%. Sugar price realization during the year substantially decreased as compared to previous year, resulting in Loss of ₹ 951.56 Lac (before exceptional item of ₹ 330.00) Lac during the current financial year.

(b) CANE DEVELOPMENT

In the business of sugar production, a sustainable (and growing) pipe line of cane availability makes it possible to enhance capacity utilization and enhance revenues. The following efforts have been made by the management in the area of sugarcane development;

- (i) The area under cultivation of high sugar varieties of cane was maintained 100% in the season 2020-21. In addition, the management focused on execution of both extensive and intensive cane development activities comprising of appropriate usage of insecticides, pesticides and optimum use of fertilizers. Consequently, the Pol % in cane decreased by 0.155 % i.e., from 13.427 % in crushing season 2019–20 to 13.272 % in crushing season 2020-21.
- (ii) The management is further making efforts to maintain the area under high sugar variety cane upto 100% in the next season 2021-22 as well. The management is also making efforts to increase the supply of cane at factory gate from 56.02% in crushing season 2020-21 to about 57.52% in crushing season 2021-22.
- (iii) The Company shortlisted one cane variety i.e., Co 15023 for resistance to red rot disease and a suitable replacement for the long successful CO 0238. Further, the Company suggested the farmers to use the chemicals to enhance soil treatment and yield.

DISTILLERY UNIT (Modi Distillery, Modinagar):

(a) Unit Operations

The operating performance for the financial year 2020-21 as compared to the previous financial year 2019-20 is as under;

Particulars		2020-21	2019-20
(i)	Gross Working days	56	48
(ii)	Production Rectified Spirits (lakh/ltrs)	9.81	9.56
(iii)	IMFL Bottling (In Cases)	1144468	1016874
(iv)	Fermentation efficiency (%)	88.50	89.20
(v)	Distillation efficiency (%)	97.20	97.50

During the year under review, the production of Rectified Spirit was 981.87 KL. as compared to previous year's 956 KL. In the year under review, there was significant improvement in production of Indian Made Foreign Liquor (IMFL) from 1016874 cases to 1144468 cases. The net profit of the Unit is ₹ 1265.10 Lac during the current year as against net profit of ₹ 1302.92 Lac during the previous year.

(b) Distillery Expansion:

(i) Establishment of New Grain Distillery

The Company undertook an expansion project by setting up a new Grain distillery plant. Currently, the unit is purchasing Grain Neutral Alcohol (GNA) from Punjab, because there is only one grain distillery in Uttar Pradesh. Looking into the increase in the future demand of Indian Made Foreign Liquor (IMFL), demand of GNA is also increasing. To secure the GNA requirements and to maintain a good quality product, it was decided that the Company should convert its existing 30 KLPD Molasses distillery into a 32 KLPD Grain Distillery, which will be able to full fill the demand of IMFL upto 2 million cases. The estimated cost of the project will be around ₹25.00 Crores (GST Extra), which includes one separate boiler because Grain Distillery will operate for 350 days. Accordingly, the application has been submitted to UP Government to convert existing 30 KLPD molasses distillery license into 32 KLPD Grain distillery license. The Company has already received NOC from U.P Pollution Control Board for conversion of Molasses based Distillery to Grain based Distillery. Further, once the unit gets the license for conversion of Distillery, it will take another 9 to 12 months to start the commercial production. But it is expected that the project will be completed upto March, 2023.

(ii) Expansion of the Bottling Capacity

Currently, Modi Distillery has its bottling lines for bottling of Indian Manufacturing foreign Liquor (IMFL) with a capacity of 5000 cases per day which corresponds to 1.5 million cases per annum. Now, in order to increase the IMFL bottling capacity, the unit is adding one bottling line in its new bottling hall for increasing its finished goods and dry goods storage capacity. The estimated cost of the project will be around ₹3.00 crores (GST Extra). The Company has received NOC from U.P Excise for increasing its bottling capacity in the Month of September, 2021 and the Unit has already started the work for expansion of the bottling capacity. After expansion, the bottling capacity of the Unit would be around 8000 cases per day which corresponds 2.4 million cases per annum.

SANITIZER

Distillery Division has started production of Alcohol based Hand Sanitizer (with 80% V/V, Ethyl Alcohol) from April, 2020 in variant of 60 ML, 120 ML, 140 ML, 500ML, 5 Liters, and 20 Liters in Brand name of “**Modi**”. The Company has produced 286217.58 Liters sanitizer and also sold the said quantity of the Sanitizer during the period from April, 2020 to August, 2020 Further, due to non-viability of the product the Unit had stopped the production of Sanitizer from September, 2020 onwards.

ELECTRODE UNIT

It has always been the endeavor of Shri Umesh Kumar Modi, Chairman and Managing Director that best efforts should be made to revive the viable units and to make the Company debt free. After the settlement has been arrived between Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi, the Company started to take sincere efforts for rehabilitation and revival of the Electrode Unit of the Company. In the first phase the electrode unit will produce CO2 wire with the capacity of 160 MT per month and stick electrode with capacity of 250 Mt per month.

The estimated cost of the project is ₹15.00 Crores out of which the unit has already spent approx., ₹11.00 Crores (till 18.10.2021). The turnover of the Unit is expected to be ₹35 to 40 Crores per year in the first year and the turnover of the unit is to be increased upto ₹100.00 crores once the full production in the unit is started.

After the settlement has been arrived Shri Umesh Kumar Modi had made a promise to the workers/employees of the closed units i.e., Electrode, Paint and Gas Units to restart the Electrode Unit and also provide jobs to them. In order to fulfill his promise, the Electrode Unit has started its commercial production for its first phase w.e.f. Oct, 2021 and approximately 80 to 85 workmen of these closed units (closed since 2016) have been taken back on job in the Unit.

Further, the work of the second phase of the Unit is already ongoing, in the second phase the Unit is planning to increase its capacity to produce the Electrode from 250 Mt/Month to 500 Mt/Month. Similarly, the capacity to produce Co2 Wire will also increase from 160 Mt/Month to 400 Mt/Month. The Unit will also start to produce the SAW wire in second phase with a capacity of 300 Mt/Month.

The Commercial production of Second Phase is likely to start from Dec, 2021.

STEEL UNIT

The Company has various pieces of land which are lying vacant at Umesh Park, Modinagar. Your Company has identified and started the process of development of the said land area approx., 7500 Sq Mt for constructing around 120 housing apartments in three skyline towers.

The feasibility report for actual construction areas has been completed with the Ghaziabad Development Authority (GDA). The Company has also engaged a renowned Architect firm namely Konzept Consulting, Delhi for submission of maps/Drawings of the project to the GDA. The detailed maps/drawings of the project have been submitted by the Company to the GDA in the month of September, 2021 for their approval and it is expected that the final approval from GDA will be received in the month of December, 2021.

Further, the total cost of Construction of the Project would be around ₹25.09 Crores and the total sale value of the project would be around ₹47 Crores. The Construction work of the project is likely to start by March, 2022.

It is hoped that the above steps shall effectively help in revival and rehabilitation of the Company.

DIVIDEND:

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

SHARE CAPITAL

The Paid-Up Share Capital as on March 31, 2021 was ₹3,71,66,240 (i.e. 33,09,214 Equity Shares of ₹10/- each and 40,741 Redeemable Cumulative Preference Shares of ₹100/- each).

FIXED DEPOSITS:

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

Now Deposit Holders can claim their refund directly from IEPF Authority by filing form IEPF-5 and following the prescribed procedure given under the Companies Act, 2013 and rule made thereunder.

DEBENTURES:

The Company propose to make repayment to the debenture holders as per the settlement approved by International Asset Reconstruction Company Limited (assignee of ICICI) and SBI Mutual Fund, the secured lenders of the Company i.e., principal amount plus 112% on the principal amount thereon as full & final settlement of total outstanding dues. During the year under review the Company has settled 2723 Debentures. Debenture's worth ₹381.64 Lac are due for payment as on 31st March, 2021.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the annual accounts for the year ended 31st March, 2021, the applicable accounting standards have been followed and wherever required proper explanations relating to material departures have been given;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2021 and of the losses of the Company for that period;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts have been prepared on a going concern basis.
- (v) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

In view of non availability of the financial data of Gas, Paint, Electrode Units and Central Accounts Department ("CAD") of these units and other information relating to these units could not be incorporated in the financial results of the Company for the year ended on 31st March, 2021 and would be incorporated in future as and when made available. Presently, the Books of accounts of these units and CAD are under compilation.

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

DIRECTORS:

During the year under review:

- (i) a settlement between Shri Mahendra Kumar Modi and Shri Umesh Kumar Modi was made. By virtue of the said agreement Shri Mahendra Kumar Modi has resigned from the post of Managing Director and Director of the Company and ceased to be Managing Director and Director of the Company with effect from 9th September, 2020. Your directors wish to place on record their high appreciation of his contribution during his tenure as Managing Director and Director of the Company.
- (ii) Shri Umesh Kumar Modi has been re-appointed as Managing Director of the Company from another term of five years effective from 1st December, 2020 and the said appointment was subsequently approved by the Shareholders of the Company in their

meeting held on 5th December, 2020. Further, the Board of Directors in their meeting held on 05.10.2020, considering the overwhelming support from the Directors of the Company, appointed Shri Umesh Kumar Modi as Chairman of the Company.

- (iii) The Board of Directors have appointed Shri Anand Parkash Modi and Shri Jagdish Chander Chawla as Additional Independent Directors of the Company w.e.f. 09.09.2020. Further, the Shareholders in the 86th Annual General Meeting, held on 5th December, 2020, have regularized the appointment of Shri Anand Parkash Modi and Shri Jagdish Chander Chawla and also appointed them as Independent Directors of the Company to hold office for a period of five consecutive years.
- (iv) The Board of Directors have appointed Smt. Kumkum Modi and Shri Jayesh Modi as Additional Directors of the Company w.e.f. 11.09.2020. Further, the Shareholders in the 86th Annual General Meeting, held on 5th December, 2020, have regularized the appointment of Smt. Kumkum Modi and Shri Jayesh Modi and appointed them as Directors of the Company, liable to retire by rotation.
- (v) Shri Vivek Singh and Shri Rahul Chaudhary have been appointed as Nominee Directors of M/s. SBEC Sugar Limited with effect from 5th October, 2020.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles 95 of the Company's Articles of Association, Shri Vinay Kumar Modi (DIN-00274605) is liable to retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. On recommendation of Nomination and Remuneration Committee, the Board has recommended the appointment of Shri Vinay Kumar Modi as a Director, liable to retire by rotation to the shareholders of the Company.

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

KEY MANAGERIAL PERSONNEL (KMP):

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

1. Shri Umesh Kumar Modi- Chairman and Managing Director
2. Shri Shobit Nehra – Company Secretary

Shri Mahendra Kumar Modi - Managing Director (Resigned w.e.f. 9th September, 2020).

DECLARATION BY INDEPENDENT DIRECTORS

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

SUBSIDIARY COMPANIES:

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

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

- (i) Your Investment (India) Limited – The Company registered a net profit of ₹22.62 Lac during the year under review (Previous Year- net profit of ₹ 0.51 Lac).
- (ii) Own Investment (India) Limited- the Company registered a net loss of ₹0.04 Lac during the year under review (Previous Year- net profit of ₹ 0.15 Lac).

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

Further, the equity shares of the subsidiary companies held by the Company i.e., 13,200 equity shares of Own Investment (India) Limited and 21,450 Equity shares of Your (Investment) India Limited were sold to M/s. A to Z Holdings Private Limited and M/s. Longwell Investment Pvt. Ltd. respectively. Consideration amount in full against sale of these shares was received on 18th March, 2021 hence these companies ceased to be subsidiaries companies of the Company with effect from 18th March, 2021.

CONSOLIDATED FINANCIAL STATEMENTS:

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

CORPORATE GOVERNANCE:

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

ANNUAL RETURN:

As per Companies Act, 2013 the Annual Return of the Company for the year will be available on the Website of the Company at www.modiindustries.net.

MATERIAL CHANGES AND COMMITMENTS:

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

NUMBER OF BOARD MEETINGS:

Four meetings of the Board of Directors were held during the year 2020 i.e., 3rd March, 2020, 5th October, 2020, 5th November, 2020 and 28th December, 2020.

The Ministry of Corporate Affairs ("MCA") General Circular No. 08/2021 dated 3rd May 2021, has decided that the requirement of holding the meeting of the Board of the Companies within intervals provided in Section 173 of the Companies Act, 2013 (120 days) stands extended by period of Sixty (60) days for first two quarters of the financial year 2021-2022.

Further, because of the difficulties arising due to the resurgence of the COVID-19 pandemic there was a gap of 216 days between two consecutive Board meetings held on 3rd March, 2020 and 5th October, 2020. The permitted time gap between holding two consecutive meetings was 180 days. Thus, there was a default of 36 days in holding the said two consecutive Board Meeting under Section 173 of the Companies Act, 2013 read with General Circular No. 11/2020 issued by MCA (Ministry of Corporate Affairs) on 24/03/2020. The Company is in process of filling the compounding application under the relevant provisions of the Companies Act, 2013 read with relevant rules made there under.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

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

WHISTLE BLOWER POLICY:

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

INTERNAL FINANCIAL CONTROL:

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

ANNUAL EVALUATION:

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

NOMINATION & REMUNERATION POLICY:

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

RISK MANAGEMENT POLICY:

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

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS:

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

RELATED PARTY DISCLOSURE:

The related party transactions that were entered into during the financial year were generally on an arm's length basis and in the ordinary course of business and complied the provisions of Section 188 of the Companies Act, 2013. These transactions were generally in the nature of ordinary course of business as per very old set up and structure of the Company and are continuation of old transactions viz lease rents and sale, purchase of the products in the normal course of business as being done in the previous years. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

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

PERSONNEL:

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

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

AUDITORS AND THEIR REPORTS:**STATUTORY AUDITORS:**

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

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

COST AUDITORS:

As per the requirement of the Central Government and pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has to get audit of cost records relating to Sugar and Distillery Units done for the financial year 2021-22.

The Board of Directors, on the recommendation of Audit Committee, have appointed M/s. M.K. Singhal & Co., Cost Accountants, (Firm's Regn. No. 00074) of Modinagar, as Cost Auditors to conduct the audit of Cost Accounts maintained by Sugar and Distillery units of the Company at a total remuneration of ₹1,20,000/- (including all expenses) + applicable Taxes payable to them for the financial year 2021-22. Members' approval for the remuneration payable to the Cost Auditors has to be obtained by an Ordinary Resolution.

SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company had appointed M/s. A.N. Jaiswal & Co., Practicing Company Secretary (ACS No. 19000, CP No. 14629) of New Delhi, as Secretarial Auditors of the Company. They have submitted their Secretarial Audit Report, for the Financial Year 2020-21, which is attached herewith as Annexure-'D'.

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

For the Financial Year 2021-22, Company has appointed M/s A. N. Jaiswal & Co., Practicing Company Secretaries (ACS No. 19000, CP No. 14629) of New Delhi, as Secretarial Auditors of the Company.

INTERNAL AUDITORS:

Pursuant to Section 138 of the Companies Act, 2013, Board has appointed Internal Auditors namely M/s. Sarat Jain & Associates, Chartered Accountants, (Firm Regn. No. 014793C) of Noida (U.P.) for Sugar & Distillery units of the Company for the financial year 2021-22 as recommended by the Audit Committee of the Company.

CONSERVATION OF ENERGY:

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

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

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

During the year under review total expenses on power and fuel has been ₹249.76 Lac in comparison to previous year ₹215.04 Lac.

TECHNOLOGY ABSORPTION:

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Your Company did not earn any Foreign Exchange during the year (previous year ₹Nil) while Foreign Exchange outgo during the year amounted to ₹969.93 Lac (previous year ₹1,374.72 Lac).

COVID-19 PANDEMIC

The manufacturing activities of the company were carried out in normal course with the adoption of enhanced safety, security and other required measures. There has been no material impact on the business of the company though the sale and movement of finished products was affected due to lockdown and continuous restrictions imposed by the Govt. of India to curve the spread of COVID-19.

POLLUTION CONTROL:

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

LABOUR RELATIONS:

The labour and management relations generally remained harmonious.

GENERAL:

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

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

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

COMPLIANCE WITH SECRETARIAL STANDARD

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

CAUTIONARY STATEMENT:

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

ACKNOWLEDGMENT:

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

For & on behalf of the Board

**Umesh Kumar Modi
Chairman and Managing Director**

Place: Modinagar.

Dated: 9th November, 2021.

ANNEXURE-‘A’ TO DIRECTORS’ REPORT

FORM AOC-1

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

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

Part ‘A’: Subsidiaries

(₹ in Lac)

Particulars	Name of the Subsidiary	
	Own Investment (India) Limited	Your Investment (India) Limited
1. Reporting period for the subsidiary concerned, if different from the holding company’s reporting period.	Not Applicable	Not Applicable
2. Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	Not Applicable	Not Applicable
3. Share Capital (Paid-up)	13.22	21.47
4. Reserves & Surplus	5.11	15.19
5. Total Assets	18.60	37.04
6. Total Liabilities	0.27	0.38
7. Investments (net)	5.09	14.66
8. Turnover	-	-
9. Profit before taxation	(0.04)	22.73
10. Provision for taxation	-	0.11
11. Profit after taxation	(0.04)	22.62
12. Proposed dividend	NIL	20.39
13. % of shareholding (See Note 2 below)	99.89	99.93

Part ‘B’: Associates and Joint Ventures

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

NOT APPLICABLE

Notes:

1. There are no subsidiaries which are yet to commence operations.
2. Subsidiaries which have been liquidated or sold during the year:

Equity shares of subsidiary companies held by Modi Industries Limited i.e. 13,200 equity shares of Own Investment (India) Limited and 21,450 equity shares of Your Investment (India) Limited were sold to M/s. A to Z Holding Private Limited and M/s. Longwell Investment Private Limited respectively. Consideration amount in full against sale of these shares was received on 18th March, 2021 and the Company also executed Irrevocable Power of Attorney in favour of buyer companies vis-à-vis the shares before March 31, 2021. Hence these companies ceased to be subsidiary companies of Modi Industries Limited with effect from 18th March, 2021.

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

Laxman Prasad
Partner
Membership No. 013910

Dated: 9th November, 2021
Place: Modinagar.

For Modi Industries Limited

Umesh Kumar Modi
Chairman and Managing Director

ANNEXURE-‘B’ TO DIRECTORS’ REPORT

CORPORATE GOVERNANCE REPORT

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

1. COMPANY’S PHILOSOPHY

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

2. BOARD OF DIRECTORS

(a) COMPOSITION OF BOARD:

- (i) Consequent upon exit of Shri Mahendra Kumar Modi from the management of the Company w.e.f. 09.09.2020, the Board of Directors was reconstituted by inducting two Independent Directors namely Shri Anand Parkash Modi and Shri Jagdish Chander Chawla and also two Non-executive Directors i.e., Smt. Kumkum Modi and Shri Jayesh Modi during the financial year ended on 31st March, 2021. The Committees of the Board were also reconstituted so as to be in compliance with the provisions of the Companies Act, 2013.
- (ii) The Board has an Executive Chairman. As on 31st March, 2021 the Company’s Board comprise of one Executive Director, five Non-executive and Non-Independent Directors, Two Non-executive and Independent Directors and two Directors nominated by M/s. SBEC Sugar Limited. The Company did not have any material pecuniary relation or transaction with non-executive directors/Nominee directors during the year under review.

(b) BOARD/SHAREHOLDERS’ MEETINGS:

Pursuant to the requirement of Section 173 of the Companies Act, 2013, four Board meetings were held during the year on 03.03.2020, 05.10.2020, 05.11.2020 and 28.12.2020. The attendance at the said Board meetings and at the last 86th Annual General Meeting held on 05.12.2020 and also number of other directorships are given herein below:

Name	Category	No. of Board meetings Attended	Attendance at previous AGM	No. of Directorship(s) in other Indian Public Limited Companies.
Shri Mahendra Kumar Modi*	MD	1	No	1
Shri Umesh Kumar Modi	MD	4	Yes	5
Shri Vinay Kumar Modi	NED	3	No	2
Smt. Kumkum Modi***	NED	3	Yes	3
Shri Rakesh Kumar Modi	NED	4	Yes	-
Shri Abhishek Modi	NED	4	Yes	4
Shri Jayesh Modi***	NED	3	Yes	4
Shri Anand Parkash Modi**	NEID	3	Yes	-
Shri Jagdish Chander Chawla**	NEID	3	Yes	4
Shri Vivek Singh#	ND	2`	No	-
Shri Rahul Chaudhary#	ND	2	No	-

MD – Managing Director

NED- Non-Executive Director

NEID- Non-Executive Independent Director

ND – Nominee Director

*Resigned w.e.f. 9th September, 2020.

** Appointed with effect from 9th September, 2020.

*** Appointed with effect from 11th September, 2020.

Appointed with effect from 5th October, 2020.

(c) **BOARD PROCEDURE:**

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

(d) **RELATIONSHIP AMONGST DIRECTORS:**

As on 31st March, 2021, relationship amongst directors is that Shri Vinay Kumar Modi, Non-Executive Director and Shri Umesh Kumar Modi, Chairman and Managing Director are real brothers. Shri Umesh Kumar Modi, Chairman and Managing Director and Smt. Kumkum Modi, Non-Executive Director are husband and wife and Shri Abhishek Modi and Shri Jayesh Modi, Non-Executive Directors, are their sons.

3. **AUDIT COMMITTEE:**

(a) **Terms of Reference:**

The Audit Committee acts as a link between the Statutory and the Internal Auditors and Board of Directors. The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting process, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's Statutory and Internal Audit Activities. The powers, roles, delegation, responsibilities, and terms of reference of the Audit Committee are prescribed under Section 177 of the Companies Act, 2013.

(b) **Composition:**

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

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

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

During the year under review, two Audit Committee Meetings were held on 05.10.2020 and 05.11.2020. The attendance at the said Audit Committee Meetings is given herein below:

Sl.No.	Name of the Member	Category	No. of Audit Committee meetings attended
1.	Shri Rakesh Kumar Modi	NED	2
2.	Shri Abhishek Modi*	NED	1
3.	Shri Anand Parkash Modi	NEID	1
4.	Shri Jagdish Chander Chawla	NEID	1

NED: Non- Executive Director

NEID: Non-Executive Independent Director

*Ceased to be Member with effect from 05.10.2020.

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

(a) **Terms of Reference**

The Company has a Board Committee namely "Nomination and Remuneration Committee" as required under Section 178 (1) of the Companies Act, 2013.

The Nomination and Remuneration Committee looks terms and conditions of appointment, remuneration and related matters of Managerial Personnel such as Whole Time Directors & Directors etc. Remuneration Committee recommends the remuneration for Executive Directors to the Board of Directors for its approval and such remuneration is also subject to the approval of shareholders and such other approvals as may be required. In its recommendations, the remuneration committee considers parameters like performance and contribution, practices and norms and followed by companies of similar size and industry standards.

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

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

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

The Company does not pay any remuneration to the non-executive directors/nominee directors except payment of Sitting Fees for attending Board/Committee meetings. During the year under review the meeting of Nomination and Remuneration Committee was held on 05.11.2020 which was attended by all its three Members mentioned above.

Nomination & Remuneration Policy of the Company is available on Company's Website www.modiindustries.net/policies-of-the-company.

Details of remuneration/sitting fees paid to the directors during the year under review are given below:

(a) **Executive Directors:**

No remuneration has been paid to Managing Directors during the year under review.

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

Name	Sitting Fee (₹ in thousands)	Shares held	
		Equity	Preference
Shri Vinay Kumar Modi	20.00	25477	8
Shri Rakesh Kumar Modi	42.00	48901	10
Smt. Kumkum Modi	30.00	16526	-
Shri Abhishek Modi	32.00	100	-
Shri Jayesh Modi	30.00	100	-
Shri Anand Parkash Modi	36.00	100	-
Shri Jagdish Chander Chawla	38.00	100	-
Shri Vivek Singh (Nominee Director)	20.00	-	-
Shri Rahul Chaudhary (Nominee director)	20.00	-	-

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

(a) **Terms of Reference**

The Company has a Board Committee namely "Stakeholder Relationship Committee" as required under the provisions of Section 178 (1) of the Companies Act, 2013 to look into various issues relating to delay in transfers of shares, nonreceipt of balance sheet, non-receipt of declared dividends/share certificates, dematerialization of shares, replacement of lost/stolen/mutilated share certificates, etc.

(b) **The Composition of Stakeholders Relationship Committee and details of the Meetings of the Committee held and attended during the year 2020-21**

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

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

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

During the year under review three meetings of Stakeholders Relationship Committee were held on 05.10.2020, 07.10.2020 and 05.11.2020. The attendance at the said Stakeholders Relationship Committee meetings is given here-in-below:

Sl.No.	Name of the Member	Category	No. of Stakeholders Relationship Committee meetings attended
1.	Shri Umesh Kumar Modi	MD	3
2.	Shri Rakesh Kumar Modi	NED	3
3.	Shri Anand Parkash Modi	NEID	1
4.	Shri Jagdish Chander Chawla	NEID	2

MD: Managing Director

NED: Non- Executive Director

NEID: Non-Executive Independent Director

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

6. **COMMITTEE OF DIRECTORS:**

The Committee of Director, consist of two members i.e., Shri Umesh Kumar Modi, Chairman and Managing Director and Shri Rakesh Kumar Modi, Non-Executive Director as on 31.03.2021.

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

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

7. **GENERAL BODY MEETINGS:**

Location, Time and date of the last three Annual General Meetings are given below:

Financial year	Date	Time	Location of the meeting
2019-20	05.12.2020	12:30 P.M.	Auditorium, Dayawati Modi Public School, Modinagar 201204. Distt. Ghaziabad (U.P.)
2018-19	18.12.2019	12:30 P.M.	Modi Industries Transit House (Modi Industries Complex), Modinagar, Distt. Ghaziabad (U.P.) 201204.
2017-18	18.12.2018	12:30 P.M.	Modi Industries Transit House (Modi Industries Complex), Modinagar, Distt. Ghaziabad (U.P.) 201204.

No postal ballot was conducted during the Financial Year 2020-21. There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

8. **DISCLOSURES:**

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

9. **MEANS OF COMMUNICATION:**

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

10. **GENERAL SHAREHOLDERS' INFORMATION:**

(a) **Annual General Meeting:**

Date : 15th December 2021.
Time : 12:30 P.M.
Venue : Auditorium, Dayawati Modi Public School
Modinagar, Distt. Ghaziabad (U.P.)

(b) **Financial Year:**

The financial year covers the period from April 01, 2020 to March 31, 2021 (Both days inclusive).

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

9th December, 2021 to 15th December, 2021 (both days inclusive).

(d) **Dividend payment date:**

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

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

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

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

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

(g) **Share Transfer System:**

As on date of Report all transfer/transmission of equity shares and demat of equity shares related work is being handled by RTA of the Company, M/s. Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase II, New Delhi 110020. All transfers, transmissions of shares were processed and registered within the stipulated time. As on 31st March, 2021 no shares were lying pending for transfer.

(h) **Distribution of Shareholding as on 31.03.2021:**

Distribution of shareholding	Number of		No. of Shareholders		%age of Shareholding	
	Equity shares of ₹10 each	Pref. shares of ₹100 each	Equity shares	Pref. shares	Equity shares	Pref. shares
Upto 500	679128	248	8910	20	20.52	0.61
501 - 1000	92584	-	124	-	2.80	-
1001 - 2000	101949	-	68	-	3.08	-

2001 - 3000	38325	-	15	-	1.16	-
3001 - 4000	19580	3520	6	1	0.59	8.64
4001 - 5000	33353	9005	7	2	1.01	22.10
5001 – 10000	99052	14344	13	2	2.99	35.21
10001 and above	2245243	13624	45	1	67.85	33.44
Total	3309214	40741	9188*	26	100.00	100.00

* Exclude 2 shareholders common in both demat and physical forms and 5 shareholders having same Permanent Account Number (PAN).

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

Pursuant to Notification of Ministry of Corporate Affairs, Government of India, New Delhi, dated 10th September, 2018, the persons, who intend to transfer of securities of unlisted Company, shall get such securities dematerialized before the transfer. Modi Industries Limited (MIL) as on date is an unlisted Company. Dematerialization of equity shares related work of the Company is being handled by RTA of the Company. ISIN of fully paid-up equity shares of the Company (MIL) is INE573D01012. Upto the end of the year under review 1005058 Equity shares out of 3309214 equity shares of the company were dematerialized.

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

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

(k) **Plant Location:**

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

(l) **Address for Correspondence:**

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

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

(A) DETAILS OF TOP TEN EMPLOYEES OF THE COMPANY IN TERMS OF REMUNERATION PAID DURING FINANCIAL YEAR 2020-21

Sl. No.	Name	Designation	Nature of employment whether contractual or otherwise	Qualification	Experience (Years)	Date of commencement of employment	Total Remuneration (₹)	Age (Years)	Last employment before joining the Company	% of equity shares of the company held by the employee	Whether employee is a relative of any director or manager of the Co.
1.	Mr. Pallav Soin	Vice President- Sales & Marketing	Permanent	MBA-Marketing & Sales	22	01-05-2012	8,413,788	48	Modi Ilva India Pvt. Ltd.	-	-
2.	Mr. N.P. Bansal	Chief Executive	Permanent	C.A.	43	01-12-1977	3,316,283	71	-	-	-
3.	Mr. Prem Prakash	Finance Head	Permanent	C.A.	23	21-06-2017	2,939,006	50	Panchwati Group	-	-
4.	Mr. Bhupinder Aggarwal	Deputy General Manager	Permanent	MBA-Marketing & Sales	23	01-05-2012	2,586,421	47	Modi Ilva India Pvt. Ltd.	-	-
5.	Mr. Shailaditya Brahma	Asstt. General Manager (Instt. Sales)	Permanent	MBA-Marketing	29	01.06.2013	2,528,496	54	SBEC Sugar Limited	-	-
6.	Mr. D.Srinivasan Reddy	Addl. General Manager (Engrn)	Permanent	B.Tech.(Mech)	24	07.08.2020	2,200,008	46	Dhampur Sugar Mills, Dhampur	-	-
7.	Mr. Mudappa Devia	Regional Sales Manager South	Permanent	MBA-Marketing & Sales	23	04-12-2017	2,142,012	42	Modi Ilva India Pvt. Ltd.	-	-
8.	Mr. Rajeev Gupta	General Manager Plant	Permanent	M.Sc. ALC (Tech)	26	02-12-2019	2,123,853	49	Piccadilly Agro Industries Limited	-	-
9.	Mr. Ved Pal Singh Malik	Vice President	Permanent	B.Sc. Agriculture	40	08.06.2017	2,120,028	64	Mansoorpur Sugar Mills, Mansoorpur	-	-
10.	Mr. Gaurav Khurana	Head Quality & System	Permanent	B.Tech	13	14-08-2008	1,965,732	39	-	-	-

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

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2021
[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

UDIN-A019000C001380316

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 (Audit Period) generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

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

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the clients; (Not applicable to the Company during the audit period);
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not applicable to the Company during the Audit Period), and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Regulations) Regulations, 2015. (Not applicable to the Company during the Audit Period).
- (vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing/trading companies, the Management has specifically identified and confirmed the following laws as being specifically applicable to the company and its industrial units duly complied with:
- 1) Factories Act, 1948.
 - 2) The Payment of Wages Act, 1936.
 - 3) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
 - 4) All Labour laws and such Other incidental laws related to Labour and employees appointed by the Company either on its payroll or on contractual basis related to wages, gratuity, provident fund, ESIC, compensation, welfare etc.;
 - 5) Air (Prevention and Control of Pollution) Act, 1981 and the rules and standards made thereunder.
 - 6) Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975.
 - 7) Environment Protection Act, 1986 and the rules, notifications issued thereunder.
 - 8) State Excise Act.
 - 9) Industries (Development & Regulation) Act, 1951;
 - 10) Income Tax Act, 1961
 - 11) Finance Act, 1994 (Service Tax).
 - 12) Act, Rules and regulations made under GST Laws (CGST, SGST & IGST)
 - 13) State Laws governing Sales Tax/VAT. (applicable till 30th June, 2017)
 - 14) Food Safety And Standards Act, 2006.
 - 15) The U.P. Sugarcane (Regulation of Supply & Purchase) Act, 1953
 - 16) The Essential Commodities Act,1955;
 - 17) The Sugar Cess Act, 1982 and the Rules made thereunder;
 - 18) The Sugar Development Fund Act, 1982 and the Rules made thereunder;
 - 19) The Sugar (Control) Order, 1966;
 - 20) Molasses Control Order, 1961
 - 21) The Legal Metrology Act, 2009
 - 22) Indian Electricity Act, 2003
 - 23) Drugs & Cosmetic, 1940 & Rules;
 - 24) Indian Boiler Act, 1923;
 - 25) Acts as prescribed under Shop and Establishment Act of various local authorities;
 - 26) Acts as prescribed by respective states and local authorities etc.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board Meetings and general meetings and adopted as per Section 205 of Companies Act, 2013.
- (ii) The Company was listed into U.P. Stock Exchange Limited, (UPSE) Kanpur and Delhi Stock Exchange Limited, (DSE) New Delhi. The SEBI had issued exit order of UPSE on 9th June, 2015 and also SEBI had de-recognized the DSE on 19th November, 2014 and issued Exit Order on 23rd January, 2017.

SEBI vide its circular No. CIR/MRD/DSA/5/2015 Dated 17th April, 2015 provided that the exclusively listed Companies (ELCs) which fail to obtain listing in any other nationwide stock exchange will cease to be a listed Company and will be moved to the Dissemination Board (DB) by the existing stock exchange.

In this respect of delisting, the Company has duly complied with SEBI Circular No. SEBI/HO/MRD/DSA/CIR/P/2016/110 dated October 10, 2016 and reasonably followed all the procedures, taken necessary steps, made due disclosures and submitted Reports and records to the Appropriate Authority which was in company's case it was NSE.

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

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

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

During the period under review and as per the representations and clarifications made, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as specifically pointed out by the Management into the 'Notes to Accounts' forming part of Financial Statements as well as Directors' Report of Financial Year 2020-21.

We further report that the Board of Directors of the Company is constituted with composition of Executive and Non-Executive Directors only. The Hon'ble Supreme Court in SLP (Civil) No. 23095-23097 of 2010 (M.K. Modi Vs. U.K. Modi) has passed an order dated 27th August, 2010 directing to maintain 'status quo' with regard to the management of the Company.

The Managing Directors of the Company (i.e., Mr. Umesh Kumar Modi and Mr. Mahendra Kumar Modi) were embroiled in multiple litigations over the years and because of the same, major brunt has been faced by the Company as the said inter-se dispute between them led to the inability of the Company to set up new business or revive or rehabilitate the existing units.

The Company was also unable to utilize its non-core assets to clear its liabilities and it even failed to avail credit facilities, which were announced by the Central/State Governments from time to time to aid the rehabilitation of the Company. This has led to a grave situation over a period of years wherein the liability of the Company has been rising due to ever piling on interest rates.

The 6 (six) units under the control and management of Mr. Mahendra Kumar Modi, gradually shut down starting since the year 1995 and the last 2 (two) units i.e. Paint & Electrode unit also closed down in the year 2016. The liabilities of entire Company (i.e., including the 6 units which were previously under the control of Mr. Mahendra Kumar Modi) are being paid by the units under the control of Mr. Umesh Kumar Modi in order to save the Company from going into liquidation.

The Company as on date have huge outstanding liabilities towards Various Creditors (including banks/Financial Institutions) who have initiated/threatening to initiate action under the Insolvency & Bankruptcy Code, 2016 and/or Recovery of Debts and Bankruptcy Act, 1993 and/or Securitization and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002, repercussions whereof are irreversible and there is an immediate need to liquidate the dues of all the creditors of the Company (including banks/Financial Institutions). The liabilities of the Company are mounting as a whole and apart from the increasing pressure of the Creditors (including banks/Financial Institutions), there were constant dharnas by laborer's/workers for liquidation of their outstanding dues as well.

In view of the aforementioned circumstances, a settlement has been arrived between Mr. Umesh Kumar Modi and Mr. Mahendra Kumar Modi with the assistance, support and intervention from the State Government of Uttar Pradesh, which played an important role in the settlement of inter-se dispute amongst Mr. Umesh Kumar Modi and Mr. Mahendra Kumar Modi.

Post the settlement, Mr. Mahendra Kumar Modi has resigned from the post of Managing Director/Director of the Company on 09.09.2020 and transferred all the shares held by him, his family members and group companies in favour of Mr. Umesh Kumar Modi.

Mr. Umesh Kumar Modi has been managing the affairs of the Company for the last four decades. Additionally, for the last few years, Mr. Umesh Kumar Modi has by himself ensured the survival of the Company exclusively as the other six units of the company which were under the control of Mr. Mahendra Kumar Modi have been permanently closed down. Upon the resignation of Mr. Mahendra Kumar Modi, the Board by virtue of a circular resolution dated 09.09.2020, had made Mr. Umesh Kumar Modi in charge of affairs of all the nine (9) units (including the management and control of the six (6) units which were previously under Mr. Mahendra Kumar Modi) as well as the corporate office of the Company which was subsequently confirmed by the Board in its meeting dated 5th October, 2020. The Board also appointed him as Chairman of the Company in its meeting dated 5th October, 2020.

Additionally, the Company also appointed few Additional Directors as well as Independent Directors on the board of the Company by virtue of a circular resolution dated 9th September, 2020 which was subsequently confirmed by the Board in its meeting dated 5th October, 2020.

The appointment of Additional/New Directors as well as re-appointment of Mr. Umesh Kumar Modi as the sole Chairman and Managing Director of the Company was also approved by the Board and the members of the Company in its Annual General Meeting (AGM) held on dated 5th December, 2020.

The following new Directors/Independent Directors have been duly inducted on the Board.

Sr. No.	Name of Directors	DIN	Designation	Date of Appointment
1	Mrs. Kumkum Modi	00522904	Director	11/09/2020
2	Mr. Jayesh Modi	02849637	Director	11/09/2020
3	Mr. Anand Prakash Modi	08865462	Independent Director	09/09/2020
4	Mr. Jagdish Chander Chawla	05316202	Independent Director	09/09/2020
5	Mr. Vivek Singh	02966881	Nominee Director	05/10/2020
6	Mr. Rahul Chaudhary	08905066	Nominee Director	05/10/2020

In view of the above, the Company has duly complied with the provisions relating with appointment of Independent & Women Directors. Therefore, the composition of Board of Directors and various Board Committees were in due compliance of the provisions of the Companies Act, 2013.

During the year under review, the Nomination and Remuneration Committee as well as Audit Committee were re-constituted *in due compliance of the provision of Section 177 and 178 of the Companies Act, 2013 and rules made their under.*

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

During, the year under review, the Company fails to comply with the provisions of Section 173 read with relaxation granted in General Circular No. 11/2020 as issued by MCA on 24/03/2020 to hold two consecutive meetings of Board with a maximum gap of 180 days till 30th September, 2020.

Due to outbreak of the pandemic COVID-19, the 286th Board Meeting was held on 5th October, 2020 after a gap of 216 days. The 285th Board Meeting was held on 3rd March, 2020.

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

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

1. Since the net worth of Modi Industries Limited ('MIL') had eroded and become negative, therefore, in terms of the erstwhile Sick Industrial Companies Act, 1985 ('SICA'), MIL was declared as a 'Sick Company' and reference was pending adjudication before the Ld. AAIFR/BIFR. While the revival scheme of MIL was being considered by Ld. AAIFR, the Govt. of India vide notification

bearing no.: S.O. 3568 (E) dated 25th November, 2016 repealed SICA with effect from 1st day of December, 2016 and all the proceedings pending under the SICA (including the proceedings qua MIL) stood abated.

- With regard to payment of **Fixed Deposits**, as per Section 74 of the Companies Act, 2013, deposits accepted before the commencement of the Companies Act, 2013 (i.e. 1st April, 2014) shall be repaid within one year from the commencement of the Act. The Company had filed an application with Company Law Board on 31st March, 2015 seeking extension of time for repayment of Public Deposits under Section 74(2) of the Act.

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

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

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

That, accordingly the Company has deposited the aforesaid amount on 7th May, 2018 with Punjab National bank, Parliament Branch, New Delhi, in designated account of IEPF and duly complied with the provision of the rules of **"Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016"**

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

- Due to permanent closure and several other reasons the information from Gas, Paint & Electrode Units and Central Accounts Department of these units are not made available to us. Therefore, we are unable to comment on the compliance status of the aforesaid units. Our report is based on only in respect of Sugar, Distillery, Steel Units & Corporate Office of the Company.
- During the year under review the Company has received one Notice and petitions filed before Hon'ble NCLT, Allahabad, under Insolvency and Bankruptcy Code 2016 (IBC, 2016) and have some pending petitions for insolvency. Out of them, in some matters, the Company has settled for the operational dues with respective parties and arrived at a Settlement outside the Tribunal and parties amicably withdrew the petitions.

Sr. No.	Name of the Operational Creditors	Amount Claimed (in ₹)	Unit	Settlement Amount (in ₹)	Date of Settlement
1	Baburam Industries	16,87,225	Modi Arc Electrode Co. & Modi Paint & Varnish Co	10,00,000	22.01.2020
2	Vyankatesh Metals & Alloys Pvt Ltd	18,00,000	Modi Arc Electrode Co.	12,00,000	27.02.2020
3	3A Capital Services Ltd	8,49,47,881	Modi Industries Limited (Corpo-rate Office)	N.A.	Petition withdrawn
4	3A Capital Services Ltd	58,27,65,730	Modi Industries Limited (Corporate Office)	N.A.	Not yet settled.
5	Ganesh Enterprises	9,84,678	Modi Arc Electrode Co	5,00,000	11.01.2020
6	Noble Alchem Pvt. Ltd	34,60,524	Modi Arc Electrode Co	28,00,000	09.07.2018
7	Ultratech Cement Ltd	16,75,398 (+ 15% interest)	Modi Paint & Varnish Co	19,00,000	24.07.2018
8	Bansal Trading Company	6,60,977 (+ 18% interest)	Modi Arc Electrode Co.	7,00,000	24.07.2018
9.	Jayesh Industries Limited	52,53,300	Modi Arc Electrode Co.	35,00,000	02.11.2019
10.	Pradeep Metal Industries	5,02,432	Modi Paint & Varnish Co	NA	Not yet settled
11.	Ganga Plasto Pack	19,46,617	Modi Arc Electrode Co.	NA	Not yet settled

5. During the year under review with audit, there are delay in payment of Cane dues under UP Sugarcane (Regulation of Supply & Purchase) Act/Rules (1953/1954).

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

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

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

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

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

Date: 9th November, 2021

Place: Modinagar

ANNEXURE TO SECRETARIAL AUDIT REPORT

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

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

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

For A. N. Jaiswal & Co.
Company Secretaries

Amar Nath Jaiswal
Proprietor
C.P. No. 14629

Date: 9th November, 2021
Place: Modinagar

INDEPENDENT AUDITOR'S REPORT

To the Members of Modi Industries Limited

Report on the Audit of the Standalone Financial Statements

1. Adverse Opinion

We have audited the accompanying Standalone Financial Statements of Modi Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying Standalone Financial Statements do not give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and also do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, its profit and its cash flows for the year ended on that date.

2. Basis for Adverse Opinion

- (A) The books of accounts, vouchers and other documents of the closed Steel Unit for the financial year 1992-93 were not made available to us and consequently audit could not be conducted in respect of the same. {Refer Note No. 27(4) of the Standalone Financial Statements}. Therefore, the attached Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement does not include: (a) the financial data/impact of working results and of declaration of closure/post-closure transactions, which includes sales and realization of depot sales/dues from debtors, provision/payment of final dues of employees and payments to various parties and manufacturing/personnel/administration expenses etc., of the Steel Unit for the year 1992-93 during which the Unit had operated for ten months the exclusion of which, in our opinion, substantially impairs the presentation of above Standalone Financial Statements of the Company especially in view of the fact that (i) the assets and liabilities of Steel Unit constituted 28% and 43% respectively of the total Assets & Liabilities of the Company as at 31st March, 1992 and the Income & Expenditure of the Steel Unit constituted 30% and 32% respectively of the total Income & Expenditure of the Company for the said year which resulted in a loss of ₹787.22 Lac for the Steel Unit and (b) impact on assets, liabilities and cash flows on account of non-incorporation of transactions/balance sheets for the years 1993-94 to 2020-21 as stated in Note No. 27(4)(c) of the Standalone Financial Statements.
- (B) The books of accounts, vouchers and other documents of the closed Electrodes, Paints and Gas Units and of Central Accounts Department of these Units (hereinafter collectively referred to as "3 Units & CAD") for the years 2016-17 to 2020-21 were also not made available to us and consequently audit could not be conducted in respect of the same. {Note No. 27(9) of the Standalone Financial Statements}. Therefore, the attached Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement does not include: (a) the financial data/impact of working results and of declaration of closure/post-closure transactions, which includes realization of depot sales/dues from debtors/consignees, provision/payment of final dues of employees, impairment loss, if any, for these 3 closed Units and payments to various parties and manufacturing/personnel/administration expenses etc., of these 3 Units & CAD for the year 2016-17 during which these 3 Units & CAD had operated/worked for more than 6 months, the exclusion of which, in our opinion, also substantially impairs the presentation of above Standalone Financial Statements of the Company especially in view of the fact that the assets and liabilities of these 3 Units & CAD (excluding inter-unit balances) were ₹3,438.85 Lac and ₹6,324.10 Lac respectively as at 31st March, 2016 and the Income (net of excise-duty realized) & Expenditure of these 3 Units & CAD were ₹4,759.60 Lac and ₹5,663.79 Lac respectively for the said year which resulted in a net loss of ₹904.19 Lac for these 3 Units & CAD for the year ended 31st March, 2016 and (b) impact on assets, liabilities, loss and cash flows on account of non-incorporation of financial statements of these 3 Units and CAD for the years 2017-18 to 2020-21 also as stated in Note No. 27(9).
- (C) We draw attention to Note No. 27(30)(B)(iii) regarding interest payable on 12.5% debentures wherein, by relying on the legal opinion, the Company has: (i) retained liability of ₹541 Lac in the books of account being interest payable till the specified date of maturity of these debentures and written back the excess amount of interest payable of ₹1,423.66 Lac in the books of account during the previous financial year as an "Exceptional Item" and (ii) accordingly, not quantified and disclosed as on 31.03.2020 & 31.03.2021 the amount of non-provision of interest in the Standalone Financial Statements (As on 31st March, 2019, non-provision of ₹12,702.53 Lac was disclosed in the financial statements). Since the matter (i.e. interpretation of terms and conditions contained in the documents/agreements with debenture holders/trustees) is sub-judice as stated in Note No.

27(30)(B)(iii), we, at this stage, are unable to express our opinion on the adequacy of interest provision retained in the books of account as on 31.03.2021.

- (D) Non-provision of interest aggregating to ₹5,747.28 Lacon cane arrears for Sugar Seasons 2018-19, 2019-20 and 2020-21. {Note No. 27(34) (g, h & i)}.
- (E) Further to our comments in paragraphs 2(A to D) above, we report that:
- i. Understatement of accumulated losses on account of non-incorporation of impact of operational/working results/declaration of closure and post closure transactions of Steel Unit for the year 1992-93 and over-statement of assets and under-statement of liabilities as on 31st March, 2021, amount/impact unascertained. {Refer Note No. 27(4) of Standalone Financial Statements and Paragraph 2(A) above}.
 - ii. Understatement of accumulated losses on account of non-incorporation of operational/working results/declaration of closure and post closure transactions of 3 Units & CAD for the financial years 2016-17 to 2020-21 and over-statement of assets and under-statement of liabilities as on 31st March, 2021, amount/impact unascertained. {Refer Note No. 27(9) and Paragraph 2(B) above}.
 - iii. Understatement of losses on account of non-provision of: (a) interest on loans taken, obsolete inventories, doubtful debtors/loan and advances and impairment loss, and (b) on account of not conducting physical verification of inventories and property, plant & equipment etc. in closed Steel Unit as stated in Note Nos 27(4)(f)(i) to (vii) and Note No. 27(5) of the Standalone Financial Statements. Further, in the absence of details of quantity and value of opening inventory appearing in the books of account and the non-classification of sale of scrap into stocks or property, plant and equipment, the value of stocks sold during the year of ₹724.10 Lac (upto 31st March, 2020 ₹440.11 Lac) have been reduced from inventory appearing in the balance sheet as on 31st March, 2021 and depicted as "opening finished goods stock charged to revenue" in Note No. 24 of 'Other Expenses'. Amount of non-provision/under or over-statement of profit for the year and accumulated losses not ascertained by the management.
 - iv. Understatement of losses on account of non-provision of: (a) interest on loans taken, obsolete inventories, doubtful debtors/loan and advances and impairment loss, and (b) on account of not conducting physical verification of inventories and property, plant & equipment etc. in closed Electrode, Paints, Vanaspati and Gas units and CAD as stated in Note No. 27(9) of the Standalone Financial Statements. Amount of non-provision/under-statement of losses not ascertained by the management.
 - v. Non-provision of impairment loss, amount unascertained by the management, of assets of Sugar Unit as stated in Note No. 27(35).
 - vi. Impact of componentization of property, plant & equipment and ascertaining useful life and original cost/estimated value of such components as on April 01, 2015, as required by the amended Schedule II of the Companies Act, 2013, is pending. Impact, if any, on the depreciation expense for the 6 years ended March 31, 2016 to 31st March, 2021 are yet to be ascertained by the management. [Note No. 27(41)].
 - vii. Non-provision of interest on overdues of Micro, Small and Medium Enterprises as stated in Note Nos. 27(4), 27(9) and 27(15). Amount of non-provision not ascertained.
 - viii. (1) Non-provision of late payment surcharge/recovery charges ₹302.66 Lac (Previous year ₹302.66 Lac) {Note No. 27(10)};
 - (2) Non-provision of ESI demand ₹70.53 Lac (previous year ₹69.36 Lac) {Note No. 27(11)};
 - (3) Non-provision of simple, penal and compound interest of ₹26,302.46 Lac (for the year ₹1,316.85 Lac) on term loans, ₹9,569.16 Lac on debentures {Note No. 27(19)(a & b)& 27(30)(B)(iii)} and interest/bank charges ₹8,951.72 Lac (for the year ₹1,281.66 Lac) on cash credit from banks {Note No. 27(19)(d) & (f)};
 - (4) Non-provision of Wages ₹27.46 Lac (Previous year ₹27.46 Lac) for the lock-out period {Note No. 27(22)};
 - (5) Non-provision of recovery charges of ₹413.50 Lac (Previous Year ₹413.50 Lac) for sugar season 2007-08. {Note No. 27(34)(c)}.
- (F) Confirmation of Debit/Credit balances of debtors/creditors/lenders including assignees of debt and of certain banks were not obtained. Impact on Standalone Financial Statements is not ascertainable. {Note No. 27(27)}.

(G) Our audit observations under sections 143(1) & 186 of The Companies Act, 2013 are as under:

- (i) The Company had given unsecured interest free security deposits amounting to: (i) ₹1,100 Lac during May 2011 against temporary possession of 59 houses to Ashoka Mercantile Limited (“AML”), a related party till 9th September, 2020 and (ii) ₹147.63 Lac during the earlier years against temporary possession of 9 houses to Modipon Limited (“MPL”), also a related party till 9th September, 2020 {Refer Note No. 27(7 & 9)}. The outstanding amounts as on 31st March, 2016 in the books of account of MD office i.e. CAD were ₹798.30 Lac (43 houses) and ₹147.63 Lac (9 houses) in respect of AML and MPL respectively. In view of non-incorporation of financial statements of 3 Units and CAD as stated in paragraph 2(B) above, the balance outstanding as on 31st March, 2021 is not available. In our opinion, the above unsecured loans given by the company to two related parties amounting to ₹945.93 Lac were shown as deposits by the company as on 31st March, 2016 (present status not available) since date of payment on which interest @ 8.5% has been charged with effect from 1st April, 2014 to 31st March, 2016 (subsequent status not available) from AML since it expressed its inability to refund the amount and no interest has been charged from MPL since inception. {Refer Note Nos. 27(7 & 9), 27(37)(4)(B) and Footnotes 1(b) and 6 of Note No. 27(37)}.
- (ii) As stated in Note No. 27(38), short term unsecured interest free advance amounting to ₹30 Lac given to a company during 2017-18 is not in compliance with the provisions of section 186 of the Companies Act, 2013.

(H) We further report that, without considering items mentioned at paragraphs 2 (A) to (C), (E)(i) to (vii), (F) and (G) above, the possible effects of which could not be determined, had the observations made by us in paragraph 2(D) & (E)(viii) above been considered, the profit for the year would have converted into loss of ₹50,187.67 Lac (as against the reported profit of ₹1,197.10 Lac), accumulated losses in Note No. 2 would have been ₹79,286.38 Lac (as against the reported figure of ₹27,901.61 Lac) and current liabilities would have been ₹1,09,438.35 Lac (as against the reported figure of ₹58,053.58 Lac).

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

3. Material Uncertainty related to Going Concern:

The Company has been incurring huge losses continuously till financial years 2019-20 (losses for the nine years i.e. 2011-12 to 2019-20 amounts to ₹22,183.98 Lac), accumulated losses of ₹29,092.64 Lac as on 31st March, 2020 which are far in excess of paid-up equity capital & reserves (excluding revaluation reserve) of ₹991.68 Lac as on that date and the company was declared a sick company on 14th March, 1991 and was also issued a show cause notice for winding up by the Board for Industrial & Financial Restructuring on 28th October, 2013. Sick Industries Companies Act, 1985 repealed with effect from 01.12.2016. With the repeal of the SICA 1985, the Hon’ble BIFR and AAIFR ceases to exist and all matters and applications pending before the Hon’ble BIFR and AAIFR also abate. Presently, the company’s current liabilities as per the financial statements as on 31st March, 2021 which also includes cane grower’s dues(excluding un-provided interest on cane arrears upto 31st March, 2021) exceeded its current assets as per the Standalone Financial Statements as on 31st March, 2021 by ₹23,524.13 Lac. In our opinion, these events/conditions along with our observations in paragraph 2(B) above and substantial amount of arrears of cane grower’s dues cast significant doubt on the ability of the company to continue as a going concern. However, various steps as stated in Note No. 27(18), inter alia revival of Electrode Unit, sale and lease of unproductive assets and improvement in results of working Units, are now being taken by the management so that the Company is treated as a going concern.

4. Emphasis of Matter

- (i) Unpaid amounts of unclaimed debentures, if any, as on 31.03.2021 to be deposited with Investor Education and Protection Fund has not been identified by the management.
- (ii) We invite attention to Note No. 27(32) regarding entering into agreements to sell 215 residential quarters, Note No. 27(33)(a) regarding entering into lease, including perpetual lease, agreements for 70,696.23 Sq. Meters of factory land & buildings and Note No. 27(33)(b) regarding entering into perpetual lease agreement for 1584 Sq. Meters of factory land for which the approvals of financial institutions, to whom these quarters and factory land & buildings are mortgaged, were not obtained.

- (iii) We invite attention to Note No. 27(20)(a) regarding reasons for not making provision for disputed Sales-tax demand of ₹2,455.78 Lac excluding interest of closed Vanaspati Unit. Refer paragraph 2 (B) above.
- (iv) We invite attention to Note No. 27(34)(a), (d) to (f) regarding demands of recovery charges of ₹5,758.47 Lac (previous Year ₹5,758.47 Lac) received on account of non-payment of cane price/commission/interest as these are disputed by the company/obtained stay order as stated therein. Further, demands of recovery charges of ₹3,458.25 Lac for sugar seasons 2018-19 & 2019-20 has been received which, in the opinion, of the management is not payable in view of the reasons stated in Note No. 34(j) & (k). We also invite attention to Note No. 27(37)(f) regarding non-provision of interest for sugar seasons 2013-14 to 2015-16 amounting to ₹6,280.51 Lac (previous year ₹6,280.51 Lac) where order of cane commissioner in this regard is still awaited.
- (v) We draw attention to Note No. 27(12) regarding procedure followed by the company for delisting of equity shares of the company which ultimately resulted in removal of the company from the Dissemination Board by NSE whereas Shri M.K. Modi had expressed certain objections/reservations which inter-alia includes valuation report of Dass Gupta & Associates, Chartered Accountants. Refer Note No. 27(7)(b) for exit of Mr. M. K. Modi and withdrawal of complaint by him. We are not expressing our opinion/views on the above issues.
- (vi) We draw attention to Note No.27(26) regarding accounting records including supporting documents for the period 1st April, 2019 to 13th July, 2019, financial year 2018-19 and certain previous financial years which got destroyed/damaged in the fire on 13th July, 2019 in the office premises and records room of Sugar and Distillery Units of the company. Accordingly, we were unable to obtain and evaluate audit evidence such as purchase invoices, bills, contracts etc., to be able to test check and draw reasonable conclusion on those supporting evidences/transactions which got destroyed/damaged in fire as the management is still in the process of reconstructing these supporting documents.
- (vii) We invite attention to Note No. 27(30(A)(ii) regarding sale of entire investments in equity shares of two subsidiaries of the Company during the current year to two related parties for ₹1,723.89 Lac based on valuation done by a Registered Valuer appointed by the Company on which we have relied upon. This resulted in profit of ₹1,689.24 Lac on sale of investments which is treated as an Exceptional Item in the Statement of Profit and Loss for the current year.

Our opinion is not modified in respect of the matters mentioned in paragraph 4 above.

5. Information Other than the Standalone Financial Statements and Auditor's Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the figures appearing in the other information don't incorporate figures of:(i) Balance Sheets of Steel Unit as on 31st March, 2020 and 31st March, 2021(ii) financial statements of Electrodes, Paints and Gas Units and CAD and (iii) non-provision for certain expenses. We have concluded that the other information to the extent it relates to financial results in the Director's Report and its Annexures is materially misstated due to non-incorporation of financial statements of these Units & CAD of the Company and non-provision of certain expenses.

6. Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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

of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

7. Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

8. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditors' Report) Order, 2016 issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Companies Act, 2013, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in

Annexure 1a statement on the matters specified in paragraphs 3 and 4 of the said order except for certain matters relating to: (a) Steel Unit of the Company in view of non-availability of information/details on account of non-incorporation of: (i) financial statements of the Steel Unit for the year 1992-93 and (ii) Balance Sheets for the years 1993-94 to 2020-21 as stated in Note No. 27(4)(c), and (b) 3 Units & CAD of the company in view of non-availability of information/details on account of non-incorporation of financial statements of these 3 Units & CAD for the years 2016-17 to 2020-21. {Refer Note No. 27(9)}. {See Paragraphs 2(A)&(B) above}.

- (ii) As required by section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except in respect of Units and CAD as mentioned in paragraphs 2 (A)&(B) above. In case of Steel Unit, no details, information and explanations are available for the opening and closing assets and liabilities as on 1st April, 2020 and 31st March, 2021 respectively and for contingent liabilities and additional information etc. as on 1st April, 2020 and 31st March, 2021 in view of non-incorporation of: (i) the financial statements of Steel Unit for 1992-93 and (ii) Balance Sheets for the financial years 1993-94 to 2020-21 as stated in Note No.27(4)(c). In case of 3 Units & CAD, no information/details are available for incorporation of financial statements of these 3 Units & CAD for the years 2016-17 to 2020-21. {Refer Note No. 27(9)} {(See paragraphs 2(A) & (B) above}.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books except: (i) in respect of Steel Unit, where audited balances of opening and closing assets, liabilities, contingent liabilities and additional information etc. as on 1st April, 2020 and 31st March, 2021 respectively were not available and consequently not incorporated in the books of account {Refer Note No. 27(4)}, (ii) In respect of 3 Units & CAD, no information/details were made available to us for audit of financial statements for the years 2016-17 to 2020-21 {Refer Note No. 27(9)} and (iii) for the effects of other matters described in paragraph 2 in the 'Basis for Adverse Opinion' section of our report above.
 - c. The Standalone Balance Sheet referred to in this report is in agreement with the books of accounts of all units and accounting centres taken together {other than Steel Unit and other 3 Units & CAD} as on 31st March, 2021 as consolidated with the Balance Sheet of Steel Unit, 3 Units & CAD as stated in Note Nos. 27(4) (c) & (d) and 27(9) of the Standalone Financial Statements and hence is not in agreement with the books of account of the Company as a whole. Further, the Standalone Cash Flow Statement for the year ended on that date, which does not include adjustments for Cash Flows from investing/financing activities and changes in assets and liabilities in view of non-availability of audited Balance Sheet of Steel Unit as on 31st March, 2020 & 31st March, 2021 and of 3 Units & CAD as on 31st March, 2020 & 31st March, 2021, is also not in agreement with the books of account. (Refer foot-note 1 of Cash Flow Statement). Except for non-incorporation of Statement of profit and loss of Steel Unit for the year 1992-93 and of 3 Units & CAD for the financial years 2016-17 to 2020-21, the Statement of Profit and Loss is in agreement with the books of accounts of the remaining Units and corporate office.
 - d. Subject to our observations in paragraph 2 above, in our opinion, the Statement of Profit and Loss and Balance Sheet, so far as they relate to the remaining units i.e. other than Steel, Electrodes, Paints and Gas Units and CAD, comply with the requirements of the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. However, in view of non-availability and consequently non-incorporation of audited (i) opening and closing balances as on 1st April, 2020 and 31st March, 2021 respectively of assets, liabilities, contingent liabilities and other additional information etc. and (ii) Statement of Profit and Loss for 1992-93 of Steel Unit {Refer Paragraph 2(A) above} and non-availability and consequently non-incorporation of audited financial statements of 3 Units & CAD for the financial years 2016-17 to 2020-21 {Refer Note No. 27(9) and Paragraph 2(B) above}, the aforesaid Standalone Financial Statements do not comply with the requirements of Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 for the Company as a whole.
 - e. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements, so far as they relate to the remaining Units i.e. other than Steel, Electrodes, Paints and Gas Units and CAD, give the information required by the Act in the manner so required except for non-disclosure of part information relating to micro, small and medium enterprises {Refer Note No. 27(15)}. In the case of Steel Unit, in view of non-incorporation of Balance Sheets of Steel unit as on 31st March, 2021 and 31st March, 2020 on account of non-availability and consequently non-incorporation of audited opening balances as on 1st April, 2020 and 1st April, 2019 respectively of assets, liabilities, contingent liabilities and other additional

information etc., and in the case of 3 Units & CAD, in view of non-incorporation of Balance Sheets as on 31st March, 2020 & 31st March, 2021 on account of non-availability and consequently non-incorporation of audited financial statements for the year 2016-17 to 2020-21, the Standalone Financial Statements of the company do not give the information required by the Companies Act, 2013 in the manner so required for the Company as a whole {Refer Note Nos. 27(4) & 27(9)}.

- f. The matters described in the Basis for Adverse Opinion section and Emphasis of matter section of our report above, in our opinion, will have an adverse effect on the functioning of the Company.
- g. On the basis of the written representations received from the directors as on 31st March, 2021, taken on record by the Board of Directors, none of the directors is disqualified, as on 31st March, 2021, from being appointed as a director in terms of Section 164(2) of the Act.

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

- h. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the 'Basis for Adverse Opinion' section of our report above.
- i. With respect to the adequacy and the operating effectiveness of internal financial controls over financial reporting with reference to these Standalone Financial Statements of the Company, refer to Annexure 2.
- j. During the current financial year, in view of our observations in paragraph 2(B) above, we are unable to comment on whether the managerial remuneration has been paid or provided in accordance with the requisite approval of the Central Government as mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- k. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Subject to our observations in paragraphs 2 (A)&(B) above, the Company has various pending litigations which could impact its financial position and the same has been suitably disclosed under Contingent Liability and Notes to Accounts under Note No. 27.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. Amounts of unclaimed debentures and interest accrued to be transferred to Investor Education and Protection Fund has not been quantified by the management.

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

Laxman Prasad
(Partner)

Membership No: 013910
UDIN: 21013910AAAAC3772

Place: Modinagar
Dated: 9th November, 2021

Annexure 1 to the Independent Auditors' Report

Annexure referred to in our report of even date to the members of Modi Industries Limited on the Standalone Financial Statements for the financial year ended March 31, 2021

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

- (A) The following matters reported at paragraphs {(C) (iii to v), (vii) (b) &(c), viii, x and xiii} do not cover matters relating to closed Steel Unit of the company since: (i) the financial statements of the Steel Unit for the year 1992-93 have not been prepared and incorporated and consequently the audit of the same has not been carried out and (ii) the Balance Sheets of Steel Unit for 1993-94 to 2020-21 have not been incorporated in the respective financial years due to non-availability of audited opening balances as on 1st April,1993. {Refer Note No. 27(4) and paragraphs 2(A) of our audit report on Standalone Financial Statements}.
- (B) The following matters reported at paragraphs {(C) (iii to v), vii(a& b), viii, x, xiii and xv} do not cover matters relating to closed Electrodes, Paint and Gas Units and CAD of the company since the financial statements of these 3 Units & CAD for the years 2016-17 to 2020-21 have not been prepared and incorporated and consequently the audit of the same has not been carried out. However, amounts appearing in our audit report for the year 2015-16 has been included in paragraphs (C) {iii and vii (c)}{Refer Note No. 27(9) and paragraphs 2(B) of our audit report on Standalone Financial Statements}.
- (C) Subject to our comments in paragraphs (A) & (B) above, we further report as under:
- (i) (a) Company's Sugar Unit since inception and other Units since November,1968, have generally maintained proper records including quantitative details and situation of their major fixed assets except for: (i) locations in case of furniture and fixture and (ii) recording of additions/deletions of certain previous years. Fixed asset register of closed Steel, Vanaspati, Electrodes, Paints, Gas Units and CAD have not been produced to us due to the reasons referred in Note Nos. 27(4) and 27(9).
- (b) No physical verification of fixed assets has been conducted by the Management since 1989 in Sugar and Distillery Units and of closed Steel Unit and Corporate Office and since 2001-02 in respect of other closed units i.e. Vanaspati, Electrodes, Paints and Gas Units.
- (c) We are informed that the original title deeds of immovable properties of the company are mortgaged with the lenders by deposit of these title deeds. Confirmation of lenders stating that the title deeds are held in the name of the company as on March 31, 2021 is yet to be received. Accordingly, we are unable to comment on the same.
- (ii) The inventory of the company has been physically verified during the year by the management except for inventory of closed Steel, Electrodes, Paints, Gas Units and inventory of stores and spare-parts of all the units. No material discrepancies were noticed. In respect of stocks lying with C&F/consignee agents, these have substantially been confirmed by these parties except in closed Steel, Electrodes, Paints and Gas Units.
- (iii) The Company has not given any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

However, as stated in paragraph 2(G)(i) of our audit report on the Standalone Financial Statements of the company, the company had given unsecured security deposits to related parties amounting to: (i) ₹1,100 Lac during May 2011 against temporary possession of 59 houses to Ashoka Mercantile Limited ("AML"), a related party upto 9th September, 2020 {refer Note No. 27(7)} and (ii) ₹147.63 Lac interest free during the earlier years against temporary possession of 9 houses to Modipon Limited ("MPL"), also a related party upto 9th September, 2020 {refer Note No. 27(7)}. The outstanding amounts as on 31st March, 2016 in the books of account of the company were ₹798.30 Lac (43 houses) and ₹147.63 Lac (9 houses) in respect of AML and MPL respectively. In our opinion, the above unsecured loans given by the company to two related parties were overdue for more than 90 days as on 31st March, 2016 (present status as per books of MD office/CAD are not available). In the absence of audit of books of accounts for five years, we are unable to comment on recovery of the principal amounts and interest. {Refer Notes Nos. 27(9), 27(37)(4)(B) and Foot-notes 1(b) and 6 of Note No. 27(37)}.

- (iv) The Company has not granted any loans or given any guarantee and security to parties covered under Section 185 and 186 of the Companies Act, 2013 during the current financial year.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits

during the year and no deposits are outstanding in the books of account as on March 31, 2021. Hence, the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the Rules framed there under are not applicable.

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

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

There were certain delays in deposit of GST, TDS, PF, FPS & ESI dues in Sugar & Distillery units of the company. There were certain delays during the year in deposit of custom duty and CST dues also in Distillery Unit. In respect of VAT, there were many delays in deposit of dues in Distillery Unit. In respect of tax deducted at source dues, there have been delays in deposit of dues of few months in case of Steel Unit and in corporate office. In respect of tax collection at source, there have been delays in few months in Distillery Unit.

(b) On the basis of such checks as were considered appropriate and according to the information and explanations given to us, Statement of Arrears of unpaid undisputed Statutory Dues (excluding of Steel, Electrodes, Paints, Gas units & CAD/MD office) outstanding for more than six months as on March 31,2021 as per books of account are as under:

Nature of dues	(₹ in Lac)
U.P. Trade Tax/CST/VAT	143.39
Commission on Cane purchases	390.40
Interest on Provident Fund/EPS	34.52
EPS	0.16
Tax deducted at source (Including interest on dues)	3.21
Covid cess/Cow cess	24.75
Interest on pollution cess dues	0.12

(c) According to the records of the company and based on information and explanations furnished to us, the following custom duty, Excise duty, Income-tax and value added tax/sales-tax dues (excluding unascertainable amounts and of closed Steel Unit for the period 1992-93 to 2020-21 and amounts of closed Electrode, Paint, Gas Units and CAD office are those which were appearing as on 31st March, 2016 has been included) were not deposited on account of disputes pending at various forums:

Name of statute	Nature of the dues	Amount of dues (₹ in Lac)	Amount deposited Under protest	Period to which the amount relates	Forum where disputes is pending
U.P. VAT Act	VAT Tax, Penalty, Interest, Exemption to New Units.	2732.96	18.35	1982-83 to 1984-85,1987-88, 1990-91 & 1991-92, May 91 to March 96	Allahabad High Court.
	VAT Tax and Penalty	@233.15	113.58	1952-53, 1981-82, 1984-85 to 1986-87, 1988-89, 1992-93, 2000-01 to 2001-02, 2007-08	Commercial Tax Tribunal, Ghaziabad
	VAT Tax and Penalty	362.78	138.67	1986-87, 1994-95 to 99-2000	Joint Commissioner (A),Ghaziabad.
	VAT Tax	18.05	-	2001-02, 2003-04. 2005-06	Deputy Commissioner. (Assessment), Modinagar.
	Penalty under VAT Tax	4.37	0.45	2008-09	Trade Tax Tribunal, Ghaziabad
Central Sales Tax Act	Central Sales Tax	144.35	3.53	1986-87, 1988-89, 1992-93, 1997-98 and 2000-01	Commercial Tax Tribunal, Ghaziabad.

	Central Sales Tax	50.25	9.68	1994-95 to 1996-97 and 1999-2000	Joint Commissioner Sales Tax, Ghaziabad
	Central Sales Tax	6.76	-	1997-98, 2005-06	Deputy Commissioner (A), Modinagar
State Sales Tax Act	State Tax	10.56	0.20	1992-93	Additional Commissioner, Sales Tax, Delhi.
	Sales Tax	5.97	2.00	1985-86, 1997-98, 2002-03, 2004-05 & 2005-06	State Tax
	Sales Tax	0.82	0.05	2014-15	State Tax
	Penalty (HGST)	0.30	-	1991-92	Tribunal Sales Tax, Chandigarh.
	State Tax	15.79	1.79	1989-90 to 1993-94, 1998-99 and 2006-07	Deputy Commissioner (A), States
Central Sales Tax Act (States)	Central Sales Tax	1.92	0.29	1988-89 to 1992-93.	Appellate Authority/ DC (Appeals), Delhi
Central Excise & Custom Act	Custom Duty	*43.91	-	1.3.2001 to 25.4.2001	Civil Court Ghaziabad
	Excise Duty	0.70	-	2002-03 and 2003-04	Supreme Court of India
	Excise Duty	70.40	-	2008-09 to 2012-13	Commissioner (Appeals), Meerut
Central Excise & Custom Act	Excise Duty	167.43	50.00	1985-86	Delhi High Court
		0.49	0.25	2004-05	Allahabad High Court
		0.74	0.20	1996-97	Commissioner of Central Excise, Ghaziabad
		**56.66	-	February 1981 to February, 1987, October 2002 to January 2005	CESTAT
		5.00	-	Information not available.	Information not available.
		6.34	6.34	2009 onwards	Supreme Court of India
House Tax & Water Tax	-	67.95	-	2020-21	Nagar Palika Modinagar

@ Provided for ₹82.60 Lac in the Accounts

*Provided for in the Accounts.

**Provided for ₹32.20 Lac in the Accounts

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

Particulars	Loan Amount	Interest excluding unprovided interest {Note No. 27(19)}	Total dues*	* Period of default of principal amount
Loans from Financial Institutions #	46.20	108.18	154.38	Loan amounts due prior to 1996. Refer Note No. 27(5)(c) & 27(19) (a).
Loan from banks (Allahabad Bank)	40.55	17.62	58.17	Entire amount due. Refer Note No. 27(19) (c).
Debentures	381.64	763.24	1144.88	₹40 Lac due since August, 1990, ₹20 Lac due since December, 1994 & ₹321.64 Lac due since February, 1995 to February, 1997. Refer paragraph 2(C) of Audit Report.
Total	468.39	889.04	1,357.43	

Dues of IFCI in the books of Distillery Unit. Refer Note No. 27(5)(c).

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

- (ix) During the current financial year, no money was raised by way of public offer or further public offer (including debt instruments) and term loans.
- (x) According to the information and explanations given to us and as represented by the management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, we have been informed that no case of fraud committed by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) During the current financial year, in view of our observations in paragraph (B) above, we are unable to comment on whether the managerial remuneration has been paid or provided in accordance with the requisite approval of the Central Government as mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The provisions of clause 3 (xii) of the Order regarding “Nidhi Company” are not applicable to the Company.
- (xiii) The Hon’ble Supreme Court in SLP (civil) No. 23095-23097 of 2010 (M.K. Modi Vs. U.K. Modi) has passed an order dated 27th August, 2010 directing to maintain ‘status quo’ with regard to the management of the Company. In view of the above, the company could not appoint additional independent directors till 9th September, 2020 to enable it to comply with the provisions of Sections 177 and 188 of the Companies Act, 2013 with respect to the transactions with the related parties, where applicable. Refer Note No.27(7) for settlement with Mr. M K Modi and subsequently filing of withdrawal application by Mr. M K Modi in Hon’ble Supreme Court of India which is still pending. Further, the Company contends that all transactions with related parties including sale of investments in two subsidiaries as stated in Note No. 27(30)(A)(ii) are done in its ordinary course of business and are also on an arm’s length basis. Approval of shareholders was not obtained for sale of investments to related parties as the Company contends that the Audit Committee has approved these as “transactions in the ordinary course of business and done on an arm’s length basis” and hence these transactions are covered under the 4th proviso of section 188(1) of the Companies Act, 2013. Accordingly, the provisions of section 188(1) of the Act don’t apply to these transactions which is supported by the legal opinion obtained by the Company in this regard. Subject to the foregoing, the company has complied with the provisions of Sections 177 and 188 of the Companies Act, 2013 with respect to the transactions with the related parties.

Details of the transactions with the related parties have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.

- (xiv) The Company has not made any preferential allotment or private allotment of shares or fully or partly convertible debentures during the current financial year under review. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with the directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

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

Laxman Prasad
(Partner)
Membership No: 013910

Place: Modinagar
Dated: 9th November, 2021

ANNEXURE "2" TO THE INDEPENDENT AUDITOR'S REPORT OF MODI INDUSTRIES LIMITED FOR THE YEAR ENDED 31st MARCH, 2021

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

We have audited the internal financial controls over financial reporting with reference to Standalone Financial Statements of Modi Industries Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

1. Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

2. Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Standalone Financial Statements.

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

A Company's internal financial controls over financial reporting with reference to these Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

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

5. Disclaimer of Opinion

According to the information and explanations given to us, the company has neither established nor evaluated its internal financial controls over financial reporting with reference to the financial statements on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Mainly because of this reason and also our comments in paragraph 2 of statutory audit report of even date on Standalone Financial Statements of the company, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal financial controls over financial reporting with reference to the financial statements and whether such internal financial controls were operating effectively as at March 31, 2021.

However, according to the information and explanations given to us and based on our audit of the Standalone Financial Statements, the following material weaknesses have been noticed as at March 31, 2021 for which remedial action by the management is yet to be initiated:

- a) No physical verification of fixed assets has been conducted by the Management since 1989 in Sugar and Distillery Units and of closed Steel Unit and Corporate Office and since 2001-02 in respect of other closed units. Fixed asset register needs to be updated for: (i) locations in case of furniture and fixture and (ii) recording of additions/deletions of certain previous years.
- b) The inventory of stores and spare-parts of all units and inventory of closed Steel Unit since the year 1992-93, closed Vanaspati Unit since long and other closed units (Electrodes, Paint and Gas) since the year 2016-17 has not been physically verified by the management.
- c) The books of accounts, vouchers and other documents of the Steel Unit for 1992-93 were not made available to us and consequently audit of financial assets, liabilities and contingent liabilities and of Internal Financial Controls could not be conducted of the Unit. {Note No. 27(4)}. Therefore, as stated in Paragraph 2(A) of audit report of even date, the attached Balance Sheet, Statement of Profit and Loss and Cash Flow Statement does not include: (a) the financial data/impact of working results and of declaration of closure/post-closure transactions, which includes realization of depot sales/dues from debtors, provision/payment of final dues of employees and payments to various parties and manufacturing/personnel/administration expenses etc., of the Steel Unit of the company for the year 1992-93 during which the Unit had operated for ten months the exclusion of which, in our opinion, substantially impairs the presentation of Standalone Financial Statements of the Company and (b) impact on assets, liabilities and cash flows on account of non-incorporation of transactions/balance sheets for the years 1993-94 to 2020-21 and non-physical verification of inventory and fixed assets as stated in Note No. 27(4).
- d) The books of accounts, vouchers and other documents of the closed Electrodes, Paint, Gas Units and of Central accounts department ("CAD") of these 3 Units (hereinafter referred to as "3 Units & CAD") for 2016-17 to 2020-21 were not made available to us and consequently audit of financial statements and Internal Financial Controls could not be conducted in respect of these 3 Units and CAD. {Note No. 27(9)}. Therefore, as stated in Paragraph 2(B) of audit report of even date, the attached Balance Sheet, Statement of Profit and Loss and Cash Flow Statement does not include: (a) the financial data/impact of working results and of declaration of closure/post-closure transactions, which includes realization of depot sales/dues from debtors, provision/payment of final dues of employees, if any, and payments to various parties and manufacturing/personnel/administration expenses etc., of these 3 Units & CAD for the years 2016-17 {during which these 3 Units & CAD had operated/worked for more than 6 months the exclusion of which, in our opinion, also substantially impairs the presentation of Standalone Financial Statements of the Company}, and (b) impact on assets, liabilities,

expenses, income and cash flows on account of non-incorporation of transactions/balance sheets for the years 2017-18 to 2020-21 and non-physical verification of inventory and fixed assets as stated in Note No. 27(9).

- e) We note that the Distillery Unit has incurred sale promotion expenses {cost of gift items ₹2,272.71 Lac (previous year ₹2,354.67 Lac) and trade scheme expenses ₹1,534.74 Lac (previous year ₹1,934.40 Lac) which are claimed as reimbursement from the Distillery Unit by sale promotion agents (SPAs) on secondary sales i.e. on sale made by the State corporations to their customers}. In our opinion, internal financial controls over these expenses needs to be improved upon to safeguard the interests of the company.
- f) Confirmation of Debit/Credit balances of debtors/creditors/lenders/assignees of debt are not being obtained by the company since long. Impact on the Standalone Financial Statements is not ascertainable.

We have considered the disclaimer above in determining the nature, timing and extent of audit tests applied in our audit of the Standalone Financial Statements of the company and the disclaimer has affected our opinion on the Standalone Financial Statements of the company and we have issued an adverse opinion on the Standalone Financial Statements of the company for the year ended March 31, 2021.

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

Laxman Prasad
(Partner)
Membership No: 013910

Place: Modinagar
Dated: 9th November, 2021

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2021

(₹ in Lac)

Particulars	Note No.	As at 31.03.2021	As at 31.03.2020
I EQUITY AND LIABILITIES:			
(1) Shareholders' funds:			
(a) Share Capital	1	371.66	371.66
(b) Reserves & Surplus	2	(25,226.56)	(26,423.67)
		<u>(24,854.90)</u>	<u>(26,052.01)</u>
(2) Non-current liabilities:			
(a) Long term borrowings	3	5,729.67	5,020.95
(b) Other long term liabilities	4	1,625.36	1,626.56
(c) Long term provisions	5	942.13	1,003.91
		<u>8,297.16</u>	<u>7,651.42</u>
(3) Current liabilities:			
(a) Short term borrowings	6	1,828.97	1,828.97
(b) Trade payables:	7		
(i) Micro and Small Enterprises		151.50	106.22
(ii) Other than Micro and Small Enterprises		37,553.16	38,651.46
(c) Other current liabilities	8	17,609.38	13,742.87
(d) Short term provisions	9	910.57	958.39
		<u>58,053.58</u>	<u>55,287.91</u>
TOTAL		41,495.84	36,887.32
II ASSETS			
(1) Non-current assets			
(a) <u>Property, Plant and Equipment:</u>			
i) Tangible assets	10	6,115.64	5,949.96
ii) Intangible assets	11	1.28	1.33
iii) Capital work-in-progress	11 (A)	38.06	38.06
(b) Non-current investments	12	586.32	585.57
(c) Long term loans and advances	13	218.19	225.41
(d) Other non-current assets (Fixed Tangible)		6.90	6.90
		<u>6,966.39</u>	<u>6,807.23</u>
(2) Current assets			
(a) Inventories	14	12,909.61	12,855.45
(b) Trade receivables	15	14,242.95	10,675.55
(c) Cash and bank balances:			
(i) Cash and cash equivalents	16(i)	2,143.59	2,102.20
(ii) Other bank balances	16(ii)	1,448.62	1,351.59
(d) Short term loans and advances	17	3,326.31	2,683.01
(e) Other current assets	18	458.37	412.29
		<u>34,529.45</u>	<u>30,080.09</u>
Total		41,495.84	36,887.32
Significant Accounting Policies and other notes to Stalalone Financial Statements	26 & 27		

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

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

As per our report of even date.

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

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

Rakesh Kumar Modi
(DIN-00022286)
Director

Laxman Prasad
Partner
Membership No. 013910
Dated: 9th November, 2021
Place: Modinagar

Shobit Nehra
(ACS-31863)
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021
(₹ in Lac)

Sl. No.	Particulars	Note No.	For the year ended 31st March 2021	For the year ended 31st March 2020
I	Revenue from operations	19	99,484.51	87,551.48
	Less: Excise duty		35,481.83	27,362.63
			64,002.68	60,188.85
II	Other income	20	1,834.53	1,196.64
III	Total Revenue (I + II)		65,837.21	61,385.49
IV	Expenses:			
	Cost of materials consumed	27(43)(ii)	34,920.76	33,463.49
	Purchases of stock-in-trade	27(43)(iv)	132.51	17.63
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(825.33)	(273.03)
	Employee benefits expense	22	3,542.01	3,445.65
	Finance costs	23	762.39	792.57
	Depreciation and amortization expense	10 & 11	311.21	289.79
	Other expenses	24	26,920.25	22,051.86
	Total expenses		65,763.80	59,787.96
V	Profit/(Loss) before exceptional and extra-ordinary items and tax (III-IV)		73.41	1,597.53
VI	Exceptional items	27(30)	1,123.69	(1,641.38)
VII	Profit/(Loss) before extra-ordinary items and tax (V+VI)		1,197.10	(43.85)
VIII	Extra-ordinary items		-	-
IX	Profit/(Loss) before tax (VII+VIII)		1,197.10	(43.85)
X	Tax expenses	27(31)	-	-
XI	Profit/(Loss) for the period		1,197.10	(43.85)
XII	Profit/(Loss) from continuing operations		1,367.02	93.15
XIII	Profit/(Loss) from discontinuing operations	27(4) (e)	(169.92)	(137.00)
XIV	Tax expense of discontinuing operations		-	-
XV	Profit/(Loss) from discontinuing operations (after Tax) (XIII-XIV)		(169.92)	(137.00)
XVI	Profit/(Loss) for the period (XII+XV)		1,197.10	(43.85)
XVII	Basic/Diluted Earnings per equity share of ₹10 each (in Rupees)	25	35.99	(1.51)
	Significant Accounting Policies and other notes to Standalone Financial Statements	26 & 27		

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

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

As per our report of even date.

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

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

Rakesh Kumar Modi
(DIN-00022286)
Director

Laxman Prasad
Partner
Membership No. 013910
Dated: 9th November, 2021
Place: Modinagar

Shobit Nehra
(ACS-31863)
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lac)

PARTICULARS	2020-21	2019-20
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before Tax	1,197.10	(43.85)
Less: Adjustment for:		
i) Interest Income	63.37	58.93
ii) Profit on Sale of Fixed Assets	5.50	0.99
iii) Profit on Sale/redemption of Investment	1,689.24	15.02
iv) Excess Provision written back	16.48	1,589.44
v) Unclaimed credit balances W/back	160.46	14.27
vi) Depreciation written back	-	0.07
vii) Reversal of diminution in value of Investment	35.40	-
viii) Dividend Income	72.88	84.00
	2,043.33	1,762.72
Add: Adjustments for:	(846.23)	(1,806.57)
i) Depreciation	311.21	289.79
ii) Assets written off/Loss on sale of Assets/Stores	-	0.01
iii) Investment Wrttien off/Loss on Sale of Investment	-	2.60
iv) Interest Expenses on borrowings	710.72	735.91
v) Provision for Doubtful Debts & Advances	368.36	306.06
vi) Amounts/Claims/Bad Debts written off (Net of provisions)	5.82	0.50
vii) Provision for obsolete Raw Material, spare-parts & stores	23.56	14.00
viii) Provision for Diminution in the value of Long Term Investment	-	10.20
	1,419.67	1,359.07
Operating Profit/(Loss) before Working Capital Changes	(573.44)	(447.50)
<u>Adjustments for:</u>		
Trade Receivables	(3,935.77)	(1,441.88)
Inventories	(77.75)	(160.92)
Trade Payable	220.63	5,676.51
Loans/Advances and other assets	(652.38)	(383.92)
Other bank balances	(97.03)	(65.27)
Cash Generated from Operations	(3,968.86)	(3,177.03)
Income tax paid	-	-
Net Cash from Operating Activities (A)	(3,968.86)	(3,177.03)
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(443.49)	(324.27)
Sale of Fixed Assets	10.13	6.11
Sale/redemption of Investment	1,723.89	38.26
Interest Received	27.79	79.10
Dividend Received	72.88	84.00
Net Cash Flow from Investing Activities (B)	1,391.20	(116.80)

		(₹ in Lac)	
PARTICULARS	2020-21	2019-20	
(C) CASH FLOW FROM FINANCING ACTIVITIES:			
Unsecured borrowings from others (net)	3,518.77	(1,638.84)	
Interest paid on borrowings	(377.54)	(637.97)	
Secured Debentures Paid	(9.45)	(42.66)	
Net Cash from Financing Activities (C)	3,131.78	(2,319.47)	
Inter Unit Balances (Net) (D) (Foot-note 1 & 2 below)	(512.73)	(270.58)	
Net Increase/(decrease) in cash and Cash Equivalents (A+B+C+D)	41.39	470.18	
Opening Cash and Cash Equivalents	2,102.20	1,632.02	
Closing Cash and Cash Equivalents	2,143.59	2,102.20	

FOOT-NOTES:

- In view of non availability of audited balance sheet as on 31.03.2021 and 31.03.2020 of Steel Unit, cash flow from investing/financing activities and changes in current assets & liabilities of steel unit are not included in the Cash Flow Statement except for inclusion of net outflow of ₹532.75 Lac (Previous Year out flow of ₹198.07 Lac) on account of net decrease in inter unit credit balance appearing in Note 8 i.e. Other Current liabilities. {Refer Note No.27(4)}.
- In view of non availability of audited balance sheet as on 31.03.2021 and 31.03.2020 of Electrode, Paint, Gas & Central accounts department (CAD) of these three Units, cash flow from investing/financing activities and changes in current assets & liabilities of above units are not included in the Cash Flow Statement except for inclusion of net inflow of ₹20.02 Lac (Previous Year net outflow ₹72.51 Lac) on account of net decrease in inter unit debit balance appearing in Note 8 i.e., Other Current Liabilities {Refer Note No.27(9)}.
- Figures in brackets represents outflows.
- Previous Year figures have been rearranged/regrouped wherever considered necessary.

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

As per our report of even date.

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

Laxman Prasad
Partner
Membership No. 013910
Dated: 9th November, 2021
Place: Modinagar

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

Rakesh Kumar Modi
(DIN-00022286)
Director

Shobit Nehra
(ACS-31863)
Company Secretary

Notes forming part of the standalone financial statements for the year ended 31st March, 2021

Note no.1: SHARE CAPITAL

(₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
Authorised:		
40,00,000 Equity shares of ₹. 10/- each	400.00	400.00
1,00,000 15% Redeemable cumulative Preference shares of ₹. 100/- each	100.00	100.00
	500.00	500.00
Issued, subscribed and paid up:		
33,09,214 Equity shares of ₹. 10/- each fully paid-up	330.92	330.92
40,741 15% Redeemable cumulative Preference shares of ₹. 100/- each fully paid-up	40.74	40.74
TOTAL	371.66	371.66

Foot notes:

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

Name of share holder	As at 31.03.2021		As at 31.03.2020	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) Umesh Kumar Modi	6,89,339	20.83	1,04,200	3.15
(ii) Status Mark Finvest Limited	-	-	2,28,714	6.91
(iii) K K Modi Investment & Financial Services Pvt. Ltd.	2,31,751	7.00	2,31,751	7.00

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

Name of share holder	As at 31.03.2021		As at 31.03.2020	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) ICICI Bank	7,794	19.13	7,794	19.13
(ii) The Oriental Insurance Company Limited	6,550	16.08	6,550	16.08
(iii) The New India Assurance Company Limited	13,624	33.44	13,624	33.44
(iv) The United India Insurance Company Limited	4,093	10.05	4,093	10.05
(v) General Insurance Corporation of India	3,560	8.74	3,560	8.74
(vi) National Insurance Company Limited	4,912	12.06	4,912	12.06

- (2) (a) Cumulative Preference Shares were due for redemption on 31st December, 2010. The company moved Misc. Application (MA) u/s 22(3) of the SICA before Hon'ble BIFR, whereby it had sought extension and suspension of obligation in relation to the 15% Preference Shares concerning Preference Shareholders for two years. The Hon'ble BIFR vide its order dated 18th January, 2011 dismissed the application of the Company. Consequent to the order, the company had written letters to the Institutional Preference Shareholders for settlement and redemption of Preference Shares. Further, negotiations are pending and preference shares are overdue for redemption as on 31st March, 2021.

Note no. 2: RESERVES & SURPLUS

(₹ in Lac)

Sl.No.	Particulars	Opening Balance	Addition	Deduction	Closing Balance
(1)	Capital Reserve	459.34	-	-	459.34
(2)	Capital Redemption Reserve	25.11	-	-	25.11
(3)	Shares Premium	22.57	-	-	22.57
(4)	Debenture Redemption Reserve	113.00	-	-	113.00
(5)	Revaluation Reserve	2,012.51	-	-	2,012.51
(6)	Other Reserves/Funds:				
	-Storage fund for Molasses Account	36.44	6.08	-	42.52
(7)	Surplus i.e. balance in Statement of Profit and Loss	(29,092.64)	1,197.10	6.08	(27,901.61)
	TOTAL	(26,423.67)	1,203.18	6.08	(25,226.56)
	Previous year	(26,379.82)	(38.35)	5.50	(26,423.67)

Foot-notes:

- Storage fund for Molasses ₹6.08 Lac (previous year ₹ 5.50 Lac) is created @ ₹ 1.50 per Qtl. of Molasses sold as per the provision of "The Molasses control (Regulation of fund for erection of storage facilities) order, 1976" and is to be utilised for construction or erection of storage facilities for Molasses.

Note no. 3: LONG TERM BORROWINGS

(₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
Secured:		
Bonds/debentures	-	-
Term loans from banks (see-foot note below)	8.10	8.10
Term loans from others	-	-
Loans and advances from related parties	-	-
Unsecured:		
Bonds/debentures	-	-
Term loans from banks	-	-
Working Capital Finance from others	5,721.57	2,815.16
Deposits	-	-
Loans and advances from related parties:		
-From Others	-	2,197.69
Long term maturities of finance lease obligations	-	-
TOTAL	5,729.67	5,020.95

Foot-note:

Secured by hypothecation of vehicles and is repayable in monthly installments. Status of defaults, if any, as on 31st March,2021, not available since relates to closed units.{Note No.27(9)}

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

Particulars	As at 31.03.2021	As at 31.03.2020
Trade payable	-	-
Others:		
Security received against houses	890.28	890.28
Security received from others	229.70	223.99
Advance received against houses {Note No.27 (32)}	504.49	504.50
Other liabilities	0.89	7.79
TOTAL	1,625.36	1,626.56

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

Particulars	As at 31.03.2021	As at 31.03.2020
Provision for employee benefits:		
Provision for gratuity:		
As per last balance sheet	914.51	931.79
Add: Provided during the year	(53.57)	12.35
Less: Paid/Payable during the year	6.54	29.63
Sub total (A)	854.40	914.51
Provision for leave encashment:		
As per last balance sheet	89.40	88.66
Add: Provided during the year	(1.67)	1.31
Less: Paid/Payable during the year	-	0.57
Sub total (B)	87.73	89.40
TOTAL (A+B)	942.13	1,003.91

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

Particulars	As at 31.03.2021	As at 31.03.2020
Secured:		
Loans repayable on demand:		
- from banks		
- Cash credit (including interest accrued){see-foot note below}	1,498.19	1,498.19
- overdraft from bank against pledge of FDR's	285.78	285.78
- from others	-	-
Loans and advances from related parties	-	-
Other loans and advances	-	-
Unsecured:		
Loans repayable on demand:		
- from banks	-	-
- from others	-	-
Loans and advances from related parties:		
- Weld Excel India Limited* {Note No. 27(9)}	45.00	45.00
Deposits	-	-
Other loans and advances	-	-
TOTAL	1,828.97	1,828.97

Foot-note:

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

* Not a related party as on 31.03.2021. {Refer Note No 27(7)}

Note no. 7: TRADE PAYABLE (₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
Micro and Small Enterprises:		
Purchase of raw materials and stores	151.50	106.22
Other than Micro and Small Enterprises:		
(i) Purchase of raw materials and stores	28,164.81	31,548.32
(ii) Creditors for Services received	7,314.33	6,134.01
(iii) Customers/Agents for purchase of goods	2,074.02	969.13
Sub Total	37,553.16	38,651.46
TOTAL	37,704.66	38,757.68

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

Particulars	As at 31.03.2021	As at 31.03.2020
Current maturities of long-term debts (unsecured)		
- From related parties:		
- A to Z Holding Pvt. Ltd.	24.89	24.89
- Moderate Leasing & Capital Services Ltd.	746.66	109.31
- From others	2,443.77	271.07
Current maturities of long-term debts (secured)		
- From banks	2.42	2.42
- From other parties (see foot-note 1)	1,506.85	1,506.85
Deferred credits {Note No.27 (6)}	35.11	35.11
Interest accrued but not due on borrowings (unsecured)	61.45	89.16
Interest accrued but not due on borrowings (secured)	0.09	0.09
Interest accrued and due on borrowings (secured)	1,707.46	1,707.46

Note no.8: OTHER CURRENT LIABILITIES (Contd.)

Particulars	As at	As at
	31.03.2021	31.03.2020
Interest accrued and due on borrowings (unsecured)		
- from banks	-	-
- from others	635.03	263.85
Unpaid matured debentures and interest accrued thereon (secured): (see foot-note 2)		
- Debentures (Net of calls in arrears)	381.64	391.09
- Interest accrued thereon {Refer Note No.27(30)(B)(iii)}	763.24	790.01
Unreconciled Inter-unit balances {Note Nos.27(4) and 27(9)}	379.44	854.22
Other Payable:		
Employees dues	1,180.24	1,116.70
Statutory liabilities	4,195.13	3,418.10
Security received from others	1,512.65	77.97
Other liabilities	2,033.31	3,084.57
TOTAL	17,609.38	13,742.87

Notes:**(1) Others:**

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

(2) Debentures:

- (a) (i) 1,60,823 (Previous year 1,63,046)-12.5% Mortgage Debentures (Non-Convertible part of ₹200/- each) redeemable in three yearly instalments of ₹65.00, ₹65.00 and ₹70.00 respectively commencing from the expiry of seventh year from the date of allotment i.e. 29th February, 1988 and due for payment. Interest not paid from 29th February, 1988 to the date of redemption.{Refer Note No.27(30)(B)(iii)}.

(ii) 20,000-15% Mortgage Debentures of ₹100/- each redeemable at 5% premium on the expiry of seventh year from the date of allotment i.e. 18th December 1987 and due for payment. Interest not paid since 1987- 88.

(iii) 4,000-15% Mortgage Debentures of ₹1000/- each redeemable upto 20th August, 1990 and due for payment. 1,000 Debentures redeemed during the year 1998-99 for which discharged debenture certificates not yet received. Interest not paid since 1987- 88.

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

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

Particulars	As at	As at
	31.03.2021	31.03.2020
Provision for employee benefits:		
Provision for gratuity:		
As per last balance sheet	268.89	264.07
Add: Provided during the year	103.82	85.06
Less: Paid during the year	116.98	80.24
Sub total (A)	255.73	268.89
Provision for leave encashment:		
As per last balance sheet	9.35	8.78
Add: Provided during the year	2.84	3.06
Less: Paid during the year	2.04	2.49
Sub total (B)	10.15	9.35
Others:		
Provision for State Excise Duty		
As per last balance sheet	641.73	354.09
Add: Provided during the year	571.52	606.98
Less: Paid during the year	606.98	319.34
Sub total	606.27	641.73
Provision for Incentive:	38.42	38.42
Sub total (C)	644.69	680.15
TOTAL (A+B+C)	910.57	958.39

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

Particulars	Gross				Depreciation			Net carrying amount 31.03.2021	
	Opening balance	Additions	Disposals/ Written off.	Other adjustment	Closing balance	For the year	Other adjustment		
							Sold/Adj.		Addback
Land (A)	2,023.50	-	-	-	2,023.50	-	-	-	2,023.50
Buildings (B & C)	1,504.99	-	-	-	1,504.99	1,104.16	24.22	-	1,128.38
Plant & Equipment *	12,482.60	408.31	25.18	-	12,865.73	9,144.74	223.42	20.55	9,347.61
Furniture & Fixtures	352.83	8.02	-	-	360.85	317.22	1.81	-	319.03
Vehicles (D)	426.27	11.34	-	-	437.61	328.65	9.92	-	338.57
Office equipment	385.76	15.82	-	-	401.58	341.14	12.10	-	353.24
Water supply & drainage	59.85	-	-	-	59.85	55.88	-	-	55.88
Others	20.74	-	-	-	20.74	14.79	1.71	-	16.50
TOTAL	17,256.54	443.49	25.18	-	17,674.85	11,306.58	273.18	20.55	-
Previous year	16,943.05	328.98	15.49	-	17,256.54	11,065.60	251.42	10.37	0.07

Foot Notes:

- (A) Company's Land at Modinagar & Meerut was revalued as at 31st March, 1992 at Current Replacement Cost on the basis of valuation report. The appreciation on revaluation ₹924.66 Lac was credited to the Revaluation Reserve. The Land was previously revalued as on 31st March 1985 and the appreciation of ₹1087.85 Lac on such revaluation also stands credited to the Revaluation Reserve.
- (B) Buildings include Land, Furniture, Fixture & Fittings acquired for a lumpsum consideration of ₹2.25 Lac in the year 1947.
- (C) Includes a sum of ₹96.58 Lac (Previous year ₹96.58 Lac) towards permanent improvement to the rented properties.
- (D) Includes Five (Previous year Five) cars costing ₹63.51 Lac (Previous year ₹63.51 Lac) WDV ₹27.52 Lac (Previous year ₹32.03 Lac) purchased in the name of Employees who have given disclaimer in favour of the Company.
- (E) Excludes depreciation on loose tools ₹0.03 Lac (Previous year ₹0.03 Lac) and ₹37.95 Lac (Previous year ₹38.23 Lac) on additions to assets of Steel Unit.
- (F) Details of Land & Building given on operating lease has not been disclosed separately.

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

Note no. 11: Intangible assets

Particulars	Gross			Amortisation			Net carrying amount 31.03.2021
	Opening balance	Additions	Disposals/ Written off.	Closing balance	For the year	Closing balance	
Computer software	103.13	-	-	103.13	101.80	0.05	1.28
TOTAL	103.13	-	-	103.13	101.80	0.05	1.28
Previous year	103.13	-	-	103.13	101.69	0.11	1.33

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

Particulars	Gross			Amortisation			Net carrying amount 31.03.2021
	Opening balance	Additions	Disposals/ Written off.	Closing balance	For the year	Closing balance	
Machinery	37.97	-	-	37.97	-	-	37.97
Buildings	0.09	-	-	0.09	-	-	0.09
TOTAL	38.06	-	-	38.06	-	-	38.06
Previous year	48.50	17.67	28.11	38.06	-	-	38.06

Note no. 12: NON CURRENT INVESTMENTS

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Trade investments	-	-
Other investments		
(a) Investment in Equity Instruments:		
In subsidiaries: (unquoted)		
21,450 fully paid-up shares of ₹100/-each in Your Investment (India) Limited.	-	21.45
{Refer Note No. 27(30)(A)(ii)} 13,200 fully paid-up shares of ₹100/-each in Own Investment (India) Limited. {Refer Note No. 27(30)(A)(ii)}	-	13.20
Others:		
Unquoted:		
10,50,000 fully paid-up shares of ₹10/-each in Indofil Industries Limited	437.43	437.43
Quoted:		
7,00,000 fully paid-up shares of ₹10/-each in Modipon Limited. {Refer Note No. 27(8)}	20.00	20.00
19,99,960 fully paid-up shares of ₹10/-each in Bihar Sponge Iron Limited.	200.00	200.00
Less: Provision for Diminution in value of Shares	(157.40)	(192.80)
8,00,000 fully paid-up shares of ₹10/-each in Modi Rubber Limited.	80.00	80.00
62,755 fully paid-up shares of ₹10/-each in Lord Chloro Alkali Limited	6.28	6.28
4 fully paid-up shares of ₹10/- each in Mukund Limited.	0.01	0.01
(b) Investment in preference shares: (Quoted)		
1 fully-paid preference Share of ₹10/- each in Mukund Limited	-	-
TOTAL	586.32	585.57

Foot Notes:

(1) Carrying amount of quoted investments	148.89	113.49
(2) Market value of quoted investments	934.72	362.25
(3) Carrying amount of unquoted investments	437.43	472.08
(4) Aggregate provision for diminution in value of investments	157.40	192.80

Note no. 13: LONG TERM LOANS AND ADVANCES

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Capital advances (Unsecured considered good)	15.00	27.43
Doubtful	1.90	1.90
Less: Allowances for Doubtful Amounts	(1.90)	(1.90)
Security Deposits:		
- Secured, considered good	-	-
- Unsecured, considered good		
- Related parties: (Weld Excel India Limited, a related party upto 8th September, 2020)	36.66	36.66
- Others	154.87	141.66
- Doubtful	4.70	4.70
Less: Allowances for Doubtful Amounts	(4.70)	(4.70)
Other Loans and Advances: (Unsecured, considered good)		
(a) Prepaid expenses	0.20	0.20
(b) Amount recoverable	11.46	11.46
(c) Loans to employees	-	-
(d) Loans to others	-	8.00
TOTAL	218.19	225.41

Note no.14: INVENTORIES

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
(a) Raw materials *	522.11	646.84
(b) Raw materials (in transit)	35.67	186.36
(c) Work-in-progress	493.96	422.51
(d) Finished Goods*	10,179.12	9,921.20
(e) Stock-in-trade	1.89	1.89
(f) Stores and spare parts *	1,652.65	1,652.41
(g) Loose tools	24.21	24.24
TOTAL	12,909.61	12,855.45

* Refer Note No. 27 (4)(f)(ix) for Steel Unit inventories.

Note no. 15: TRADE RECEIVABLES

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Trade receivables outstanding for a period exceeding 6 months:		
- Secured, considered good	4.56	4.56
- Unsecured, considered good	1,410.54	1,030.25
- Doubtful	1,279.10	1,250.09
Less:		
Allowance for bad and doubtful debts	(1,279.10)	(1,250.09)

Note no. 15 (Contd.)

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Other Debts:		
- Secured, considered good	91.08	91.08
- Unsecured, considered good	12,736.77	9,549.66
- Doubtful	598.52	278.94
Less:		
Allowance for bad and doubtful debts	(598.52)	(278.94)
TOTAL	14,242.95	10,675.55

Note no. 16: CASH AND BANK BALANCES

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
(i) Cash and cash equivalents:		
(a) Balances with banks:		
-In Current Accounts	2,081.59	2,052.24
-In FDR's	2.45	2.45
(b) Cheques, drafts on hand	46.83	37.39
(c) Cash on hand	12.69	10.09
(d) Others:		
-Postage imprest & stamps in hand	0.03	0.03
TOTAL	2,143.59	2,102.20
(ii) Other bank balances:		
(a) Earmarked balance with banks/post office:		
- Saving account (molasses storage fund)	0.38	0.38
- Fixed deposits (molasses storage fund)*	42.50	36.79
(b) Fixed deposits with banks (Pledged with Excise/Sales Tax/PF Authorities)	173.63	144.55
(c) Fixed deposits with banks (Pledged for tender)	46.42	46.42
(d) Fixed Deposits with Banks (Pledged against overdraft)	310.33	310.33
(e) Balance with banks held as margin money against guarantees	781.78	728.94
(f) Bank deposits with upto 12 months maturity	43.58	34.18
(g) Bank deposits with more than 12 months maturity	-	-
(h) Deposits with Banks in-no lien accounts	50.00	50.00
TOTAL	1,448.62	1,351.59

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

Note no. 17: SHORT-TERM LOANS AND ADVANCES

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
(a) Loans and advances to related parties:		
(i) - Secured considered good	-	-
(ii) - Unsecured considered good		
- Bihar Sponge Iron Ltd.	1.91	1.91
- Win Medicare Pvt. Ltd.	0.29	0.21
- Modipon Limited*	8.69	8.69
(iii) - Doubtful		
- Modi Senator Pvt. Ltd.	0.85	0.85
- Technicast Engineers Ltd.	0.51	0.51
Less: Allowance for doubtful	(1.36)	(1.36)
(b) Others (unsecured, considered good):		
(i) Unutilized balances of CENVAT/VAT/GST	74.80	64.20
(ii) Tax deducted at Source	0.61	0.21
(iii) Loans & Advances to employees	14.40	17.23
(iv) Prepaid expenses	276.23	333.51
(v) Amount recoverable	237.29	214.23
(vi) Deposits with excise/sales tax authorities	1,011.08	454.17
(vii) Others	445.10	341.18
(c) Others (doubtful):		
(i) Loans & Advances to employees	3.01	3.03
(ii) Amount recoverable	24.55	24.55
(iii) Others	97.67	97.67
Less: Allowance for doubtful	(125.23)	(125.25)
(d) Security Deposits:		
-Secured considered good	18.50	18.50
-Unsecured considered good	291.48	283.04
-Related parties (Unsecured consider good):		
-Ashoka Mercantile Ltd.* {Foot-Note 6 of Note No.27(37)}	798.30	798.30
-Modipon Limited*	147.63	147.63
-Doubtful	48.84	48.84
Less: Allowance for doubtful	(48.84)	(48.84)
TOTAL	3,326.31	2,683.01

*Related party upto 8th September, 2020. {Refer Note No. 27(5)}

Note no. 18: OTHER CURRENT ASSETS

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Tax deducted at source	71.78	62.88
Tax collected at source	1.85	-
Income Tax adjusted against Penalty	179.26	179.26
Interest accrued on fixed deposits with banks	82.14	46.56
Interest accrued on Income Tax Refund	5.51	-
Amount recoverable	4.63	8.59
Interest receivable on Security deposit with related party {Foot-Note 6 of Note No.27(37)}		
- Ashoka Mercantile Limited @ Rent receivables:	64.07	64.07
- Unsecured, considered good	27.39	29.19
- Doubtful	22.78	22.78
Less:		
Allowance for bad and doubtful debts	(22.78)	(22.78)
Deferred revenue expenditure	11.07	11.07
Stores and spare parts *	10.67	10.67
TOTAL	458.37	412.29

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

@ Related party upto 8th September, 2020. {Refer Note No. 27(7)}

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

Particulars	(₹ in Lac)	
	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Sale of products	99,262.31	87,502.38
Sale of services	212.70	39.29
Other operating revenue	9.50	9.81
TOTAL	99,484.51	87,551.48

Note no. 20: OTHER INCOME (₹ in Lac)

Particulars	(₹ in Lac)	
	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Interest income	63.37	58.93
Dividend received (gross)	72.88	84.00
Rental income	568.37	461.20
Profit on sale of fixed assets	5.50	0.99
Profit on Sale/redemption of Investment	-	15.02
Excess provision written back	16.48	165.78
Reversal of provision for diminution in value of investment	35.40	-

Note no. 20 (Contd.)

Particulars	(₹ in Lac)	
	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Unclaimed Credit Balances W/Back	160.46	14.27
Depreciation Written Back	-	0.07
Sale of Opening Obsolete Inventory {Refer Note No. 27(4)(f)(ix)}	724.10	292.83
Foreign Currency fluctuation gain (Net)	-	6.35
Other non-operating income	179.07	93.61
Other Services	8.90	3.59
TOTAL	1,834.53	1,196.64

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

Particulars	(₹ in Lac)	
	For the Year ended 31.03.2021	For the Year ended 31.03.2020
(A) Finished goods		
Opening stock *	8,967.98	9,534.99
Less: Closing stock	9,518.25	9,423.62
Sub Total (A)	(550.27)	111.37
(B) Stock in trade		
Opening stock	1.89	1.89
Less: Closing stock	1.89	1.89
Sub Total (B)	-	-
(C) Goods in process		
Opening stock*	382.18	345.45
Less: Closing stock	493.96	422.51
Sub Total (C)	(111.78)	(77.06)
(D) By Product		
Opening stock	497.59	190.25
Less: Closing stock	660.87	497.59
Sub Total (D)	(163.28)	(307.34)
Net (Increase)/Decrease in Stock (A+B+C+D)	(825.33)	(273.03)

*Refer Note No. 27(4)(f)(ix) for difference in value of opening stocks of ₹495.97 Lac (Previous Year ₹292.83 Lac.)

Note no. 22: EMPLOYEE BENEFITS EXPENSES

Particulars	(₹ in Lac)	
	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Salary, wages, gratuity & other allowances	3,223.61	3,124.87
Contribution to provident and other funds	161.14	164.20
Staff welfare expenses	157.26	156.58
TOTAL	3,542.01	3,445.65

Note no. 23: FINANCE COSTS (₹ in Lac)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
(a) Interest expenses: {Note Nos. 27(4)(f)(i) & (ii), 27(5) and 27(19)}		
(i) On borrowings	710.72	735.91
(ii) On statutory dues	41.70	52.11
(iii) On trade payables	-	-
(iv) On security	1.67	1.72
(v) On Finance Lease	-	-
(vi) On car loans taken by employees	1.28	1.92
(vii) On others	7.02	0.91
(b) Other borrowing costs	-	-
(c) Net gain/loss on foreign currency transactions and translation	-	-
TOTAL	762.39	792.57

Note no. 24: OTHER EXPENSES (₹ in Lac)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Consumption of stores & spare parts	1,130.75	975.89
Consumption of packing materials	6,973.77	5,967.14
Power & fuel	249.76	215.04
Repairs to machinery	1,800.75	1,190.06
Repairs to building	413.90	156.94
Lease rent/Rent	184.07	165.43
Rates & taxes	1,010.87	568.24
Excise duty on stock	260.89	748.49
Opening finished goods stock charged to Revenue {Refer Note No.27(4f)(ix)}	724.10	292.83
Insurance	37.98	47.42
Auditor's remuneration (see foot-note below)	24.64	28.80
Loss on sale of fixed assets	-	-
Loss on sale of Stores	-	0.01
Stores Written Off	-	10.18
Less: Adjustment of provision for obsolete stores	-	(10.18)
Donations	34.39	0.70
Bad debts written-off	19.78	-
Less: Adjustment of provision for doubtful trade receivables	(19.78)	-

Note no. 24: OTHER EXPENSES (Contd) (₹ in Lac)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Claims/amounts written-off	5.82	0.50
Less: Adjustment of provision for doubtful amounts	-	-
Investment written-off	-	-
Loss on redemption of Investment	-	2.60
Provision for obsolete spare-parts & stores	23.56	14.00
Provision for doubtful debts, advances and Security Deposits	368.36	306.06
Provision for Diminution in value of Investments	-	10.20
Freight/transport & forwarding	841.74	758.04
Commission to selling agents	2,157.22	1,549.91
Discount & sale promotion	4,196.42	4,432.68
Advertisement expenses	15.35	3.75
Travelling expenses	180.29	222.95
Legal & professional charges	189.45	277.43
Licence Fee {Refer Note No. 27(17)}	5,394.70	3,675.24
Retainership Expenses	232.31	147.61
Net gain/loss on foreign currency transactions & translation	5.93	-
Product Display Charges	160.35	17.42
Other general expenses	302.88	276.48
TOTAL	26,920.25	22,051.86

Note:**Auditor's remuneration:**

(a) As auditor	11.30	11.46
(b) For taxation matters (Tax Audit fee)	8.00	9.67
(c) For company law matters	-	-
(d) For other services including certification work	4.51	6.77
(e) For reimbursement of expenses	0.83	0.90
TOTAL	24.64	28.80

Note No.

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

Particulars	₹ in Lac	
	2020-21	2019-20
Profit/Loss for the year as per Standalone Financial statements	1197.10	(43.85)
Number of Equity Shares issued (B)	33,09,214	33,09,214
Earning per share (in ₹) (A)/(B)	35.99	(1.51)
Face Value of Equity Share in Rupees	10	10

26 **ACCOUNTING POLICIES:**

(1) **INVENTORY VALUATION**

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

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

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

attributable to acquisition or construction of Property, Plant and Equipments are included in the gross book value of Property, Plant and Equipments 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.
- Depreciation on additions/deletions is charged on prorata basis and in accordance with Schedule II of the Companies Act, 2013.
- Depreciation on assets costing upto ₹5,000/- has been fully depreciated in the year of purchase.

(4) **INTANGIBLE ASSETS:**

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

(5) **REVENUE RECOGNITION:**

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

(6) **INVESTMENTS:**

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

(7) **RETIREMENT BENEFITS:**

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

(8) **OPERATING LEASE:**

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

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

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

27. **CONTINGENT LIABILITIES AND OTHER NOTES:**

		(₹ in Lac)	
		AS AT	AS AT
		31.03.2021	31.03.2020
1. (a)	Claims against the Company not acknowledged as debts		
	(i) Workmen (excluding unascertainable amounts)	439.94	410.71
	(ii) Others	224.12	224.12
(b)	Disputed Liability for Excise-duty, Sales-tax, Entry-tax matters, House Tax & Water Tax and liquidated damages on Provident Fund dues {excluding interest unascertainable and undisputed Sales Tax/penalty demands (net of provision made of ₹62.21 Lac) of ₹175.24 Lac}.	1490.89	1307.67
(c)	Income Tax	-	209.59
(d)	Bills discounted	148.59	148.59

2. Estimated amounts of contracts remaining to be executed on Capital Account ₹65.82 Lac (Previous Year ₹118.94 Lac).

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

4. (a) The Steel Unit is lying closed since 24th January, 1993 due to strike/lock-out and thereafter closure was declared with effect from 24th November, 1993, as the Unit was found to be unviable. The Company has not been able to obtain access to

the accounting, financial and production records of the unit necessary for updating the said books of accounts/compiling the data to prepare the annual accounts as well as for finalizing the audit for the year ended 31st March, 1993. Transactions subsequent to the closure of the unit could not be incorporated in the annual accounts of 1992-93 and onwards in view of pending access to the earlier accounts viz., 1st April, 1992 to 24th January, 1993, the absence of which would leave the books still incomplete. However, the Statement of Profit and Loss for the current financial year 2020-21 and from 1993-94 to 2019-20 have been incorporated in current financial year and in various previous financial years respectively. As an interim measure credit balance of ₹463.97 Lac (Previous year credit balance of ₹959.12 Lac) have been clubbed with Current Liabilities of the Company as on 31st March, 2021 and 31st March, 2020 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, 2021.

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

(c) In view of above, as per past practice, the audited opening balances of Assets and Liabilities, quantitative details, contingent liabilities (excluding old electricity dues – Refer Note 4f(viii)) and notes of the Steel Unit as on 1st April, 1992, subject to (i) reduction of unsecured loans taken by ₹278.95 Lac in view of write back on account of one-time settlement (O.T.S.) of dues with Hong Kong and Shanghai Banking Corporation Limited (HSBC) during the year 2004-05, and further reduction of ₹45.00 Lac on account of payment during 2005-06 of O.T.S. to H.S.B.C.; (ii) reduction of Property, Plant and Equipments (net) by ₹799.86 Lac being depreciation provided during 1993-94 to 2020-21 on Property, Plant & Equipment (iii) reduction in opening inventory by ₹1164.21 Lac and (iv) decrease in Inter-Unit balance by ₹1103.81 Lac. The above inter-unit balance will actually represent either net decrease in assets or net increase in liabilities as on 31st March, 2021 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 31.03.2021 and 31.03.2020 are as under:

(₹ in Lac)

Liabilities	As at 31.3.2021	As at 31.3.2020	Assets	As at 31.3.2021	As at 31.3.2020
Secured Loans	3421.08	3421.08	Property, Plant and Equipments (Net)	399.88	405.73
Current Liabilities & Provisions	2838.28	2838.28	Investments	0.11	0.11
Accumulated Profits/(Losses) (net):	(2581.96)	(2412.04)	Current Assets & Advances:		
			Inventories	175.93	900.03
1993-94 to 1995-96 (687.81)			{Refer Note 4(f)(ix)}		
			Sundry Debtors	1199.25	1199.25
1996-97 and 1997-98 (58.56)					
1998-99 to 2000-01 (29.83)			Cash and Bank Balances	150.78	150.78
2001-02 to 2003-04 56.53			Loans and Advances	249.70	249.70
2004-05 300.90					
2005-06 (36.67)					
2006-07 (18.94)			Miscellaneous Expenditure (to the extent not written off or adjusted)	11.07	11.07
2007-08 (10.86)					
2008-09 (24.40)					
2009-10 172.48					
2010-11 (152.17)			Inter-unit Balances	703.46	143.43
2011-12 (141.82)					
2012-13 (167.86)					
2013-14 93.97					
2014-15 (131.58)					
2015-16 (203.70)					
2016-17 (54.96)			Loss for the year 1991-92	787.22	787.22
2017-18 (1077.51)					
2018-19 (102.25)					
2019-20 (137.00)					
2020-21 (169.92)					
Total	3677.40	3847.32	Total	3677.40	3847.32

- (e) Statement of Profit and Loss of the Steel Unit for the year ended 31st March, 2021 and 31st March, 2020 (excluding inter-unit rental income of ₹49.95 Lac) (Previous year ₹83.77 Lac) and inter-unit service expense of ₹5.34 Lac (Previous year ₹ NIL) is as under:

(₹ in Lac)

Particulars	2019-20	2018-19
INCOME:		
Rental Income	551.81	436.51
Interest Income	3.44	-
Other Services	8.91	3.60
Sale of opening inventory {See Note No. 4(f)(ix) below}	724.10	292.83
	1,288.26	732.94

(₹ in Lac)

Particulars	2019-20	2018-19
EXPENDITURE:		
Employees Benefit Expenses	131.37	123.61
Finance Cost	294.32	329.07
Depreciation	43.80	44.08
Legal & Professional Expenses	29.86	18.79
Opening Stock charged to Revenue {See Note No. 4(f)(ix) below}	724.10	292.83
Other Expenses	234.73	61.56
Loss for the year	169.92	137.00

- (f) The Profit and Loss Account/Statement of Profit and Loss of Steel Unit for the years 1993-94 to 2020-21 are subject to the following notes on accounts:

- (i) In view of non-availability of book balance of liabilities towards PNB, IDBI and IFCI in the books of Steel Unit of the Company on account of non-incorporation of annual accounts and balance sheets of Steel Unit {Refer Note 27 (4) (a to c) of Standalone Financial Statements}, the difference between OTS amounts and book balances could not be ascertained.
- (ii) No-provision of interest, amount unascertained, has been made on loans assigned by Bank and Financial Institutions to SBEC Sugar Limited ("SSL") and TC Health Care Private limited ("TCH") as the Company proposes to enter into revised terms of payment of these secured debts with SSL & TCH.
- (iii) The impact, if any, on account of non-availability and consequently non-incorporation of audited opening balances of assets and liabilities of the Steel Unit as on 1st April, 2020;
- (iv) Non-provision of obsolete/damaged stocks and Property, Plant and Equipments, if any, in view of non-incorporation of earlier year's accounts and non-physical verification of these inventories since 1992-93 and Property, Plant & Equipment since the year 1989;
- (v) Non-confirmation/reconciliation of balances of debtors, creditors, banks, financial institutions etc. and impact, if any, on the Statement of Profit and Loss;
- (vi) Non-provision of doubtful debts and loans & advances, amount unascertained;
- (vii) Non-provision of Impairment, if any, of the Property, Plant and Equipments as per Accounting Standard (AS 28) i.e. Impairment of Assets, amount unascertained.

- (viii) (a) Uttar Pradesh Electricity Board (now U.P. Power Corporation Ltd.) raised various demand notices against electricity dues of ₹798.64 Lac and late payment surcharge amounting to ₹512.84 Lac on the Steel unit of the Company.
- (b) The Hon'ble Supreme Court of India, granted interim stay on 14th March, 2005 for stay of recovery by way of sale of property. Further, vide its order dated November 02, 2017 directed to pay amount of ₹1055.06 Lac.

The Hon'ble Supreme Court of India vide its order dated 22nd October, 2018 and 29th March, 2019 granted permission for sale of movable property. To comply the order of Hon'ble Supreme Court, Company had paid entire dues and got the NOC from Electricity Department dated 05.12.2020.

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

As per the order of the Hon'ble Supreme Court of India dated 22nd October, 2018 granting approval to sell of moveable properties, the Steel Unit has disposed of Scrap generated out of damaged and obsolete inventories etc. of more than 25 years old for a consideration of ₹724.10 Lac (upto 31st March, 2020 ₹440.11 Lac) during the year and recognized revenue. Accordingly, in the absence of details of quantity and value of opening inventory appearing in the books of account, and the classification of scrap out of stocks or property, plant and equipment value of stocks sold during the year of ₹724.10 Lac (upto 31st March, 2020 ₹440.11 Lac) has been reduced from inventory appearing in the balance sheet and treated as "opening finished goods stock" charged to revenue in the Note No. 24 of 'Other Expenses'.

5. With respect to the assignment of debts

- (a) During the year 2006-07, an agreement dated 22nd January, 2007 for One Time Settlement (OTS) of dues of Punjab National Bank (PNB) was entered into between the Company, PNB, Shri U.K. Modi (as Guarantor) and SBEC Sugar Limited (SSL), on the terms as contained in the PNB's Letter dated 28th September, 2006. Under the said agreement, PNB has agreed to assign all its claims against Steel Unit of the Company together with all securities and charges created by the Company to SSL on payment of full settlement amount of ₹2810.60 Lac together

with interest. SSL made full payment to PNB of the settlement amount together with interest. PNB thereafter executed a Deed of Assignment on 15th May, 2012 in favour of SSL by which PNB assigned all its claims together with all securities and charges created by the Company in its favour to SSL. The Registrar of Companies has registered the modification to the charges in favour of SSL. The debts of MIL which was assigned to SSL had been further assigned to SBEC Bioenergy Limited (SBEL) on 31st December, 2012. Thereafter, in the month of June, 2018, SBEC Bioenergy Limited assigned the entire debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 6th June, 2018. In view of the above, the secured debt is now payable by the Company to SSL. The Company proposes to enter into revised terms of this secured debt with SSL.

- (b) With reference to the Company's liabilities to IDBI Limited, a settlement agreement was concluded between the Company, IDBI Limited and SBEC Bio Energy Limited (SBEL) on 6th October, 2007. This settlement agreement was in terms of IDBI's letter dated 9th February, 2007. Under the said agreement IDBI agreed to assign its entire debt due and payable by the Company to SBEL subject to SBEL paying to IDBI its OTS claim amount of ₹1232.20 Lac. Acting on the said agreement, SBEL made a payment of ₹1232.20 Lac to IDBI together with interest. The said payment to IDBI of ₹1232.20 Lac along with interest was completed on 6th October 2007. IDBI has executed a Deed of Assignment on 5th March, 2018 in favour of SBEL by which IDBI assigned all its claims together with all securities and charges created by the Company in its favour to SBEL. The Registrar of Companies has registered the modification to the charges in favour of SBEL. Thereafter, in the month of June, 2018, SBEC Bioenergy Limited assigned the entire IDBI's debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 12th June, 2018. The said debt is now payable by this Company to SSL.

The Company proposes to enter into revised terms of this secured debt with SSL.

- (c) With reference to this Company's liabilities to IFCI Limited, a settlement agreement dated 30th December, 2009 was concluded between this Company, IFCI Limited and SBEC Bio-Energy Limited (SBEL). This settlement agreement was in terms of IFCI's letter dated 30th December, 2009. Under the said settlement agreement, IFCI agreed to assign to SBEL its entire debt as due and payable by this Company to it subject to SBEL paying to IFCI its OTS

claim of ₹775.00 Lac. Acting on the said settlement agreement, SBEL made a payment of ₹775.00 Lac to IFCI on 30th December, 2009 and in consideration thereof IFCI Limited executed a Deed of Assignment dated 19th April, 2012 and assigned its all claims against this Company together with the securities and charges in favour of SBEL. The Registrar of Companies has registered the modification to the charges in favour of SBEL. Thereafter, in the month of June, 2018, SBEL Bioenergy Limited assigned the entire IFCI's debt of Modi Industries Limited in favour of SBEL Sugar Limited (SSL) vide registered Deed of Assignment dated 12th June, 2018. The said secured debt is payable by this Company to SSL. The Company proposes to enter into revised terms of this secured debt with SSL.

- (d) International Asset Reconstruction Company Limited, the assignee of ICICI debt has assigned its debt to M/s. T.C. Healthcare Private Limited on 27th June, 2018 and its charge has been duly registered with Registrar of Companies. The Company proposes to enter into fresh terms of payment of this debt with TC Health Care Pvt. Ltd.
6. 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.

7. (i) Settlement arrived between both the Managing Directors:

The Managing Directors of the Company (i.e., Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi) were embroiled in multiple litigations over the years and because of the same, major brunt has been faced by the Company as the said inter-se dispute between them led to the inability of the Company to set up new business or revive or rehabilitate the existing units. The Company was also unable to utilize its non-core assets to clear its liabilities and it even failed to avail credit facilities, which were announced by the Central/ State Governments from time to time to aid the rehabilitation of the Company. This has led to a grave situation over a period of years wherein the liability of the Company has been rising due to ever piling on interest rates.

The 6 (six) units under the control and management of Shri Mahendra Kumar Modi, gradually shut down starting the year 1995 and the last 2 (two) units i.e. Paint & Electrode unit also closed down in the year 2016. The liabilities of entire Company (i.e., including the 6 units which were previously under the control of Shri Mahendra Kumar Modi) are being paid by the units under the control of Shri

Umesh Kumar Modi in order to save the Company from going into liquidation.

The Company as on date have huge outstanding liabilities towards Various Creditors (including banks/Financial Institutions) who have initiated/ threatening to initiate action under the Insolvency & Bankruptcy Code, 2016 and/or Recovery of Debts and Bankruptcy Act, 1993 and/or Securitization and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002, repercussions whereof are irreversible and there is an immediate need to liquidate the dues of all the creditors of the Company (including banks/Financial Institutions). The liabilities of the Company are mounting as a whole and apart from the increasing pressure of the Creditors (including banks/Financial Institutions), there were constant dharnas by labour/workers for liquidation of their outstanding dues as well.

If the above was not enough, to make situation worse, the issuance of Recovery Certificate (on account of outstanding dues of the Cane Growers) on 4th September, 2020, under the U.P. Sugarcane (Regulation of Supply and Purchase) Act, 1953 was also extremely detrimental to the interest of the Company, therefore, it was becoming imperative and urgent to find a holistic solution once and for all so as to ensure that the Company remains as a going concern.

In view of the aforementioned circumstances, a settlement has been arrived between Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi with the assistance, support and intervention from the State Government of Uttar Pradesh, which played an important role in the settlement of inter-se dispute amongst Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi. Post the settlement, Shri Mahendra Kumar Modi has resigned from the post of Managing Director/Director of the Company on 09.09.2020 and transferred all the shares held by him, his family members and group companies in favour of Shri Umesh Kumar Modi.

Shri Umesh Kumar Modi has been managing the affairs of the Company for the last four decades. Additionally, for the last few years, Shri Umesh Kumar Modi has by himself ensured the survival of the Company exclusively as the other six units of the company which were under the control of Shri Mahendra Kumar Modi have been permanently closed down. Upon the resignation of Shri Mahendra Kumar Modi, the Board by virtue of a circular resolution dated 09.09.2020, had made Shri Umesh Kumar Modi in charge of affairs of all the nine (9) units (including the management and

control of the six (6) units which were previously under Shri Mahendra Kumar Modi) as well as the corporate office of the Company which was subsequently confirmed by the Board in its meeting dated 05.10.2020. The Board also appointed him as Chairman of the Company in its meeting dated 05.10.2020.

Additionally, the Company also appointed few Additional Directors as well as Independent Directors on the board of the Company by virtue of a circular resolution dated 09.09.2020 which was subsequently confirmed by the Board in its meeting dated 05.10.2020. The appointment of Additional/New Directors as well as re-appointment of Shri Umesh Kumar Modi as the sole Chairman and Managing Director of the Company was also approved by the Board and the members of the Company in its Annual General Meeting (AGM) dated 05.12.2020

- (ii) Process of the revival of electrode unit of the Company and payment of outstanding dues of the labour of the six (6) units of the Company

Pursuant to settlement arrived between Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi, all the earnest efforts are being made by Shri Umesh Kumar Modi for the revival of closed units of the Company and in this regard, Shri Umesh Kumar Modi has already initiated process of revival of closed Electrode unit of the Company and for the said purpose 16 ex-labour/employee of the closed Electrode unit have already been re-instated.

Further, the Company has started the process of clearing the outstanding dues of the labour/employees/workers of the closed six (6) units and paid an amount of ₹264.38 Lac upto 30.09.2021 towards the outstanding dues of the labour/employees/workers.

- (iii) Withdrawal of the cases/complaints filed by Shri Mahendra Kumar Modi against the company as well as other Directors

Pursuant to the settlement arrived between Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi, the complaints/proceedings instituted by Shri Mahendra Kumar Modi against the company and its Directors before various courts/tribunals/authorities including and not limited to proceedings instituted before the Hon'ble Supreme Court of India, Hon'ble Delhi High Court, Securities & Exchange Board of India, National Stock Exchange of India, Registrar of Companies etc. were withdrawn.

- (iv) Application filed by Shri Devendra Kumar Modi before the Hon'ble Delhi High Court inter-alia seeking stay on sale of assets of the Company

During September-October, 2020, Shri Devendra Kumar Modi filed 2 (two) interim applications under Order 39, Rule (1) & (2) of CPC, 1908 being I.A. 8156/2020 & I.A. 9457/2020 in his pending civil suit i.e. CS (OS) 991/2009 titled as DK Modi vs. YK Modi & Ors. before the Hon'ble Delhi High Court (on 11.09.2020 & 03.10.2020 respectively) inter-alia, praying for certain interim reliefs, however, till date no such relief has been granted and merely notice was issued on the said two applications vide order dated 24.11.2020. The said applications are still pending adjudication before the Hon'ble Delhi High Court. Among various reliefs sought by Shri Devendra Kumar Modi in the said two applications, few critical reliefs are as follows:

- (a). Stay the inter-se settlement between Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi;
- (b). Stay the sale of assets of Modi Industries Ltd.;
- (c). Appoint Shri Devendra Kumar Modi on the Board of Modi Industries Ltd.;

Shri Devendra Kumar Modi had also filed an appeal (being FAO (OS) 5 of 2021) before the Ld. Division Bench of the Delhi High Court, inter-alia, assailing the order dated 24.11.2020 passed by the Ld. Single Judge, whereby, no interim relief as prayed by Shri Devendra Kumar Modi was granted to him. The Ld. Division Bench vide order dated 18.02.2021 dismissed the appeal filed by Shri Devendra Kumar Modi without granting any interim relief.

8. Share purchase agreement executed between Modi Industries Ltd. and Shri Mahendra Kumar Modi regarding sale of shares of Modipon Ltd.

During September 2020, an agreement was executed between the Company and Daisy Investment Ltd., regarding sale of shares of Modipon Ltd. held by the Company.

In pursuance to the said agreement, the Company received an advance of 25% against the transfer of the shares in favour of Daisy Investment Ltd., however, since the Demat Account of the Company was suspended/freeze, the shares held by the Company could not be transferred during the said period. The suspension/freeze of the Demat Account was on account of some technical issue at the end of Modi Rubber Ltd. The suspension of the Company's Demat Account was only on account of the fact that the Company is one of the promoters of Modi Rubber Ltd.

The suspension of the Demat Account of the Company has been lifted/revoked with effect from 15.03.2021. However, the transfer of shares is still pending and accordingly the sale of shares has not been recognized till March 31, 2021 as the balance sale consideration is also yet to be received.

- 9 (a) Electrode, Paint and Gas Units of the Company are lying closed with effect from November 2016. The audited financial statements of these 3 Units and Central Accounts Department (“CAD”) of these three Units have not been received by the corporate office of the Company for incorporation in the financial statements of the Company for the financial years 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21. Pending incorporation of audited financial statements of these 3 Units and CAD for the period 1st April, 2016 to 31st March, 2021, change in inter- unit net debit balances with other Units & Corporate Office of ₹84.53 Lac as on 31st March, 2021 (debit balance of ₹104.90 Lac as on 31st March, 2020) due to non-incorporation of these financial statements has been shown under Current Liabilities of the Company as on 31st March, 2021 and 31st March, 2020 as “Inter- Unit Balances” as an interim measure as was done in case of closed Steel Unit as stated in Note No. 27(4) above. As soon as the audited financial statements of these five financial years i.e. 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 of these 3 Units and CAD are made available to the Corporate Office, the same would be incorporated in the financial statements of the Company. Presently the Books of Account of these Units and CAD are under compilation.
- (b) In view of above, as per past practice followed in case of closed Steel Unit, the following audited closing balances of Assets and Liabilities as on 31st March, 2016 of these 3 Units and CAD have been incorporated in the Balance Sheet of the Company as on 31.03.2018, 31.03.2019, 31.03.2020 and 31.03.2021. Further, the contingent liabilities and Notes on financial statements relating to these 3 Units and CAD as on 31st March, 2016 have also been incorporated in these financial statements of the Company for the financial years 2017-18, 2018-19, 2019-20 and 2020-21 without updating the amounts for the events/transactions that have taken place after 31st March, 2016.
- (c) Balances of Assets and Liabilities of these 3 closed Units and CAD as on 31st March, 2016 were as under:

(₹ in Lac)

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

10. The Company has entered into an agreement with U.P. Power Corporation Limited for its Residential Feeder SC No. 2005 on 29th March, 2000. In pursuance of that agreement, the Company has paid for the existing authorised occupants only after 1st July, 1998 computed prorata based on covered area of quarters occupied by the employees. In view of the above, no provision has been made for electricity charges of ₹131.46 Lac upto the period of permanent disconnection of residential feeder SC No. 2005 i.e. 31st May, 2001 (Previous year ₹131.46 Lac) for the unauthorized occupants and late payment surcharge/recovery charges amounting to ₹302.66 Lac upto 31st May, 2001 (Previous year ₹302.66 Lac). In accordance with the agreement, matter regarding waiver of late payment surcharge and recovery charges after 1st July, 1998 will be referred to the Government.
11. ESI authorities had raised a demand on the Company for ₹70.53 Lac (upto previous year ₹69.36 Lac) (inclusive of interest) towards Company’s liability for ESI for the years 1968 to 1986 and no provision has been made against this liability.
12. (a) The Securities and Exchange Board of India (SEBI), vide circular dated 30 May 2012, issued guidelines facilitating the exit of de-recognized/non-operational stock exchanges and exit to the shareholders of Exclusively Listed Companies (ELCs) by allowing them to get listed on Nation-wide Stock Exchanges (NWSEs) after complying with the

diluted listing norms of the NWSEs, failing which they would be moved to the Dissemination Board (DB).

Thereafter, SEBI, vide circular dated 10th October 2016 (Circular), has provided a relaxed criterion for issue of further capital to enable listing of equity shares of such companies on the NWSEs, or in the alternative they must provide an exit option to the public shareholders. Subsequently SEBI vide its circular dated 5th January 2017 had extended the time limit for submission of plan of action by ELCs till 31st March, 2017.

In order to prepare a valuation report and comply with the aforementioned circular issued by SEBI, Shri M.K. Modi and Shri U.K. Modi had jointly appointed Mr. Rakesh Gupta, partner of M/s Dass Gupta & Associates, Chartered Accountants to carry out the valuation of equity shares of MIL and appointed Architect and Valuer Mona Chawla (in April 2017) for carrying out the valuation of Immovable Properties of Modi Industries Ltd. in Modinagar.

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

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

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

a-Rastriye Sahara, Hindi, Kanpur-UP-Edition;
b-Jan Satta, Hindi, Delhi – Edition;
c-Financial Express, English, National Daily.

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

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

In the year 2019, Shri Mahendra Kumar Modi had filed a complaint before the Securities & Exchange Board of India and National Stock Exchange of India, inter-alia, raising an issue vis-à-vis the valuation report submitted by the company.

Pursuant to the complaint filed by Shri Mahendra Kumar Modi, a correspondence was issued by the National Stock Exchange of India inter-alia seeking certain clarification with respect to the valuation report (prepared by Mr. Rakesh Gupta) and submitted by the Company. The correspondence issued by the National Stock Exchange of India was duly responded by the Company, wherein, amongst other issues, it was also informed by the Company that the complaint made by Shri Mahendra Kumar Modi is purely a result of an ongoing inter-se dispute between Shri Mahendra Kumar Modi and Shri Umesh Kumar Modi. Thereafter, several correspondences were exchanged between the Company and National Stock Exchange of India, wherein, sufficient data and material were provided by the Company to show and clarify beyond any doubt that there were no infirmities in the valuation report submitted by the company.

(b) After his exit from the Company, Shri Mahendra Kumar Modi addressed an email to Securities & Exchange Board of India and National Stock Exchange of India, thereby withdrawing the complaint filed by him against the Company and its Directors.

13. Excise duty on uncleared manufactured finished goods and custom duty in respect of imported goods lying in bond in respect of Steel Unit amounting to ₹43.09 Lac and ₹24.35 Lac respectively is accounted for as and when such goods are cleared. However, this has no impact on the profit of the Company.
14. (a) The Company has adopted Accounting Standard 15 (Revised) on employees benefits with effect from 1st April, 2007 in respect of provision for Gratuity liability.

Details in respect of Gratuity (except for Gas, Electrode, Paint Units and CAD of these units) of the Company for the year 2020-21 and 2019-20:

Details in respect of Gratuity are as under:

(₹ in Lac)

Liability to be recognized in Balance Sheet	As at 31.03.2021	As at 31.03.2020
Present value of Obligations	728.69	803.87
Fair Value of Plan Assets		
Net Liability	728.69	803.87
Reconciliation of Opening and Closing Balances of Obligation		
Obligation as at beginning of the year	803.87	829.99
Acquisition adjustment (Out)	-	-
Current Service Cost	50.90	55.79
Interest Cost	54.34	62.99
Actuarial Losses/(Gain)	(50.56)	(18.36)
Benefits paid	(129.86)	(126.54)
Obligations as at the end of the year	728.69	803.87
Expenditure to be recognized during the year		
Current Service Cost	50.90	55.79
Interest Cost	54.34	62.99
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) Recognized during the year	(50.56)	(18.36)
Total expenditure included in "Employees' Emoluments"	54.68	100.42
Assumptions		
Discount Rate (per annum)	6.69%	6.76%
Expected rate of Return on Assets (per annum)	0%	0%
Salary Escalation Rate	6.00%	7.00%

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

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

Details in respect of Earned Leave (except for Gas, Electrode, Paint Units and CAD of these units) of the Company for the year 2020-21 and 2019-20:

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

(₹ in Lac)

Liability to be recognized in Balance Sheet	As at 31.03.2021	As at 31.03.2020
Present value of Obligations	43.73	44.64
Fair Value of Plan Assets	-	-
Net Liability	43.73	44.64
Reconciliation of Opening and Closing Balances of Obligation		
Obligation as at beginning of the year	44.64	45.44
Acquisition adjustment (Out)	-	-
Current Service Cost	5.44	6.27
Interest Cost	3.02	3.45
Actuarial Losses/(Gain)	(7.10)	(7.46)
Benefits paid	(2.27)	(3.06)
Obligations as at the end of the year	43.73	44.64
Expenditure to be recognized during the year		
Current Service Cost	5.44	6.27
Interest Cost	3.02	3.45
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) Recognized during the year	(7.10)	(7.46)
Total expenditure included in "Employees' Emoluments"	1.36	2.26
Assumptions		
Discount Rate (per annum)	6.69%	6.76%
Expected rate of Return on Assets (per annum)	0%	0%
Salary Escalation Rate	6.00%	7.00%

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

As at 31 st March, 2021				(₹ in Lac)
Description		Trade payables	Payable to suppliers of capital goods	Total
(i)	The Principal amount remaining unpaid to suppliers as at the end of accounting year.	199.85 *(157.28)	34.00 *(31.57)	233.85 *(188.85)
(ii)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year.	**See Note below		
(iii)	The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during accounting year;	**See Note below		
(iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	**See Note below		
(v)	The amount of interest accrued during the year and remaining unpaid at the end of accounting year.	**See Note below		
(vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure U/s 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	**See Note below		

* Figures in () represent previous year figures.

** No provision has been made for interest on dues of parties covered under MSME Act, 2006 for the period upto 31st March, 2021 in the books of account. Amount not ascertained.

16. Government of India has issued guidelines dated 15th January, 1987 which requires companies raising resources through issue of Debentures to create a Debenture Redemption Reserve. The Company has not created such a reserve in view of the accumulated losses.
17. During the year 2010-11, the Distillery Unit of the Company (Bottler) had entered into an agreement i.e. a "Bottling Agreement (including addendum to bottling agreement dated 26th April, 2012)" with MI Spirit India Private Ltd (MISIP) whereby the parties i.e. bottler and MISIP have agreed to the blending, manufacturing and bottling of the products by the bottler. Bottling agreement stated above was substantially amended with effect from 01.04.2018 wherein number of clauses have been deleted and/or modified. The amended agreement inter-alia stipulates that (i) MISIP will only carry out certain quality control functions (ii) definition of 'manufacturing expenses', manufacturing margin and selling and distribution expenses shall stand deleted (iii) the risk property, interest, title or ownership to the materials procured by the bottler shall always remain with the bottler (iv) the bottler shall be responsible for collection of all payment against invoices raised by the bottler and (v) in consideration of the Company granting the rights as specified in the bottling agreement to the bottler in terms hereof and the sub license agreement, including rendering process services and marketing the products. The bottler shall pay to the Company license fee equal to 15% (Previous year 12%) of the revenue generated (net of statutory charges levies, taxes and duties) from the sale of products.
18. Consequent to the losses, the Company was declared a Sick Industrial Company on 14th March, 1991 in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. Show-cause Notice issued by BIFR for winding up pursuant to its order dated 28th October, 2013 has been stayed by AAIFR. Ministry of Finance, Department of Financial Services vide its Notification No. S.O.3568(E) & S.O. 3569(E) dated 25th November, 2016 repealed the SICA Therefore BIFR & AAIFR have also been dissolved. National Company Law Tribunal (NCLT) & National Company Law Appellate Tribunal (NCLAT) have been constituted by the Government, now such type of matters will be dealt by NCLT/NCLAT. In the month of September, 2020, a long pending dispute between Shri Umesh Kumar Modi, Chairman and Managing Director and Shri Mahendra Kumar Modi (erstwhile Managing Director) has been amicably settled and thereafter necessary steps have been taken by the Company under the leadership of Shri Umesh Kumar Modi for rehabilitation/revival of the closed electrode unit. In the first phase of revival of the said unit, the electrode unit will produce CO2 Wire with capacity of 160 Mt per month and Stick Electrode with capacity of 250 Mt per month. The estimated cost of the project is ₹12.70 Crores and the commercial production of the Unit is likely to be commence in this financial year i.e.,

2021-22. Additionally, in the Distillery Unit, it was decided that to convert its existing 30 KLPD Molasses Distillery into a 30 KLPD Grain Distillery, which will be able to fulfill the demand of IMFL up to 2 million cases, and the estimated project cost will be around 25.00 Cr. (GST Extra). Further, the Company has started the process of sale/lease of unproductive assets not related to the working units of the company in order to clear the outstanding liabilities of the Company. In view of the above, as well as improved performance of the operating units of the Company, the accounts of the Company have been prepared on a going concern basis.

- 19 (a) No provision has been made for penal/delayed/simple/compound interest amounting to ₹26,302.46 Lac upto 31st March, 2021 (for the year ₹1316.85 Lac) on term borrowings.
- (b) No provision has been made for interest/compound/penal interest of ₹9569.16 Lac upto 31st March, 2021 on 15% Debentures (₹8823.40 Lac upto 31.03.2020) [Refer Note No. 27(30)(B)(iii)].
- (c) The Sugar & Distillery Units of the company have given a proposal for settlement of their dues with Allahabad Bank of ₹227.00 Lac against which an upfront payment of ₹50.00 Lac has already been made under "No Lien Account" and included under "other bank balances" and to pay the balance amount of ₹177.00 Lac in two equal monthly installments after the receipt of sanction from bank. The shortfall in interest provision amounting to ₹168.84 Lac will be provided in the books of account in the year of approval of OTS proposal by the bank which is pending.
- (d) The Sugar Unit of the company has not made provision for interest (computed @ 15.5% p.a./bank charges amounting to ₹8017.87 Lac (for the year ₹1144.42 Lac) on cash credit loan taken from Allahabad Bank in view of para (c) above
- (e) Interest payable by closed Vanaspati Unit of the Company to Financial Institutions since the date of disbursement of the loan on simple rate of interest basis amounts to ₹1450.65 Lac upto 31st March, 2016 and the unit holds total interest provision of ₹732.41 Lac as on 31st March, 2016 resulting in the short provision of ₹718.24 Lac on simple interest basis.
- (f) No provision has been made for interest on Cash Credit amounting to ₹933.85 Lac (for the year ₹137.24 Lac). Further, response to the proposal submitted to the Bank for One Time Settlement (OTS) dues is awaited in Distillery Unit in view of para (c) above.

20. (a) The closed Vanaspati Unit had applied for Sales Tax Relief Exemption to U.P. Government in terms of Section 4A of U.P. Sales Tax Act. Consequent to rejection, the Company has filed a writ petition in Lucknow Bench of Allahabad High Court and Court had passed an order dated 21st February, 2013 that "the writ petition is allowed and impugned order dated 22nd April, 1992 is quashed. The opposite parties are directed to reconsider the case of the petitioner afresh, after giving personal opportunity of hearing and pass appropriate orders, in accordance with law." In compliance of High Court order, we had filed an application before the Secretary Level Committee (Constituted under Section 4A of the U.P. Trade Tax Act). As the matter is still pending before the authority, no provision has been made for sales tax liability of ₹2,455.78 Lac relating to the period May, 1991 to July, 1994 (previous year ₹2,455.78 Lac) {Note 27(9)(b)}.

- (b) The closed Vanaspati Unit had preferred an application for deferment of Sales-tax with effect from July, 1994 under Section 38 of the U.P. Sales Tax Act and the same has been rejected by the State Government. The Company has also filed Writ Petition against the rejection and consequent to the orders of the Court, the recovery of Sales-tax has been kept in abeyance. Accordingly, Sales-tax amounting to ₹440.46 Lac (previous year ₹440.46 Lac) relating to the period August, 1994 to March, 1996 has not been deposited with the authorities.

The above writ petition filed by the Company was listed for hearing on 2nd May, 2008 at High Court, Lucknow Bench. The Company had filed an affidavit with the Court that BIFR had passed an order dated 26th March, 2008 by virtue of which the Bench permitted the Commercial Tax Department, Government of U.P. to recover its outstanding dues, due after 30th June, 2007. The Company had also stated in the said affidavit that the Hon'ble Supreme Court of India had affirmed the order of the BIFR and therefore in view of the said orders of BIFR as affirmed by the Hon'ble Supreme Court, the said Writ Petition may be dismissed as infructuous. Accordingly, the High Court, Lucknow Bench has dismissed the said writ petition as infructuous {Note 27(9)(b)}.

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

21. **Operating Leases:**

- (a) Electrode and Gas Units of the Company has taken following premises and Plant & Machinery on operating lease basis {Refer Note 27 (7) & 27(9)(b)}.

Disclosure requirement as per AS-19 are as under:

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

The above includes:

- (i) During the financial year 2011-12, Gas Unit of the Company has entered into lease agreement, as amended, with Weld Excel India Ltd. (WEIL), a related party, taking Oxygen filling plant under operating lease for 2 years non-cancelable lease period at monthly rent of ₹1.00 Lac up to 31st December, 2014 which was extended by one year in 2014-15. The Company has further renewed this agreement for One year up to 31st December, 2016 at the same rent.
- (ii) During the financial year 2010-11, Electrodes unit of the Company has taken office premises in Delhi on sublease basis from WEIL, a related party, under operating lease for an initial period of three years as non-cancelable period at monthly rent of ₹4.15 Lac and the lease was further renewed for a period of three years w.e.f. 1st April, 2013 at an increase of 15% over the current lease rent i.e. ₹4.78 Lac pm. Lease agreement has now been further renewed at reduced rent of ₹4.15 Lac pm for a period of three year w.e.f. 1st April, 2016.
- (iii) Electrodes unit of the Company has taken premises for office cum guest house cum residence of Managing Director in Chattarpur, New Delhi on operating lease basis and having sharing arrangement with WEIL with effect from 1st November, 2011 (for a period of two years and further extended till 31st December, 2016) at a monthly rent of ₹1.60 Lac with effect from 1st January, 2015 (our share net of recovery from Managing Director).
- (iv) 1633 cylinders (Previous year 1633 cylinders) taken from Weld Excel India Limited on operating lease at a monthly rent of ₹45/- per cylinder since 1st June, 2012 for three years, has been further renewed for another 5 year w.e.f. 1st June, 2015 on same rent.

- (b) Modi Distillery Unit has entered with in an operating lease agreement for Evaporation Plant on 01/10/2016 with G.S. Pharmabutor Private Limited, Modinagar which was extended for a period of three years on 01.10.2019. Details as under:

(₹ in Lac)

Particulars	Evaporatorion Plant	
	2020-21	2019-20
Lease Period	3 Years	3 Years
Total Lease Rent Payable	210.39	210.39
Paid during 2020-21	70.13	35.07
Payable during 2021-22 to not later than 5 years	70.13	70.13
Payable during 2022-23 to not later than 5 years	35.06	105.19

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

(₹ in Lac)

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

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

- Act, 1985 for filing recovery suit. Debt Recovery Tribunal, Lucknow, allowed continuation of recovery suit against which Company filed appeal with Debt Recovery Appellate Tribunal, (DRAT) Allahabad. The DRAT had stayed further proceedings by DRT in the matter. A writ petition was filed by the Company before the Lucknow Bench of Allahabad High Court challenging the orders of the DRT, Lucknow and DRAT, Allahabad. The Lucknow Bench of Allahabad High Court noting the contention of the Company has disposed off the Writ Petition by its order dated 18th July, 2008. The Company has filed review petition against the said order seeking the quashing of the Allahabad Bank's suit before the DRT, which is still pending.
26. Due to a fire on 13-07-2019 in the office premises and records room of Sugar and Distillery Units of the Company, most of the records including supporting documents/invoices etc. of transactions attached with the vouchers for the Financial Year 2014-2015 to 2018-19 and for the period April 2019 to the date of fire were destroyed/damaged almost completely. These accounting records which includes initial accounting entries, reconciliations & other work sheets etc. will be re-generated and supporting records such as invoices, contracts, checks and records of electronic fund transfers etc. will be obtained from the third parties to the extent possible and this process will take considerable amount of time. In the meanwhile, since the accounting data including all ledgers stored in computer ERP system, were intact, this facilitated the preparation of Financial Statements of Sugar and Distillery Units of the Company for the Financial Year 2018-19 and 2019-20.
27. No confirmation letters were sent to debtors/creditors. In the absence of such confirmations, the balances in respect of Sundry Debtors, Creditors, borrowings, loans and advances given including interest accrued and other accounts are taken as shown by the books of accounts and are subject to adjustments and reconciliation, if any.
28. The outbreak of COVID-19 pandemic globally and in India has caused significant disturbance and slowdown of economic activity. The nationwide lockdown restrictions imposed by the Government of India w.e.f. 24th March 2020 led to complete shutdown of operations at the Distillery business of the Company which however restarted in a limited way from 7/4/2020. However, the Sugar manufacturing operation of the Company continued without any significant disruptions. Sugar off take has been lower due to Lack of its demand. After resumption of the Distillery Business, all the activities were carried out in normal course with the adoption of enhanced safety, security and other required measures. There has been no impact on the business of the Company though the sale and movement of finished products was affected for a short period of time initially due to lockdown.
29. Delhi Excise Authorities issued Show Cause Notices and raised demand for ₹167.43 Lac towards Risk-Purchase of Country Liquor in view of non-supply of the same by Distillery Unit of the Company. Company has disputed the above demand and a Writ Petition was filed before the Hon'ble Delhi High Court who ordered the case to be referred back to Collector of Excise for taking final decision. The Collector of Excise vide its order dated 27th June, 2003 has confirmed the above demand against which the Company has filed a writ petition before the Hon'ble Delhi High Court. On the basis of orders of Hon'ble Delhi High Court, the Company has deposited ₹50.00 Lac till date against the above demand. No provision is considered necessary at this stage since the matter is sub-judice.
30. (A) **Exceptional Items of the current financial year:**
- (i) Modinagar Municipal Committee (MMC) had determined the basis/liability of house tax payable by the Company for the years 1982-83 to 2006-07 at ₹213.55 Lac (Net of payment/payable ₹195.64 Lac) which was disputed by the Company and water tax demand for the years 2017-18 to 2019-20 at ₹39.91 Lac. During the current year, net liability of ₹235.55 Lac of House Tax and Water Tax have been provided for in the accounts as an exceptional item and the payment is being made in instalments as agreed with MMC.
- (ii) Profit on sale of shares of Subsidiaries:
- Due to delay in payment of the sugarcane dues (for the reasons beyond its control), the Company received a Recovery Certificate (RC), issued on 4th September, 2020, against Modi Industries Limited (MIL) under the U.P. Sugarcane (Regulation of Supply and Purchase) Act, 1953 wherein, it was stated that if the payment is not made, State Government of Uttar Pradesh shall initiate the process of recovery against the company by auctioning the properties of the Company and it may also take coercive actions against the Directors of the Company.
- The Company has previously in the year 2019 appointed KPMG India Pvt. Ltd. ('KPMG'), to independently prepare a restructuring scheme for the Company with the basic intent/purpose to find a holistic solution to the problem of ever-increasing liabilities of the Company and to make the Company debt free. The Board of Directors in its meeting held on 05.10.2020 and in view of the urgency of the matter, approved sale of its un-productive assets which are not related to the operations of the Company at a price not less than the price ascertained by the RBSA Valuation Advisors LLP (valuers appointed by KPMG India Pvt. Ltd). The Audit Committee and the Board of Directors of the company unanimously approved sale of

investments held by company in the equity shares of the subsidiary companies i.e Your Investment (India) Private Limited and Own Investment (India) Private Limited at the fair market price determined by the RBSA Valuation Advisors LLP (RBSA) and also treated these sale transactions in its ordinary course of business and done on an arm's length basis and accordingly covered under 4th proviso of Section 188(1) of The Companies Act, 2013 which is also supported by a legal opinion obtained by the Company. Details of the sale considerations are given below;

(₹ in Lac)

S. No.	Name of Company	Number of Shares	Value Per Share (in ₹)	Total Consideration
1	Your Investment (India) Limited	21,450	4,147.00	889.53
2	Own Investment (India) Limited	13,200	6,320.90	834.36
Total				1,723.89

Accordingly, a Memorandum of Understanding dated 24.11.2020, has been executed by and between Longwell Investment Pvt Ltd and A to Z Holding Pvt Ltd as well as Your Investment (India) Private Limited and Own Investment (India) Private Limited whereby, it was agreed that 21450 equity shares of Your Investment (India) Limited will be transferred to Longwell Investment Pvt Ltd and 13200 equity shares of Own Investment (India) Limited will be transferred to A to Z Holding Pvt Ltd. The company received an amount of ₹219 Lac as an advance upon execution of the said Memorandum of Understanding. The transfer of shares could not take place during the said period as the Demat Account of the Company was suspended/freeze on account of some technical issue at the end of Modi Rubber Ltd. The suspension of the Company's Demat Account was only on account of the fact that the Company is one of the promoters of Modi Rubber Ltd.

Further, in the month of March, 2021, the Company made a request to Longwell Investment Pvt Ltd. and A to Z Holding Pvt Ltd., to immediately release the balance sale consideration amount ₹1504.89 and the buyer company released the said consideration to the Company on March 18, 2021 and the Company also executed Irrevocable Power of Attorney in favour of buyer companies vis-à-vis the shares before March 31, 2021. As per the Understanding arrived between the parties, the shares shall be deemed to have been transferred irrecoverably upon payment of entire sale consideration. The proceeds received by the Company from the sale

of shares was subsequently utilized to clear the outstanding dues of the cane growers.

The suspension of the Demat Account of the Company has been lifted/revoked with effect from 15.03.2021 and the transfer of shares was done on April 12, 2021.

Keeping in view of principle of substance over form, the above sale of investments has been accounted for in the financial year ended March 31, 2021 and accordingly recognized profit on sale of investments of ₹1689.24 Lac as an "Exceptional Item" in the Statement of Profit and Loss for the financial year ended March 31, 2021 even though the equity shares of Your Investment (India) Private Limited and Own Investment (India) Private Limited were transferred to the buyer companies i.e., Longwell Investment Pvt Ltd. and A to Z Holding Pvt Ltd. on 12.04.2021.

- (iii) During the Current Financial year ended 31st March, 2021, the Sugar Unit of the Company has paid Interest of ₹330.00 Lac on cane Price arrears for the sugar season 2018-19. Interest amounting to ₹330.00 Lac relates to the period upto 31st March, 2020.

(B) Exceptional Items of the previous year:

- (i) During the previous financial year ended 31st March, 2020, the Sugar Unit of the Company has paid interest of ₹2783.90 Lac on cane arrears for the Sugar Season 2015-16 and Sugar Season 2017-18 and ₹58.50 Lac on commission payable to cane societies. Interest amount of ₹2783.90 Lac related for the period upto 31st March, 2019.
- (ii) During the previous financial year, the Company has paid quality claims of ₹222.58 Lac which includes ₹156.04 Lac relating to sales affected till 31.03.2019 and balance amount of ₹66.54 Lac relates to closing stock as on 31.03.2019 which was sold later on.
- (iii) The Company had issued 2,27,960 partially convertible debentures (12.5% interest) of ₹250 each pursuant to the Board meeting held on 31.03.1986. Non-convertible portion of ₹200 each is unpaid in respect of 1,63,046 debentures as on 31.03.2020 and the further details are given below;
- (a) The convertible part of ₹50/- of the fully paid-up debentures was duly converted into 5 equity shares of ₹10/- each as per the terms of the issue and non-convertible portion of ₹200/- each continued with Modi Industries Ltd.

- (b) Out of the total Debentures issued by the Company, 57,869 number of Debentures were subscribed by the Promoter group, and subsequently, 57,012 Debentures were purchased by Citibank on 30.06.1989 from the Promoter Group. The said debentures were transferred to Citibank before the redemption period of the said Debentures. Subsequently, Citibank transferred the said 57,012 Debentures to Canbank Financial Services Ltd. on 31.12.1992 again much before the date of redemption of the said Debentures.
- (c) As per the terms of the issue of the Debenture document as well as Agreement executed between Modi Industries Ltd. and Debenture Trustee dated 31.05.1990, the said Debentures were required to be redeemed at best within 7 – 9 years. The Condition no. v of the issue of the said Debentures (as well as Article – III, Clause – v of the debenture agreement) deals with Redemption and the same is reproduced herein below:
- “The Non-convertible part of ₹200 of each Debenture shall be redeemed at par in three annual installments of ₹65/-, ₹65/- and ₹70/- at the end of 7, 8 and 9 years respectively from the date of allotment. The interest on the Debentures shall cease to accrue and shall cease to be payable from the dates of their redemption.”*
- (d) The records available with the Company shows that the said Debentures purchased by Canbank Financial Services Ltd. were not presented for redemption on the expiry of 7th, 8th and 9th year respectively as per the terms of the issue of Debentures and the same were unlawfully transferred to 3A Capital Services Ltd. on 14.11.2015 and 09.02.2016. The transfer of the said 57,012 Debentures in favor of 3A Capital Services Ltd. was inadvertently and under an incorrect impression of law was recorded by Modi Industries Ltd.
- (e) The transfer in favour of 3A Capital Services Limited was per se bad since the same was done after the expiry of mandatory period of redemption as per the terms of the issue of Debentures as well as provisions of the Companies Act, 2013 (and the Companies Act, 1956). Modi Industries Ltd. in its Board Meeting held on 14.11.2019 had revoked the transfer of the said 57,012 Debentures in favour of 3A Capital Services Ltd. and has restored the same in favour of Canbank Financial Services Ltd. The said action taken by the Company in its Board Meeting was duly communicated to 3A Capital Services Ltd. as well as to Canbank Financial Services Ltd. vide letters dated 14.11.2019 and 23.11.2019 respectively.
- (f) After a lapse of almost 4 years since the incorrect purchase of the Debentures, 3A Capital Services Ltd. filed a petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 before NCLT, Allahabad inter-alia claiming an amount of ₹850 Lac approx. against the said 57,012 Debentures. The petition filed by 3A Capital Services Ltd. was withdrawn on the first date of hearing i.e. 07.11.2019 with the liberty to file fresh petition.
- (g) Pursuant to the above, Modi Industries Ltd. filed a Civil Suit before the District Court, Ghaziabad inter-alia contending that 3A Capital Services Limited is not the rightful owner of the 12.5% 57,012 Non-Convertible Debentures held by them. The Ld. Civil Judge (Sr. Div.) District Court, Ghaziabad vide order dated 27.11.2019 was pleased to admit the said suit filed by the Company and further the Ld. Court granted an injunction against 3A Capital Services Ltd., inter-alia, restraining 3A Capital Services Ltd. from seeking redemption of the 57,012 Debentures held by them.
- (h) Thereafter, 3A Capital Services Ltd. now again filed a fresh petition under Section 7 of the Insolvency and Bankruptcy Code 2016 before NCLT, Allahabad to recover an amount of ₹5800 Lac approx. against the Debentures held by them, wherein the principal amount claimed is only ₹114.02 Lac and the interest amount claimed is ₹5713.63 Lac.
- (i) The purported claim made by 3A Capital Services Limited in the petition filed before NCLT, Allahabad is not only baseless and frivolous but the same is hopelessly barred by time. 3A Capital Services Ltd. in support of their claim has relied upon the earlier Balance Sheet of the Modi Industries Ltd. to show that their claim is not time barred, however, the fact of the matter is that the reliance placed on the Balance Sheet is misplaced and misdirected and there is no admission of interest in the Balance Sheet.

- (j) It is hereby clarified for all purposes the amount claimed by 3A Capital Services Ltd. is not admitted by Modi Industries Ltd and they have merely placed reliance on mere notes to accounts and the amount mentioned under the category of Contingent Liability (calculated since 2004) to show that there is admission of the amount claimed by 3A Capital Services Ltd. The so-called liability as claimed by 3A Capital Services Ltd. is not an admitted liability and that is why it is mentioned under the category of Contingent Liabilities and Notes and thus it was not provided for.
- (k) The Company had also realized that the calculation of the amount in respect of the category of Debenture Holders carrying 12.5% which has been provided for up till the year 2004 was also incorrect keeping in mind the provision of the Companies Act, 2013 read with the relevant terms of the debenture document.
- (l) In view of the above and also by relying on the legal opinion, the Board of Directors of the Company on the recommendation of the Audit Committee of the Board approved provision/payment of interest till the specified/mandatory date of redemption of these debentures i.e. till 7th, 8th & 9th year from date of issue only and not thereafter.
- (m) In view of the above the following scenario emerges;
- (i) The interest that had to be provided in respect of the above said debentures was up to the date of redemption respectively, amounting to ₹541.00 Lac (excluding principal) which has been retained in the books of accounts as on 31st March, 2020;
- (ii) The Interest amounting to ₹1,423.66 Lac which had been wrongly provided up to 31.03.2004 in the P&L Account has been written back as an "Exceptional Item" in the Statement of Profit and Loss for the year ended 31st March, 2020 as per Accounting Standard 5 i.e. "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies"
- (iii) Additionally, an interest amounting to ₹12,702.53 Lac (calculated from the Financial Year 01.04.2004 to 31.03.2019) which was put under the category of contingent liabilities and notes (interest not provided for) now stands omitted.
31. Deferred Tax Assets are ₹4,832.81 Lac as on 31st March, 2021 (Previous year ₹7,145.36 Lac) constituting mainly of unabsorbed depreciation, unabsorbed losses, provision for doubtful debts, provisions disallowed and interest on term loans disallowed in Income Tax. On conservative basis as required by the Accounting Standard 22, the net Deferred Tax Assets have not been recognized and position will be re-assessed at next balance sheet date. However, the estimated Deferred Tax Assets and Liabilities details are given as under:

Description	(₹ in Lac)	
	As at 31.3.2021	As at 31.3.2020
Deferred Tax Assets:		
(i) Disallowances under the Income Tax Act.	1450.37	1399.51
(ii) Provision for Doubtful Debts	585.82	477.06
(iii) Unabsorbed Depreciation	115.62	439.64
(iv) Unabsorbed Loss	4015.10	5805.18
Total	6166.91	8121.39
Deferred Tax Liabilities:		
(i) Expenses claimed in return but not charged to revenue in books of account	873.07	976.03
(ii) Difference between WDV of assets as per Companies Act and Income Tax Act.	461.03	-
Total	1334.10	976.03
Deferred Tax Assets (Net)	4832.81	7145.36

32. Till 31st March, 2016, certain Quarters of the Company were occupied unauthorizedly by ex-employees/outside. The Company has entered into "Agreement to Sell" for 215 (Previous year 215), such residential quarters with such parties. Sale consideration amounting to ₹504.50 Lac (Previous year ₹504.50 Lac) has been received as interest free advance. These "agreements" clearly stipulates that final sale of such quarters are subject to approval of Financial Institutions to whom these quarters have been mortgaged and the Company proposes to seek the same before affecting final sale of such quarters. Accordingly, the sale of such quarters will be accounted for only on receipt of approval of Financial Institutions. Further the Company has been legally advised that it can enter into such "Agreements to Sell" {Refer Note 27(9)}.
33. (a) The Steel Unit of the Company has entered into few leases, including perpetual leases, agreements for certain portions of the factory land and building 70,696.23 Sq. Mtrs (Previous year 40,141.91 Sq. Mtr.) for which approval of financial institutions, to

whom the factory land and buildings are mortgaged, is yet to be obtained. However, the Company has been legally advised that it can enter into such lease agreements. Further, the lease money was mainly utilized for payment of workers and statutory dues.

- (b) The Company has entered into a perpetual lease agreement for certain portion of closed Soap factory, land & building (1584 sq. mtrs.) to a related party. As the said land and building is mortgaged with the financial institutions therefore the Company had sought the approval of IDBI Limited (the lead financial institution) to the said transaction vide its letter dated 6th September, 2006. Since IDBI Limited did not respond, therefore the Company again wrote a letter to IDBI Limited on 5th April, 2007 requesting for its approval to the said transaction. The Company in the letter under reference also mentioned that if IDBI Limited does not respond to the Company's request, it will be deemed that the Company's request has been approved by IDBI Limited and the Company will go ahead with the said leasing agreement. The IDBI has so far not responded to the Company's letter. {Refer Note No.27(9)(b)}.
34. (a) Recovery Certificate (RC) was issued on 1st May, 2004 on account of non-payment of cane price/commission/interest due to Co-operative Societies for the sugar season 2003-04. The Hon'ble High Court has stayed the recovery proceedings against the Company subject to payment of dues upto 31st July, 2004. The Company has complied with the conditions regarding payment of cane price and commission on basic SMP upto 31st July, 2004. However, the Company has disputed the payment of interest of ₹142.00 Lac and recovery charges of ₹236.00 Lac in the Hon'ble Allahabad High Court which is still pending. On consideration of prudence, the Company has made provision for interest of ₹142.00 Lac during the year 2004-05.
- (b) Recovery Certificate (RC) was issued on 10th August, 2007 on account of non-payment of cane price/commission/interest due to Co-operative Societies for the sugar season 2006-07. The above RC also includes interest of ₹340.66 Lac upto 7th August, 2007 on cane price/commission payable to societies and recovery charges of ₹426.95 Lac which has not been provided for in the books of account. As per the Interim Order dated 27th February, 2008 of Hon'ble Supreme Court, there shall not be any recovery charges or interest for delayed payment at this stage.
- (c) Recovery Certificate (RC) was issued on 18th March, 2008 on account of non-payment of cane price/commission/interest due to Co-operative Societies

for the sugar season 2007-08. The above RC also includes recovery charges of ₹413.50 Lac which has not been provided for in the books of account.

- (d) Recovery Certificate (RC) was issued on 20th April, 2011 on account of non-payment of cane price/commission/interest due to Co-operative Societies for the sugar season 2010-11. The above RC also includes recovery charges of ₹268.25 Lac which has not been provided for in the books of account as stay granted by Hon'ble Allahabad High Court.
- (e) Recovery Certificate (RC) was issued on 21st February, 2014 on account of non-payment of cane price/commission/interest due to Co-operative Societies for the sugar season 2012-13. The above RC also includes interest of ₹1246.58 Lac and recovery charges of ₹450.79 Lac. No provision has been made for recovery charges in the books of account. Hon'ble Allahabad High Court vide its order dated 16th April, 2014 has stayed the recovery charges of ₹278.99 Lac. Further the Company has paid interest on cane arrears.
- (f) Following three recovery certificates were issued by Cane Commissioner for Sugar Season 2013-14 to 2015-16 on account of delayed – payment of cane price/interest due to Co-operative Societies:

(₹ in Lac)

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

(i) **Recovery Charges:**

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

(ii) **Interest Charges:**

State Government waived interest charges of the above three sugar seasons. In a writ filed against the above by Rashtriya Kisan Mazdoor Sangathan, the Hon'ble Allahabad High Court set aside the above decision of the State Government for waiver of interest for all the three years 2012-13, 2013-14, 2014-15 and asked the Cane Commissioner to look into the grievance of farmers that has been

so raised and then examine the claim of each and every Company on the parameters that have been so detailed in the order. Cane Commissioner will take final call in the matter within next four months from the date of receipt of certified copy of the order dated 09/03/2017 as per law.

Further proceedings are pending.

- (g) No provision for Interest of ₹2,286.61 Lac (Previous Year ₹2616.61) for the period upto 31st March, 2020 for the Sugar Season 2018-19 has been made.
- (h) No provision for Interest of ₹3,066.89 Lac (Previous Year ₹511.70 Lac) for the period upto 31st March, 2021 for the Sugar Season 2019-20 has been made.
- (i) No provision for Interest of ₹393.78 Lac for the period upto 31st March, 2021 for the Sugar Season 2020-21 has been made.
- (j) Recovery Certificate (RC) was issued on 20th February, 2020 on account of non-payment of cane price/commission/interest due to Co- operative Societies for the Sugar Season 2018-19. The above RC also includes recovery charges of ₹1041.79

Lac. In view of the direction issued in the case of Mahrajwa (Supra) as stated in note 3(f) (i) above, no provision for recovery charges is considered necessary by the management.

- (k) Recovery Certificate (RC) was issued on 12th October, 2020 on account of non-payment of cane price/commission/interest due to Co- operative Societies for the Sugar Season 2019-20. The above RC also includes recovery charges of ₹2416.46 Lac. In view of the direction issued in the case of Mahrajwa (Supra) as stated in note 3(f) (i) above, no provision for recovery charges is considered necessary by the management.

35. Impairment of assets, if any, as per Accounting Standard AS-28 i.e. impairment of assets has not been ascertained in Sugar Unit.
36. The following are the particulars of dues on account of sales tax, excise duty, entry tax, income tax, House Tax, Water Tax and others as at 31st March, 2021 that have been disputed by the Company in appeals pending before appellate authorities {Refer Note No. 27(4) and 27(9)}.

Name of statute	Nature of the dues	Amount of dues (₹ Lac)	Amount deposited under protest (₹ Lac)	Period to which the amount relates	Forum where disputes is pending
U.P.VAT Act	VAT Tax, Penalty, Interest, Exemption to New Units.	2732.96	18.35	1982-83 to 1984-85, 1987-88, 1990-91 & 1991-92, May 91 to March 96	Allahabad High Court.
	VAT Tax and Penalty	@233.15	113.58	1952-53, 1981-82, 1984-85 to 1986-87, 1988-89, 1992-93, 2000-01 to 2001-02, 2007-08	Commercial Tax Tribunal, Ghaziabad
	VAT Tax and Penalty	362.78	138.67	1986-87, 1994-95 to 99-2000	Joint Commissioner (A), Ghaziabad.
	VAT Tax	18.05	-	2001-02, 2003-04. 2005-06	Deputy Commissioner. (Assessment), Modinagar.
	Penalty under VAT Tax	4.37	0.45	2008-09	Trade Tax Tribunal, Ghaziabad
Central Sales Tax Act	Central Sales Tax	144.35	3.53	1986-87, 1988-89, 1992-93, 1997-98 and 2000-01	Commercial Tax Tribunal, Ghaziabad.
	Central Sales Tax	50.25	9.68	1994-95 to 1996-97 and 1999-2000	Joint Commissioner Appeals, Ghaziabad
	Central Sales Tax	6.76	-	1997-98, 2005-06	Deputy Commissioner (A), Modinagar
State Sales Tax Act	State Tax	10.56	0.20	1992-93	Additional Commissioner, Sales Tax, Delhi.
	Sales Tax	5.97	2.00	1985-86, 1997-98, 2002-03, 2004-05 & 2005-06	State Tax
	Sales Tax	0.82	0.05	2014-15	State Tax
	Penalty (HGST)	0.30	-	1991-92	Tribunal Sales Tax, Chandigarh.
	State Tax	15.79	1.79	1989-90 to 1993-94, 1998-99 and 2006-07	Deputy Commissioner (A), States
Central Sales Tax Act (States)	Central Sales Tax	1.92	0.29	1988-89 to 1992-93.	Appellate Authority/DC (Appeals), Delhi

Central Excise & Custom Act	Custom duty	*43.91	-	1.3.2001 to 25.4.2001	Civil Court, Ghaziabad.
	Excise Duty	0.70	-	2002-03 & 2003-04	Supreme Court of India.
	Excise Duty	70.40	-	2008-09 to 2012-13	Commissioner (Appeals), Meerut.
Central Excise & Custom Act	Excise Duty	167.43	50.00	1985-86	Delhi High Court
		0.49	0.25	2004-05	Allahabad High Court.
		0.74	0.20	1996-97	Commissioner of Central Excise, Ghaziabad.
		**56.66	-	February, 1981 to February, 1987 October 2002 to January 2005	CESTAT
		5.00	-	Information not available.	Information not available.
		6.34	6.34	2009 onwards	Supreme Court of India
House-tax & Water-tax		67.95	-	2020-21	Nagarpalika Modinagar

@ Provided for ₹82.60 Lac in the Accounts

*Provided for in the Accounts.

**Provided for ₹32.20 Lac in the Accounts

37. RELATED PARTIES DISCLOSURE

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

Subsidiaries {Refer Note 27(30)(A)(ii)}:

Own Investment (India) Limited

Your Investment (India) Limited

2. **Key Management Personnel:**

Shri Umesh Kumar Modi, Chairman and Managing Director. Appointment as Managing Director approved by shareholders. Approval of Central Government is awaited.

Shri Mahendra Kumar Modi *

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

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

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

Modipon Limited @

Ashoka Mercantile Limited @

Weld Excel India Limited @

Daisy Investment Pvt. Ltd. @

Bihar Sponge Iron Limited

Longwell Investment Pvt. Ltd.

SBEC Bio-energy Limited

SBEC Sugar Limited

Moderate Leasing & Capital Services Limited

Modi Hitech India Limited

Technicast Engineers Limited

SBEC System India Limited

Modi Mundipharma Private Limited

Win-Medicare Private Limited

Modi Motors Private Limited

Modi Illva India Private Limited

Modi Line Travel Services Private Limited

Modi Mundipharma Beauty Products Private Limited

Modi Senator (India) Private Limited

Jayesh Tradex Private Limited

A to Z Holding Private Limited

@Related party upto 8th September, 2020. {Refer Note No. 27(7)}.

4. Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2021:

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

	(₹ in Lac)	
Particulars	2020-21	2019-20
Sale of Goods		
Modi Mundipharma Pvt. Ltd.	27.83	-
Jayesh Tradex Pvt. Ltd.	4.91	-
SBEC Sugar Limited	3.19	4.70
Win Medicare Private Limited	1.88	1.20
Modi Illva India Private Limited	0.32	0.71
Modi Hitech India Ltd.	0.12	-
Modi Motors Pvt. Ltd.	0.11	-
	38.36	6.61
Purchase of Goods/Raw Materials		
SBEC Sugar Limited	16.20	37.40
Jayesh Tradex Private Limited	157.98	133.01
Modi Hitech India Limited	25.47	19.30
Modi Motors Private Limited	27.48	9.12
Modi Mundi Pharma Beauty Products Pvt.Ltd.	2.47	3.06
	229.60	201.89
Purchase of Assets		
Jayesh Tradex Private Limited	6.01	5.63
Purchase of Foreign Currency		
Moderate Leasing & Capital Services Limited	-	0.80
Rental Income		
Win Medicare Private Limited	96.83	85.55
Modi Motors Private Limited	12.00	12.00
Modi Mundipharma Private Limited	0.18	10.89
SBEC Sugar Limited	-	0.15
Modi Mundi Pharma Beauty Products Pvt.Ltd.	0.36	0.36
Others	0.16	0.33
	109.53	109.28
Payment of Lease Rent		
SBEC Bio-energy Limited	5.56	9.49
Expenses reimbursed		
Win Medicare Private Limited	0.16	0.26
SBEC Sugar Limited	0.11	0.15
Jayesh Tradex Private Limited	0.11	0.64
	0.38	1.05
Sale of shares/investments		
{Refer Note No. 27(30)(A)(ii)}		
A to Z Holdings Pvt. Ltd.	834.36	-
Longwell Investments Pvt. Ltd.	889.53	-
	1723.89	-

Particulars	(₹ in Lac)	
	2020-21	2019-20
Expenses realized		
SBEC Sugar Limited	4.90	-
Advance against sale of Investments		
Daisy Investment Pvt. Ltd.	17.50	-
Interest paid on Loan taken		
Moderate Leasing & Capital Services Limited	79.84	45.63
Loan and Advances taken		
Moderate Leasing & Capital Services Limited	1095.29	1074.00
Receiving of Services		
Modi Line Travel Services Private Limited	2.97	19.93
SBEC Sugar Limited	-	0.68
	<u>2.97</u>	<u>20.61</u>
Debentures redeemed (including Interest ₹5.60 Lac)		
Moderate Leasing & Capital Services Limited.	10.60	-
Security Deposit received		
Moderate Leasing & Capital Services Limited.	1432.00	-
Refund of Loan and Advance		
Moderate Leasing & Capital Services Limited.	499.00	1052.47
(B) Balances outstanding at the year end:		
(Refer Foot Note 1 below)		
Interest recoverable		
Ashoka Mercantile Limited		
{Foot Note No.1(b) and 6}	#	64.07
Amount recoverable		
Good	# 11.89	16.71
Doubtful	#	3.78
Security deposit to Weld Excel India Limited		
Against Cylinders	#	32.66
Against Oxygen Filling Plant		
{Foot Note No.1(b) and 5}	#	4.00
Security deposit recoverable for quarters		
{Foot Note No.1(b) and 6}		
Ashoka Mercantile Limited	#	798.30
Modipon Limited	#	147.63
Interest payable		
Moderate Leasing & Capital Services Limited	73.85	41.07

Particulars	(₹ in Lac)	
	2020-21	2019-20
Amount payable		
Weld Excel India Limited {Foot Note 1(b)}	#	323.15
SBEC Sugar Limited	499.23	623.53
SBEC Bioenergy Limited	22.55	19.60
Modi Mundi Pharma Beauty Products Private Limited	39.58	37.11
Jayesh Tradex Private Limited	34.25	37.47
Modi Motors Pvt. Ltd.	2.62	5.85
Modi Hitech India Limited	14.45	21.65
Modi Line Travel Services Private Limited	1.10	2.35
Daisy Investment Pvt. Ltd.	#	-
Others	5.69	5.69
Unsecured Loan taken Outstanding		
A to Z Holding Private Limited	24.89	24.89
Moderate Leasing & Capital Services Limited	2178.66	110.65
Weld Excel India Limited {Foot Note 1(b)}	#	45.00

(C) Payment to the Key Management Personnel:		(₹ in Lac)	
		Year	
		2020-21	2019-20
i)	Amount payable (for gratuity)	3.35	3.35
ii)	Shri Mahendra Kumar Modi@	#	0.01

@Refer Foot Note 1(b) below.

Related party upto 8th September, 2020. {Refer Note No. 27(7)}.

Foot Notes:

1. (a) The above excludes amount payable/receivable to/from related parties in the books of Steel Unit in view of non-incorporation of Balance Sheets for these years on account of non-availability of opening audited balances as on 01.04.1993.
- (b) Transactions with the enterprises over which the Key Management Personnel and their relatives are able to exercise significant influence excludes amounts relating to Electrode, Paint and Gas Units and Central Accounts Department (CAD) for the years 2019-20 and 2020-21 in view of non-incorporation of financial statements of these units and CAD {Note No. 27(9)}.

Balance outstanding as on 31st March, 2020 and 31st March, 2021 of related parties in the books of these units/CAD are not available. Hence, as stated in Note No. 27(9)(b) above, balances outstanding as on 31st March, 2016 and Foot Notes given below in 2015-16 have been repeated in the current year also without updating for changes, if any, happened subsequently.

2. During the financial year 2010-11, Electrodes Unit of the Company has taken office premises in Delhi on sublease basis from Weld Excel India Limited (WEIL), a related party, under operating lease for an initial period of three years as non-cancelable period at monthly rent of ₹4.15 Lac and the lease was further renewed for a period of three years w.e.f. 1st April, 2013 at an increase 15% over the current lease rent i.e. ₹4.78 Lac per month. Lease agreement has now been further renewed at reduced rent of ₹4.15 Lac per month for a period of three years w.e.f. 1st April, 2016. {Refer Note No. 27(9)(b) above}.
3. Electrode Unit of the Company has taken premises for office cum guest house cum residence of Shri M.K. Modi in Chatarpur, New Delhi on operating lease basis and having sharing agreement with WEIL with effect from 1st November, 2011 (for a period of two years and further extended till 31st December, 2016) at monthly rent of ₹1.60 Lac with effect from 1st January, 2015 (our share net of recovery for Shri M.K. Modi). The Company is legally advised that sharing of lease/rent between related party are not covered under the provisions of related party transactions specified under section 188 of the Companies Act, 2013. {Refer Note No.27(9)(b) above}.

4. Electrode Unit of the Company had entered into a trade mark license agreement with WEIL with effect from 1st May, 2009 (for the period five years and further extended on 1st May, 2014 for next six years) wherein the right to use MODI's trade mark, logo and brand for arc welding filler metals and welding equipments was given to WEIL at a royalty of 1% of the net sale price. {Refer Note No.27(9)(b) above}.
5. Oxygen Filling Plant taken on operating lease for 2 years (non-cancelable) on 1st January, 2012 at monthly rent of ₹1.00 Lac was renewed for period of one year from 1st January, 2015 to 31st December, 2015. Lease period subsequently extended for one more year w.e.f. 1st January, 2016 at the same monthly rent of ₹1.00 Lac. {Refer Note No.27(9)(b) above}.
6. Unsecured Security deposits amounting to ₹798.30 Lac as on 31st March, 2016 given during May, 2011 against temporary possession of 43 (Previous year 47) houses in Modinagar on which interest charged @ 8.50% with effect from 1st April, 2014. {Refer Note No.27(9)(b) above}.
7. The Hon'ble Supreme Court in SLP (Civil) No. 23095-23097 of 2010 (M.K. Modi Vs. U.K. Modi) has passed an order dated 27th August, 2010 directing to maintain 'Status quo' with regard to the Management of the Company. In view of the above the Company could not appoint additional independent director to enable it to comply with the provisions of Section 177 and 188 of the Companies Act, 2013, with respect to transactions with the related parties where applicable.
- However, in view of the settlement with Shri M.K. Modi as stated in Note No. 7(iii) above, Shri M.K. Modi has applied for the withdrawal of the above status quo order. Further, the Company has appointed few additional directors as well as independent directors on 9.9.2020 and the related party transactions are now in compliance of Section 177 and 188 of the Act.
38. During the Financial Year 2017-18, short term unsecured interest free advance amounting to ₹30.00 Lac was given to a party which has been transferred to another party during the previous financial year and is outstanding as on 31st March 2021.
39. Additional information as required by Schedule III of Companies Act, 2013:

(i) **Prior period items:**

(₹ in Lac)

Sl. No.	Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
(A)	Income	-	-
(i)	Revenue from operations	-	-
(ii)	Other Income	-	-
	Total	-	-
(B)	Expenditure		
(i)	Quality Claim	-	156.04
(ii)	Employees Benefit Expenses	-	0.05
(iii)	Reduction in Value of Closing Stock	-	66.54
(iv)	Discount & Sales Promotion Expenses	-	-
(v)	Other expenses (Net of reversal)	-	2.56
	Total	-	225.19

(ii) **Cost of materials consumed:**

(₹ in Lac)

Sl. No.	Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
(a)	Sugar cane	28,865.21	28,111.45
(b)	Molasses	236.06	117.38
(c)	Extra neutral alcohol (ENA)	2,624.00	2,290.61
(d)	Vatted Malt Scotch Whisky	2,516.43	2,312.74
(e)	Special Denatured Spirits	119.20	-
(f)	Blended Malt Scotch	74.04	219.80
(g)	Others	485.82	411.51
	Total	34,920.76	33,463.49

(iii) Manufactured goods:

(₹ in Lac)

Sl. No.	Particulars	Sales @		Opening Inventory		Closing Inventory	
		For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	Sugar	30,814.93	32,617.31	5,454.83	6,673.33	6,038.48	5,454.83
(b)	Molasses (By product)	1,514.81	1,070.94	468.59	155.89	635.06	468.59
(c)	Bagasse (By product)	358.58	334.74	29.00	34.36	25.80	29.00
(d)	Spirit	15.96	9.61	73.66	13.04	5.37	73.66
(e)	Extra neutral alcohol (ENA)	-	-	-	0.40	-	-
(f)	Indian made foreign liquor (IMFL)	65,537.81	52,960.86	3,198.14	2,156.61	3,238.43	3,198.15
(g)	Blended Scotch Whisky	72.81	223.99	-	-	-	-
(h)	Bio-organic manure	8.60	23.45	-	-	-	-
(i)	Special denatured spirit	470.75	243.85	5.37	-	-	5.37
(j)	Hand Sanitizer	335.74	-	-	-	-	-
(k)	Paints & Varnish	-	-	101.86	101.86	101.86	101.86
(l)	Disolved Acetylene	-	-	3.42	3.42	3.42	3.42
(m)	Carbon di oxide	-	-	0.33	0.33	0.33	0.33
(n)	Argon	-	-	0.01	0.01	0.01	0.01
(o)	Oxygen	-	-	0.23	0.23	0.23	0.23
(p)	Welding Electrodes	-	-	130.13	130.13	130.13	130.13
(q)	Flux	-	-	-	-	-	-
(r)	Wires*#	-	-	-	2.52	-	2.52
(s)	Rods,Flats, Sections*	-	-	-	398.25	-	398.25
(t)	Oxygen Gas*	-	-	-	0.05	-	0.05
(u)	Scrap & Others*	-	-	-	54.81	-	54.81
	TOTAL	99,129.79	87,484.75	9,465.57	9,725.24	10,179.12	9,921.21

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

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

Refer Note No. 27(4)(f)(ix) for difference in value of opening and closing stocks of ₹455.64 Lac. (Previous year ₹292.83 Lac)

(iv) *Traded goods:

(₹ in Lac)

Sl No.	Particulars	Sales		Purchases		Opening Inventory		Closing Inventory	
		For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	Satina Uni. Stainer	-	-	-	-	0.01	0.01	0.01	0.01
(b)	Glowlite putty	-	-	-	-	0.01	0.01	0.01	0.01
(c)	Cane Pesticides	132.51	17.63	132.51	17.63	-	-	-	-
(d)	Oxygen Gas	-	-	-	-	0.03	0.03	0.03	0.03
(e)	Nitrogen Gas	-	-	-	-	0.14	0.14	0.14	0.14

(₹ in Lac)

SI No.	Particulars	Sales		Purchases		Opening Inventory		Closing Inventory	
		For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020
(f)	Hydrogen Gas	-	-	-	-	0.65	0.65	0.65	0.65
(g)	N2H2 Mixure	-	-	-	-	0.06	0.06	0.06	0.06
(h)	Carbon di oxide Gas	-	-	-	-	0.01	0.01	0.01	0.01
(i)	Argon Gas	-	-	-	-	0.96	0.96	0.96	0.96
(j)	Zero Air Gas	-	-	-	-	0.02	0.02	0.02	0.02
(k)	Freight on above	-	-	-	-	-	-	-	-
	Total	132.51	17.63	132.51	17.63	1.89	1.89	1.89	1.89

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

(v) Services rendered:

(₹ in Lac)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Product Development Charges	-	-
Sale of Export Entitlement	164.09	-
Bottling Charges	48.61	39.29
TOTAL	212.70	39.29

(vi) Work-in-progress:

(₹ in Lac)

S.I.No.	Particulars	Opening Inventory		Closing Inventory	
		For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	Sugar	246.92	177.01	365.74	246.92
(b)	Indian made foreign liquor (IMFL)	82.58	75.44	75.54	82.59
(c)	Paints & Varnish*	31.42	31.42	31.42	31.42
(d)	Welding Electrodes*	20.48	20.48	20.48	20.48
(e)	Flux*	0.78	0.78	0.78	0.78
(f)	Steel #	-	40.32	-	40.32
	TOTAL	382.18	345.45	493.96	422.51

Refer Note No. 27(4)(f)(ix) for difference in value of opening and closing stocks of ₹40.32 Lac. (Previous year: NIL)

(vii) Other Information:

(₹ in Lac)

SI.No.	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A)	Value of imports on CIF basis:		
	Raw materials(cost of material acquired)	854.71	911.40
(B)	Expenditure in foreign currency:		
(i)	Travelling	-	0.80
(ii)	Stores purchased	115.22	462.52
(C)	Earning in foreign exchange		
	Value of Export on FOB basis (including indirect export benefits availed by third parties)	-	-

Sl.No.	Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
		(₹ in Lac)	%age	(₹ in Lac)	%age
(D)	Value of Imported/Indigenous:				
(a)	Raw materials consumed:				
(i)	Imported	2,649.46	7.59	2,584.77	7.72
(ii)	Indigenous	32,271.30	92.41	30,878.72	92.28
	TOTAL	34,920.76	100.00	33,463.49	100.00
(b)	Spare parts and components consumed:				
(i)	Imported	-	-	-	-
(ii)	Indigenous	771.74	100.00	414.89	100.00
	TOTAL	771.74	100.00	414.89	100.00

Foot-note:

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

40. The Company had availed various term loans from IDBI, IFCI, ICICI, PNB, LIC, GIC and its subsidiaries against the security of its movable/immovable assets prior to the split of MIL in 1989 and towards compliance of the terms and conditions imposed by the said Banks, the Managing Directors/Promoters of the company had executed undertakings for non-disposal of their respective shares (including the shares acquired in future) of Modi Industries Limited (MIL) held by Promoters (including their group/associate companies/affiliates/assignees/legal heirs).

On account of heavy losses incurred by the MIL, MIL could not repay the said loans and was declared sick in terms of provisions of SICA, 1985.

Thereafter, SBEC Bioenergy Ltd. as well as the SBEC Sugar Ltd. settled and paid the dues of various Financial Institutions i.e., IDBI, IFCI, ICICI and PNB by virtue of Registered Deed of Assignments. The said Assignments were subsequently transferred in favour of the SBEC Sugar Ltd. vide various Deeds of Assignments. By virtue of such Assignment Deeds, the said Non-Disposable Undertakings were given in favour of IDBI, IFCI, ICICI & PNB are stood automatically transferred in favour of SBEC Sugar Ltd.

At present SBEC Sugar Limited is the major secured creditor of the Company. Therefore, the Company has now undertaken that none of the assets of MIL shall be sold/alienated/transferred without the permission of SBEC Sugar Ltd. as long as the dues of SBEC Sugar Ltd. are payable and outstanding.

41. Impact of componentization of Property, Plant & Equipment and ascertaining useful life and original cost/estimated value of such components as on 1st April, 2015 as required by the amended Schedule II of the Companies Act, 2013 is pending. Impact, if any, on the depreciation for the year ended 31st March, 2017, 31st March, 2018, 31st March, 2019, 31st March, 2020 and 31st March, 2021 are yet to be ascertained by the Management.
42. Previous year's figures have been regrouped wherever necessary.

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

As per our report of even date.

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

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

Rakesh Kumar Modi
(DIN-00022286)
Director

Laxman Prasad
Partner
Membership No. 013910
Dated: 9th November, 2021
Place: Modinagar

Shobit Nehra
(ACS-31863)
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of Modi Industries Limited

Report on the Audit of the Consolidated Financial Statements

1. Adverse Opinion

We have audited the accompanying Consolidated Financial Statements of Modi Industries Limited (hereinafter referred to as "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2021, the Consolidated Statement of Profit and Loss and the Consolidated Cash flow Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information. (Refer Note No. 25 regarding "Basis of Consolidation").

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying Consolidated Financial Statements do not give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and also do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2021, of their consolidated profit and their consolidated cash flows for the year ended on that date. (Refer Note No. 25 regarding "Basis of Consolidation").

2. Basis for Adverse Opinion

- (A) The books of accounts, vouchers and other documents of the closed Steel Unit of the Holding Company for the financial year 1992-93 were not made available to us and consequently audit could not be conducted in respect of the same. (Refer Note No. 27(3) of the Consolidated Financial Statements). Therefore, the attached Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement does not include: (a) the financial data/impact of working results and of declaration of closure/post-closure transactions, which includes sales and realization of depot sales/dues from debtors, provision/payment of final dues of employees and payments to various parties and manufacturing/personnel/administration expenses etc., of the Steel Unit for the year 1992-93 during which the Unit had operated for ten months the exclusion of which, in our opinion, substantially impairs the presentation of above Consolidated Financial Statements of the Group especially in view of the fact that (i) the assets and liabilities of Steel Unit constituted 28% and 43% respectively of the total Assets & Liabilities of the Company as at 31st March, 1992 and the Income & Expenditure of the Steel Unit constituted 30% and 32% respectively of the total Income & Expenditure of the Holding Company for the said year which resulted in a loss of ₹787.22 Lac for the Steel Unit and (b) impact on assets, liabilities and cash flows on account of non-incorporation of transactions/balance sheets for the years 1993-94 to 2020-21 as stated in Note No. 27(3)(c) of the Consolidated Financial Statements.
- (B) The books of accounts, vouchers and other documents of the closed Electrodes, Paints and Gas Units of the Holding Company and of Central Accounts Department of these Units (hereinafter collectively referred to as "3 Units & CAD") for the years 2016-17 to 2020-21 were also not made available to us and consequently audit could not be conducted in respect of the same. (Note No. 27(7) of the Consolidated Financial Statements). Therefore, the attached Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement does not include: (a) the financial data/impact of working results and of declaration of closure/post-closure transactions, which includes realization of depot sales/dues from debtors/consignees, provision/payment of final dues of employees, impairment loss, if any, for these 3 closed Units and payments to various parties and manufacturing/personnel/administration expenses etc., of these 3 Units & CAD for the year 2016-17 during which these 3 Units & CAD had operated/worked for more than 6 months, the exclusion of which, in our opinion, also substantially impairs the presentation of above Consolidated Financial Statements of the Group especially in view of the fact that the assets and liabilities of these 3 Units & CAD (excluding inter-unit balances) were ₹3,438.85 Lac and ₹6,324.10 Lac respectively as at 31st March, 2016 and the Income (net of excise-duty realized) & Expenditure of these 3 Units & CAD were ₹4,759.60 Lac and ₹5,663.79 Lac respectively for the said year which resulted in a net loss of ₹904.19 Lac for these 3 Units & CAD for the year ended 31st March, 2016 and (b) impact on assets, liabilities, loss and cash flows on account of non-incorporation of financial statements of these 3 Units and CAD for the years 2017-18 to 2020-21 also as stated in Note No. 27(7).
- (C) We draw attention to Note No. 27(18)(B)(iii) regarding interest payable on 12.5% debentures wherein, by relying on the legal opinion, the Holding Company has: (i) retained liability of ₹541 Lac as on March 31, 2020 in the books of account being interest payable till the specified date of maturity of these debentures and written back the excess amount of interest payable of ₹1,423.66 Lac in the books of account during the previous financial year as an "Exceptional Item" and (ii) accordingly, not quantified and disclosed as on 31.03.2020 & 31.03.2021 the amount of non-provision of interest in the Consolidated Financial

Statements (As on 31st March, 2019, non-provision of ₹12,702.53 Lac was disclosed in the financial statements). Since the matter (i.e. interpretation of terms and conditions contained in the documents/agreements with debenture holders/trustees) is sub-judice as stated in Note No. 27(18)(B)(iii), we, at this stage, are unable to express our opinion on the adequacy of interest provision retained in the books of account as on 31.03.2021.

- (D) Non-provision of interest aggregating to ₹5,747.28 Lac on cane arrears for Sugar Seasons 2018-19, 2019-20 and 2020-21. {Note No. 27(21) (g, h & i)}.
- (E) Further to our comments in paragraphs 2(A to D) above, we report that:
- i. Understatement of accumulated losses on account of non-incorporation of impact of operational/working results/declaration of closure and post closure transactions of Steel Unit of the Holding Company for the year 1992-93 and over-statement of assets and under-statement of liabilities as on 31st March, 2021, amount/impact unascertained. {Refer Note No. 27(3) of Consolidated Financial Statements and Paragraph 2(A) above}.
 - ii. Understatement of accumulated losses on account of non-incorporation of operational/working results/declaration of closure and post closure transactions of 3 Units & CAD of the Holding Company for the financial years 2016-17 to 2020-21 and over-statement of assets and under-statement of liabilities as on 31st March, 2021, amount/impact unascertained. {Refer Note No. 27(7) and Paragraph 2(B) above}.
 - iii. Understatement of losses on account of non-provision of: (a) interest on loans taken, obsolete inventories, doubtful debtors/loan and advances and impairment loss, and (b) on account of not conducting physical verification of inventories and property, plant & equipment etc. in closed Steel Unit as stated in Note Nos 27(3)(f)(i) to (vii) and Note No. 27(4) of the Consolidated Financial Statements. Further, in the absence of details of quantity and value of opening inventory appearing in the books of account and the non-classification of sale of scrap into inventory or property, plant and equipment, the value of scrap sold during the year of ₹724.10 Lac (upto 31st March, 2020 ₹440.11 Lac) have been reduced from inventory appearing in the balance sheet as on 31st March, 2021 and depicted as “opening finished goods stock charged to revenue” in Note No. 24 of ‘Other Expenses’. Amount of non-provision/under or over-statement of profit for the year and accumulated losses not ascertained by the management.
 - iv. Understatement of losses on account of non-provision of: (a) interest on loans taken, obsolete inventories, doubtful debtors/loan and advances and impairment loss, and (b) on account of not conducting physical verification of inventories and property, plant & equipment etc. in closed Electrode, Paints, Vanaspati and Gas units and CAD as stated in Note No. 27(7) of the Consolidated Financial Statements. Amount of non-provision/under-statement of losses not ascertained by the management.
 - v. Non-provision of impairment loss, amount unascertained by the management, of assets of Sugar Unit as stated in Note No. 27(22).
 - vi. Impact of componentization of property, plant & equipment and ascertaining useful life and original cost/estimated value of such components as on April 01, 2015, as required by the amended Schedule II of the Companies Act, 2013, is pending. Impact, if any, on the depreciation expense for the 6 years ended March 31, 2016 to 31st March, 2021 are yet to be ascertained by the management. [Note No. 27(29)].
 - vii. Non-provision of interest on overdues of Micro, Small and Medium Enterprises as stated in Note Nos. 27(3), 27(7) and 27(10). Amount of non-provision not ascertained.
 - viii.
 - (1) Non-provision of late payment surcharge/recovery charges ₹302.66 Lac (Previous year ₹302.66 Lac) {Note No. 27(8)};
 - (2) Non-provision of ESI demand ₹70.53 Lac (previous year ₹69.36 Lac) {Note No. 27(9)};
 - (3) Non-provision of simple, penal and compound interest of ₹26,302.46 Lac (for the year ₹1,316.85 Lac) on term loans, ₹9,569.16 Lac on debentures {Note No. 27(12)(a & b)& 27(18)(B)(iii)} and interest/bank charges ₹8,951.72 Lac (for the year ₹1,281.66 Lac) on cash credit from banks {Note No. 27(12)(d) & (f)};
 - (4) Non-provision of Wages ₹27.46 Lac (Previous year ₹27.46 Lac) for the lock-out period {Note No. 27(14)};
 - (5) Non-provision of recovery charges of ₹413.50 Lac (Previous Year ₹413.50 Lac) for sugar season 2007-08. {Note No. 27(21)(c)}.

- (F) Confirmation of Debit/Credit balances of debtors/creditors/lenders including assignees of debt and of certain banks were not obtained. Impact on Consolidated Financial Statements is not ascertainable. {Note No. 27(16)}.
- (G) We further report that, without considering items mentioned at paragraphs 2 (A) to (C), (E)(i) to (vii) and (F) above, the possible effects of which could not be determined, had the observations made by us in paragraph 2(D) & (E)(viii) above been considered, the profit for the year would have converted into loss of ₹50,205.84 Lac (as against the reported profit of ₹1,178.93 Lac), accumulated losses in Note No. 2 would have been ₹79,286.38 Lac (as against the reported figure of ₹27,901.61 Lac) and current liabilities would have been ₹1,09,438.35 Lac (as against the reported figure of ₹58,053.58 Lac).

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

3. **Material Uncertainty related to Going Concern:** The Holding Company has been incurring huge losses continuously till financial years 2019-20 (losses for the nine years i.e. 2011-12 to 2019-20 amounts to ₹22,183.98 Lac), accumulated losses of ₹29,092.64 Lac as on 31st March, 2020 which are far in excess of paid-up equity capital & reserves (excluding revaluation reserve) of ₹991.68 Lac as on that date and the company was declared a sick company on 14th March, 1991 and was also issued a show cause notice for winding up by the Board for Industrial & Financial Restructuring on 28th October, 2013. Sick Industries Companies Act, 1985 repealed with effect from 01.12.2016. With the repeal of the SICA 1985, the Hon'ble BIFR and AAIFR ceases to exist and all matters and applications pending before the Hon'ble BIFR and AAIFR also abate. Presently, the company's current liabilities as per the financial statements as on 31st March, 2021 which also includes cane grower's dues(excluding un-provided interest on cane arrears upto 31st March, 2021) exceeded its current assets as per the Standalone Financial Statements as on 31st March, 2021 by ₹23,524.13 Lac. In our opinion, these events/conditions along with our observations in paragraph 2(B) above and substantial amount of arrears of cane grower's dues cast significant doubt on the ability of the company to continue as a going concern. However, various steps as stated in Note No. 27(11), inter alia revival of Electrode Unit, sale and lease of unproductive assets and improvement in results of working Units, are now being taken by the management so that the Company is treated as a going concern.

4. **Emphasis of Matter**

- (i) Unpaid amounts of unclaimed debentures, if any, as on 31.03.2021 to be deposited with Investor Education and Protection Fund has not been identified by the management.
- (ii) We invite attention to Note No. 27(19) regarding entering into agreements to sell 215 residential quarters, Note No. 27(20)(a) regarding entering into lease, including perpetual lease, agreements for 70,696.23 Sq. Meters of factory land & buildings and Note No. 27(20)(b) regarding entering into perpetual lease agreement for 1584 Sq. Meters of factory land for which the approvals of financial institutions, to whom these quarters and factory land & buildings are mortgaged, were not obtained.
- (iii) We invite attention to Note No. 27(13)(a) regarding reasons for not making provision for disputed Sales-tax demand of ₹2,455.78 Lac excluding interest of closed Vanaspati Unit. Refer paragraph 2 (B) above.
- (iv) We invite attention to Note No. 27(21)(a), (d) to (f) regarding demands of recovery charges of ₹5,758.47 Lac (previous Year ₹5,758.47 Lac) received on account of non-payment of cane price/commission/interest as these are disputed by the company/obtained stay order as stated therein. Further, demands of recovery charges of ₹3,458.25 Lac for sugar seasons 2018-19 & 2019-20 has been received which, in the opinion, of the management is not payable in view of the reasons stated in Note No. 21(j) & (k). We also invite attention to Note No. 27(21)(f) regarding non-provision of interest for sugar seasons 2013-14 to 2015-16 amounting to ₹6,280.51 Lac (previous year ₹6,280.51 Lac) where order of cane commissioner in this regard is still awaited.
- (v) We draw attention to Note No.27(15) regarding accounting records including supporting documents for the period 1st April, 2019 to 13th July, 2019, financial year 2018-19 and certain previous financial years which got destroyed/damaged in the fire on 13th July, 2019 in the office premises and records room of Sugar and Distillery Units of the company. Accordingly, we were unable to obtain and evaluate audit evidence such as purchase invoices, bills, contracts etc., to be

able to test check and draw reasonable conclusion on those supporting evidences/transactions which got destroyed/damaged in fire as the management is still in the process of reconstructing these supporting documents.

- (vi) We invite attention to Note No. 27(18)(A)(ii) regarding sale of entire investments in equity shares of two subsidiaries of the Company during the current year to two related parties for ₹1,723.89 Lac based on valuation done by a Registered Valuer appointed by the Company on which we have relied upon.

Our opinion is not modified in respect of the matters mentioned in paragraph 4 above.

5. Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the figures appearing in the other information don't incorporate figures of:(i) Balance Sheets of Steel Unit as on March 31, 2020 and March 31, 2021(ii) financial statements of Electrodes, Paints and Gas Units and CAD and (iii) non-provision for certain expenses. We have concluded that the other information to the extent it relates to financial results in the Director's Report and its Annexures is materially misstated due to non-incorporation of financial statements of these Units & CAD of the Holding Company and non-provision of certain expenses.

6. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

7. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

8. Other Matter

We did not audit the financial statements of both the subsidiaries, whose financial statements reflect total assets of ₹55.64 Lac (Previous year ₹53.39 Lac) as at March 31, 2021, the total revenue of ₹24.32 Lac (Previous year ₹1.98 Lac) and cash inflows (net) amounting to ₹0.29 Lac (Previous year cash outflows (net) ₹0.38 Lac) for the year then ended. These financial statements and other financial information have been audited by other auditor whose reports have been furnished to us and our opinion is based solely on the report of the other auditor. Refer Note No. 25 i.e. "Basis of Consolidation".

9. Report on Other Legal and Regulatory Requirements

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

- a. We/other auditor whose reports have been relied upon by us have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except in respect of Units and CAD of the Holding Company as mentioned in paragraph 2(A) & (B) above. In case of Steel Unit, no details, information and explanations are available for the opening and closing assets and liabilities as on 1st April, 2020 and 31st March, 2021 respectively and for contingent liabilities and additional information etc. as on 1st April, 2020 and 31st March, 2021 in view of non-incorporation of: (i) the financial statements of Steel Unit for 1992-93 and (ii) Balance Sheets for the financial years 1993-94 to 2020-21 as stated in Note No.27(3)(c). In case of 3 Units (Electrodes, Paints and Gas) and CAD, no information/details are available for incorporation of financial statements of these 3 Units & CAD for the year 2016-17 to 2020-21. {Refer Note No. 27(7)} {(See paragraphs 2(A) & (B) above)}.

- b. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except: (i) in respect of Steel Unit, where audited balances of opening and closing assets, liabilities, contingent liabilities and additional information etc. as on 1st April, 2020 and 31st March, 2021 respectively were not available and consequently not incorporated in the books of account {Refer Note No. 27(3)}, (ii) In respect of 3 Units and CAD, no information/details were made available to us for audit of financial statements for the years 2016-17 to 2020-21 {Refer Note No. 27(7)} and (iii) for the effects of other matters described in paragraph 2 in the 'Basis for Adverse Opinion' section of our report above.
- c. The Consolidated Balance Sheet dealt with by this report are in agreement with the books of accounts maintained for the purpose of preparation of the Consolidated Financial Statements of all subsidiaries, units and accounting centres taken together {other than Steel Unit and 3 Units (Electrodes, Paints and Gas) & CAD} as on 31st March, 2021 as consolidated with the Balance Sheet of Steel Unit, 3 Units & CAD as stated in Notes Nos. 27(3) (c) & (d) and 27(7) of the Consolidated Financial Statements and hence is not in agreement with the books of account of the Holding Company as a whole. Further, the Consolidated Cash Flow Statement for the year ended on that date, which does not include adjustments for Cash Flows from investing/financing activities and changes in assets and liabilities in view of non-availability of audited Balance Sheet of Steel Unit as on 31st March, 2020 & 31st March, 2021 and of 3 Units (Electrodes, Paints and Gas) & CAD as on 31st March, 2020 & 31st March, 2021, is also not in agreement with the books of account. (Refer foot-note 1 of Consolidated Cash Flow Statement). Except for non-incorporation of Statement of profit and loss of Steel Unit for the year 1992-93 and of 3 Units (Electrode, Paints and Gas) & CAD for the financial years 2016-17 to 2020-21, the Consolidated Statement of Profit and Loss is in agreement with the books of accounts of the remaining Units, corporate office and of subsidiaries.
- d. Subject to our observations in paragraph 2 above, in our opinion, the Consolidated Statement of Profit and Loss and the Consolidated Balance Sheet, so far as they relate to the subsidiary companies and remaining units i.e. other than Steel, Electrodes, Paints and Gas Units and CAD, comply with the requirements of the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. However, in view of non-availability and consequently non-incorporation of audited (i) opening and closing balances as on 1st April, 2020 and 31st March, 2021 respectively of assets, liabilities, contingent liabilities and other additional information etc. and (ii) Statement of Profit and Loss for 1992-93 of Steel Unit {Refer Paragraph 2(A) above} and non-availability and consequently non-incorporation of audited financial statements of Electrodes, Paints and Gas Units and CAD for the financial years 2016-17 to 2020-21 {Refer Note No. 27(7) and Paragraph 2(B) above}, the aforesaid Consolidated Financial Statements do not comply with the requirements of Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 for the Group as a whole.
- e. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements, so far as they relate to subsidiary companies and the remaining Units i.e. other than Steel, Electrodes, Paints and Gas Units and CAD, give the information required by the Act in the manner so required except for non-disclosure of part information relating to micro, small and medium enterprises {Refer Note No. 27(10)}. In the case of Steel Unit, in view of non-incorporation of Balance Sheets of Steel unit as on 31st March, 2021 and 31st March, 2020 on account of non-availability and consequently non-incorporation of audited opening balances as on 1st April, 2020 and 1st April, 2019 respectively of assets, liabilities, contingent liabilities and other additional information etc., and in the case of 3 Units (Electrodes, Paints and Gas) & CAD, in view of non-incorporation of Balance Sheets as on 31st March, 2020 & 31st March, 2021 on account of non-availability and consequently non-incorporation of audited financial statements for the year 2016-17 to 2020-21, the Consolidated Financial Statements of the Group do not give the information required by the Companies Act, 2013 in the manner so required for the Group as a whole {Refer Note Nos. 27(3) & 27(7)}.
- f. The matters described in the Basis for Adverse Opinion section and Emphasis of Matter section of our report above, in our opinion, will have an adverse effect on the functioning of the Holding Company.
- g. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor who is appointed under section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies is disqualified, as on 31st March, 2021, from being appointed as a director in terms of Section 164(2) of the Act.

Further, the Holding Company was legally advised earlier that provisions of Section 274(1)(g) of the Companies Act, 1956, which corresponds to section 164(2) of the Companies Act, 2013, are prospective in nature and the defaults made by it

prior to 13th December, 2000, for non-payment of deposits/interest on deposits on due dates and non-redemption of debentures on due dates, are not covered by Section 164(2) of the Companies Act, 2013, on which we have relied upon.

- h. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the 'Basis for Adverse Opinion' section of our report above.
- i. With respect to the adequacy and the operating effectiveness of internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company and its subsidiary companies incorporated in India, refer to **Annexure 1**.
- j. During the current financial year, in view of our observations in paragraph 2(B) above, we are unable to comment on whether the managerial remuneration has been paid or provided in accordance with the requisite approval of the Central Government as mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- k. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Subject to our observations in paragraph 2 (A)&(B) above, the Holding Company has various pending litigations which could impact its financial position and the same has been suitably disclosed under Contingent Liability and Notes to Accounts under Note No. 27.
 - ii. The Holding Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. Amounts of unclaimed debentures and interest accrued to be transferred to Investor Education and Protection Fund has not been quantified by the Holding Company.

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

Laxman Prasad
(Partner)
Membership No: 013910
UDIN: 21013910AAAACU8876

Place: Modinagar
Dated: November 9, 2021

ANNEXURE "1" TO THE INDEPENDENT AUDITOR'S REPORT OF MODI INDUSTRIES LIMITED FOR THE YEAR ENDED MARCH 31, 2021

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

We have audited the internal financial controls over financial reporting of Modi Industries Limited (hereinafter referred to as the "the Holding Company") and its subsidiary companies as of March 31, 2021 in conjunction with our audit of the Consolidated Financial Statements of the Holding Company for the year ended on that date.

1. Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

2. Auditors' Responsibility

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

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

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

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

A Company's internal financial controls over financial reporting with reference to these Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls over financial reporting with reference to these Consolidated financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

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

5. Disclaimer of Opinion

According to the information and explanations given to us, the subsidiary companies which are companies incorporated in India, have maintained adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Financial Statements were operating effectively as at 31st March, 2021 whereas in the case of Holding Company, it has neither established nor evaluated its internal financial controls over financial reporting with reference to these Consolidated Financial Statements on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Mainly because of this reason and also our comments in Paragraph 2 of statutory audit report of even date on Consolidated Financial Statements of the Holding Company, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Holding Company had adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and whether such internal financial controls were operating effectively as at March 31, 2021.

However, according to the information and explanations given to us and based on our audit of the Consolidated Financial Statements, the following material weaknesses have been noticed as at March 31, 2021 for which remedial action by the management of the holding company is yet to be initiated:

- a) No physical verification of fixed assets has been conducted by the Management since 1989 in Sugar and Distillery Units and of closed Steel Unit and Corporate Office and since 2001-02 in respect of other closed units. Fixed asset register needs to be updated for: (i) locations in case of furniture and fixture and (ii) recording of additions/deletions of certain previous years.
- b) The inventory of stores and spare-parts of all units and inventory of the closed Steel Unit since the year 1992-93, closed Vanaspati Unit since long and other closed units (Electrodes, Paint and Gas) since the year 2016-17 has not been physically verified by the management. Refer Note No. 27(3)(f)(ix).
- c) The books of accounts, vouchers and other documents of the Steel Unit for 1992-93 were not made available to us and consequently audit of financial assets, liabilities and contingent liabilities and of Internal Financial Controls could not be conducted of the Unit. {Note No. 27(3)}. Therefore, as stated in Paragraph 2(A) of audit report of even date, the attached Balance Sheet, Statement of Profit and Loss and Cash Flow Statement does not include: (a) the financial data/impact of working results and of declaration of closure/post-closure transactions, which includes realization of depot sales/dues from debtors, provision/payment of final dues of employees and payments to various parties and manufacturing/personnel/administration expenses etc., of the Steel Unit of the company for the year 1992-93 during which the Unit had operated for ten months the exclusion of which, in our opinion, substantially impairs the presentation of Consolidated Financial Statements of the Group and (b) impact on assets, liabilities and cash flows on account of non-incorporation of transactions/balance sheets for the years 1993-94 to 2020-21 and non-physical verification of inventory and fixed assets as stated in Note No. 27(3).
- d) The books of accounts, vouchers and other documents of the closed Electrodes, Paint, Gas Units and of Central accounts department ("CAD") of these 3 Units (hereinafter referred to as "3 Units & CAD") for 2016-17 to 2020-21 were not made available to us and consequently audit of financial statements and Internal Financial Controls could not be conducted in respect of these 3 Units and CAD. {Note No. 27(7)}. Therefore, as stated in Paragraph 2(B) of audit report of even date, the attached Balance Sheet, Statement of Profit and Loss and Cash Flow Statement does not include: (a) the financial data/impact of working results and of declaration of closure/post-closure transactions, which includes realization of depot sales/dues from debtors, provision/payment of final dues of employees, if any, and payments to various parties and manufacturing/personnel/administration expenses etc., of these 3 Units & CAD for the year 2016-17 {during which these 3 Units & CAD had operated/worked for more than 6 months the exclusion of which, in our opinion, also substantially impairs the presentation of Consolidated Financial Statements of the Group}, and (b) impact on assets, liabilities, expenses, income and cash flows on account of non-incorporation of transactions/balance sheets for the years 2017-18 to 2020-21 and non-physical verification of inventory and fixed assets as stated in Note No. 27(7).
- e) We note that the Distillery Unit has incurred sale promotion expenses {cost of gift items ₹2,354.67 Lac (previous year ₹2,115.17 Lac) and trade scheme expenses ₹1,934.40 Lac (previous year ₹1,441.32 Lac) which is claimed as reimbursement from the Distillery Unit by sale promotion agents (SPAs) on secondary sales i.e. on sale made by the State corporations to their customers}. In our opinion, internal financial controls over these expenses needs to be improved upon to safeguard the interests of the company.
- f) Confirmation of Debit/Credit balances of debtors/creditors are not being obtained by the Holding Company since long. Impact on the Consolidated Financial Statements is not ascertainable.

We have considered the disclaimer above in determining the nature, timing and extent of audit tests applied in our audit of the Consolidated Financial Statements of the Group and the disclaimer has affected our opinion on the Consolidated Financial Statements of the Group and we have issued an adverse opinion on the Consolidated Financial Statements of the Group for the year ended 31st March, 2021.

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

Laxman Prasad
(Partner)

Membership No:013910

Place: Modinagar
Dated: November 9, 2021

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2021

(₹ in Lac)

Particulars	Note No.	As at 31.03.2021	As at 31.03.2020
I EQUITY AND LIABILITIES:			
(1) Shareholders' funds:			
(a) Share Capital	1	371.66	371.66
(b) Reserves & Surplus	2	(25,226.56)	(26,405.57)
		(24,854.90)	(26,033.91)
(2) Minority Interest	25	-	0.04
(3) Non-current liabilities:			
(a) Long term borrowings	3	5,729.67	5,020.95
(b) Other long term liabilities	4	1,625.36	1,626.56
(c) Long term provisions	5	942.13	1,003.91
		8,297.16	7,651.42
(4) Current liabilities:			
(a) Short term borrowings	6	1,828.97	1,828.97
(b) Trade payables:	7		
(i) Micro and Small Enterprises		151.50	106.22
(ii) Other than Micro and Small Enterprises		37,553.16	38,651.46
(c) Other current liabilities	8	17,609.38	13,743.23
(d) Short term provisions	9	910.57	958.63
		58,053.58	55,288.51
TOTAL		41,495.84	36,906.06
II ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment:			
i) Tangible assets	10	6,115.64	5,949.96
ii) Intangible assets	11	1.28	1.33
iii) Capital work-in-progress	11 (A)	38.06	38.06
(b) Non-current investments	12	586.32	570.72
(c) Long term loans and advances	13	218.19	225.41
(d) Other non-current assets (Fixed Tangible)		6.90	6.90
		6,966.39	6,792.38
(1) Non-current assets			
(a) Inventories	14	12,909.61	12,855.45
(b) Trade receivables	15	14,242.95	10,675.55
(c) Cash and bank balances:			
i) Cash and cash equivalents	16(i)	2,143.59	2,105.37
ii) Other bank balances	16(ii)	1,448.62	1,380.57
(d) Short term loans and advances	17	3,326.31	2,683.05
(e) Other current assets	18	458.37	413.69
		34,529.45	30,113.68
Basis of Consolidation	25		
Significant accounting policies and other notes to Consolidated Financial Statements	26 & 27		
TOTAL		41,495.84	36,906.06

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

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

As per our report of even date.

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

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

Rakesh Kumar Modi
(DIN-00022286)
Director

Laxman Prasad
Partner
Membership No. 013910
Dated: 09.11.2021
Place: Modinagar

Shobit Nehra
(ACS-31863)
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021
(₹ in Lac)

Sl. No.	Particulars	Note No.	For the year ended 31st March 2021	For the year ended 31st March 2020
I	Revenue from operations	19	99,506.84	87,551.48
	Less: Excise duty		35,481.83	27,362.63
			64,025.01	60,188.85
II	Other income	20	1,816.15	1,198.62
III	Total Revenue (I + II)		65,841.16	61,387.47
IV	Expenses:			
	Cost of materials consumed		34,920.76	33,463.49
	Purchases of stock-in-trade		132.51	17.63
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(825.33)	(273.03)
	Employee benefits expense	22	3,542.18	3,445.82
	Finance costs	23	762.39	792.57
	Depreciation and amortization expense	10 & 11	311.21	289.79
	Other expenses	24	26,921.74	22,052.85
	Total expenses		65,765.46	59,789.12
V	Profit/(Loss) before exceptional and extra-ordinary items and tax (III-IV)		75.70	1,598.36
VI	Exceptional items	27(18)	1,103.36	(1,641.38)
VII	Profit/(Loss) before extra-ordinary items and tax (V+VI)		1,179.06	(43.02)
VIII	Extra-ordinary items		-	-
IX	Profit/(Loss) before tax (VII+VIII)		1,179.06	(43.02)
X	Tax expenses			
	(1) Current tax		0.11	0.24
	(2) Deferred tax		-	(0.06)
XI	Profit/(Loss) for the period		1,178.95	(43.20)
	Less: Share of Profit attributable to Minority Interest		0.02	-
XII	Profit/(Loss) for the year attributable for the shareholders of the Group		1,178.93	(43.20)
XIII	Profit/(Loss) from continuing operations		1,348.85	93.80
XIV	Profit/(Loss) from discontinuing operations	27(3)(e)	(169.92)	(137.00)
XV	Profit/(Loss) for the period (XIII+XIV)		1,178.93	(43.20)
XVI	Basic/Diluted Earnings per equity share of ₹ 10 each (in Rupees)	30	35.63	(1.31)
	Basis of Consolidation	25		
	Significant Accounting Policies and other notes to Consolidated Financial Statements	26 & 27		

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

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

As per our report of even date.

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

Laxman Prasad
Partner
Membership No. 013910
Dated: 09.11.2021
Place: Modinagar

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

Rakesh Kumar Modi
(DIN-00022286)
Director

Shobit Nehra
(ACS-31863)
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lac)

PARTICULARS	2020-21	2019-20
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before Tax	1,178.93	(43.20)
Less: Adjustment for:		
i) Interest Income	65.37	60.91
ii) Profit on Sale of Fixed Assets	5.50	0.99
iii) Profit on Sale/redemption of Investment	1,668.91	15.02
iv) Excess Provision written back	16.48	1,589.44
v) Unclaimed credit balances W/back	160.46	14.27
vi) Depreciation written back	-	0.07
vii) Reversal of diminution in value of Investment	35.40	-
viii) Dividend Income	52.50	84.00
	<u>2,004.62</u>	<u>1,764.70</u>
Add: Adjustments for:	(825.69)	(1,807.90)
i) Depreciation	311.21	289.79
ii) Assets written off/Loss on sale of Assets/Stores	-	0.01
iii) Investment Wrttien off/Loss on Sale of Investment	-	2.60
iv) Interest Expenses on borrowings	710.72	735.91
v) Provision for Doubtful Debts & Advances	368.36	306.06
vi) Amounts/Claims/Bad Debts written off (Net of provisions)	5.82	0.50
vii) Provision for obsolete Raw Material, spare-parts & stores	23.56	14.00
viii) Provision for Dimunitin in the value of Long Term Investment	0.05	10.26
	<u>1,419.72</u>	<u>1,359.13</u>
Operating Profit/(Loss) before Working Capital Changes	594.03	(448.77)
Adjustments for:		
Trade Receivables	(3,935.77)	(1,441.88)
Inventories	(77.75)	(160.92)
Trade Payable	220.03	5,676.16
Loans/Advances and other assets	(649.51)	(383.90)
Other bank balances	(68.05)	(65.35)
Cash Generated from Operations	(3,917.02)	3,175.34
Income tax paid	-	-
Net Cash from Operating Activities (A)	(3,917.02)	3,175.34
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(443.49)	(324.27)
Sale of Fixed Assets	10.13	6.11
Sale/redemption of Investment	1,668.91	38.26
Interest Received	27.79	80.41
Dividend Received from Subsidiaries	20.35	-
Dividend Received	52.50	84.00
Net Cash Flow from Investing Activities (B)	1,336.19	(115.49)

(₹ in Lac)

PARTICULARS	2020-21	2019-20
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Unsecured borrowings from others (net)	3,518.77	(1,638.84)
Interest paid on borrowings	(377.54)	(637.97)
Secured Debentures Paid	(9.45)	(42.66)
Net Cash from Financing Activities (C)	3,131.78	(2,319.47)
Inter Unit Balances (Net) (D) (Foot-note 1 & 2 below)	(512.73)	(270.58)
Net Increase/(decrease) in cash and Cash Equivalents (A+B+C+D)	38.22	469.80
Opening Cash and Cash Equivalents	2,105.37	1,635.57
Closing Cash and Cash Equivalents	2,143.59	2,105.37

Foot Notes:

- In view of non availability of audited balance sheet as on 31.03.2021 and 31.03.2020 of Steel Unit, cash flow from investing/financing activities and changes in current assets & liabilities of steel unit are not included in the Cash Flow Statement except for inclusion of net outflow of ₹532.75 Lac (Previous Year out flow of ₹198.07 Lac) on account of net decrease in inter unit credit balance appearing in Note 8 i.e. Other Current liabilities.{Refer Note No.27(3)}.
- In view of non availability of audited balance sheet as on 31.03.2021 and 31.03.2020 of Electrode, Paint, Gas & Central accounts department (CAD) of these three Units, cash flow from investing/financing activities and changes in current assets & liabilities of above units are not included in the Cash Flow Statement except for inclusion of net inflow of ₹20.02 Lac (Previous Year net outflow ₹72.51 Lac) on account of net decrease in inter unit debit balance appearing in Note 8 i.e., Other Current Liabilities {Refer Note No.27(7)}.
- Figures in brackets represents outflows.
- Previous Year figures have been rearranged/regrouped wherever considered necessary.

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

As per our report of even date.

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

Laxman Prasad
Partner
Membership No. 013910
Dated: 09.11.2021
Place: Modinagar

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

Rakesh Kumar Modi
(DIN-00022286)
Director

Shobit Nehra
(ACS-31863)
Company Secretary

Notes forming part of the consolidated financial statements for the year ended 31st March, 2021

Note no. 1: SHARE CAPITAL

(₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
Authorised:		
40,00,000 Equity shares of ₹10/- each	400.00	400.00
1,00,000 15% Redeemable cumulative Preference shares of ₹100/- each	100.00	100.00
	500.00	500.00
Issued, subscribed and paid up:		
33,09,214 Equity shares of ₹10/- each fully paid-up	330.92	330.92
40,741 15% Redeemable cumulative Preference shares of ₹100/- each fully paid-up	40.74	40.74
TOTAL	371.66	371.66

Foot notes:

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

Name of share holder	As at 31.03.2021		As at 31.03.2020	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) Umesh Kumar Modi	6,89,339	20.83	1,04,200	3.15
(ii) Status Mark Finvest Limited	-	-	2,28,714	6.91
(iii) K K Modi Investment & Financial Services Pvt. Ltd.	2,31,751	7.00	2,31,751	7.00

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

Name of share holder	As at 31.03.2021		As at 31.03.2020	
	No.of shares held	Percentage	No.of shares held	Percentage
(i) ICICI Bank	7,794	19.13	7,794	19.13
(ii) The Oriental Insurance Company Limited	6,550	16.08	6,550	16.08
(iii) The New India Assurance Company Limited	13,624	33.44	13,624	33.44
(iv) The United India Insurance Company Limited	4,093	10.05	4,093	10.05
(v) General Insurance Corporation of India	3,560	8.74	3,560	8.74
(vi) National Insurance Company Limited	4,912	12.06	4,912	12.06

- (2) Cumulative Preference Shares were due for redemption on 31st December, 2010. The company moved Misc. Application (MA) u/s 22(3) of the SICA before Hon'ble BIFR, whereby it had sought extension and suspension of obligation in relation to the 15% Preference Shares concerning Preference Shareholders for two years. The Hon'ble BIFR vide its order dated 18th January, 2011 dismissed the application of the Company. Consequent to the order, the company had written letters to the Institutional Preference Shareholders for settlement and redemption of Preference Shares. Further, negotiations are pending and preference shares are overdue for redemption as on 31st March, 2021.

Note no. 2: RESERVES & SURPLUS

(₹ in Lac)

Sl.No.	Particulars	Opening Balance	Addition	Deduction	Closing Balance
(1)	Capital Reserve	459.34	-	-	459.34
(2)	General Reserve (Foot Note 2)	22.93	-	22.93	-
(3)	Special Reserve (Foot Note 2)	1.09	-	1.09	-
(4)	Capital Redemption Reserve	25.11	-	-	25.11
(5)	Shares Premium	22.57	-	-	22.57
(6)	Debenture Redemption Reserve	113.00	-	-	113.00
	Revaluation Reserve	2,012.51	-	-	2,012.51
	Other Reserves/Funds:				
(7)	-Storage fund for Molasses Account	36.44	6.08	-	42.52
(8)	Surplus i.e. balance in Statement of Profit and Loss (Foot Note 2)	(29,098.56)	1,172.85	(24.10)	(27,901.61)
TOTAL		(26,405.57)	1,178.93	(0.08)	(25,226.56)
Previous year		(26,362.37)	(43.20)	-	(26,405.57)

Foot-note:

- Storage fund for Molasses ₹6.08 Lac (previous year ₹5.50 Lac) is created @ ₹1.50 per Qtl. of Molasses sold as per the provision of "The Molasses control (Regulation of fund for erection of storage facilities) order, 1976" and is to be utilised for construction or erection of storage facilities for Molasses.
- Profit for the year is net of ₹6.08 Lac (Previous Year: ₹5.05 Lac) being storage fund for molasses. Refer Note No 25 "Basis of Consolidation" regarding sale of subsidiaries. Further, deduction of ₹ (24.10) Lac represents:

Particulars	₹ in Lac
a Dividend received by Holding Company from Subsidiary Company	(20.38)
b Share of Holding Company in net accumulated loss of Subsidiaries	(3.72)
Total	(24.10)

Note no. 3: LONG TERM BORROWINGS

(₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
Secured:		
Bonds/debentures	-	-
Term loans from banks (see-foot note below)	8.10	8.10
Term loans from others	-	-
Loans and advances from related parties	-	-
Unsecured:		
Bonds/debentures	-	-
Term loans from banks	-	-
Working Capital Finance from others	5,721.57	2,815.16
Deposits	-	-
Loans and advances from related parties:		
-From Others	-	2,197.69
Long term maturities of finance lease obligations	-	-
TOTAL	5,729.67	5,020.95

Foot-note:

Secured by hypothecation of vehicles and is repayable in monthly installments. Status of defaults, if any, as on 31st March,2021, not available since relates to closed units.{Note No.27(7)}

NOTE NO. 4: OTHER LONG TERM LIABILITIES

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Trade payable	-	-
Others:		
Security received against houses	890.28	890.28
Security received from others	229.70	223.99
Advance received against houses {Note No.27 (19)}	504.49	504.50
Other liabilities	0.89	7.79
TOTAL	1,625.36	1,626.56

Note no. 5: LONG-TERM PROVISIONS

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Provision for employee benefits:		
Provision for gratuity:		
As per last balance sheet	914.51	931.79
Add: Provided during the year	(53.57)	12.35
Less: Paid/Payable during the year	6.54	29.63
Sub total (A)	854.40	914.51
Provision for leave encashment:		
As per last balance sheet	89.40	88.66
Add: Provided during the year	(1.67)	1.31
Less: Paid/Payable during the year	-	0.57
Sub total (B)	87.73	89.40
TOTAL (A+B)	942.13	1,003.91

Note no. 6: SHORT TERM BORROWINGS

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Secured:		
Loans repayable on demand:		
-from banks		
-Cash credit (including interest accrued)(see-foot note below)	1,498.19	1,498.19
-overdraft from bank against pledge of FDR's	285.78	285.78
-from others	-	-
Loans and advances from related parties	-	-
Other loans and advances	-	-
Note no. 6 (Contd.)		
		(₹ in Lac)

Particulars	As at	
	31.03.2021	31.03.2020
Unsecured:		
Loans repayable on demand:		
-from banks	-	-
-from others	-	-
Loans and advances from related parties:		
-Weld Excel India Limited * {Note No. 27(7)}	45.00	45.00
Deposits	-	-
Other loans and advances	-	-
TOTAL	1,828.97	1,828.97

Foot-note:

- Cash credit of ₹1498.19 Lac (including interest accrued and due of ₹17.61 Lac) is secured by hypothecation of Raw Materials, Stock in Progress, Finished Goods, Stores and Spares and Book Debts and guaranteed by a Director. {Refer Note No. 27(4)(a)}.
- Cash credit of ₹58.16 Lac from Allahabad Bank is in default since 1996 and ₹1440.03 Lac from PNB is in default since 1992. Interest payable on cash credit has not been paid since then. {Refer Note No. 27(12)(c & d) and Note No. 27(4)(a)}.

*Not a related party as on 31.03.2021. {Refer Note No 27(5)}

Note no. 7: TRADE PAYABLES

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Micro and Small Enterprises:		
Purchase of raw materials and stores	151.50	106.22
Other than Micro and Small Enterprises:		
(i) Purchase of raw materials and stores	28,164.81	31,548.32
(ii) Creditors for Services received	7,314.33	6,134.01
(iii) Customers/Agents for purchase of goods	2,074.02	969.13
Sub Total	37,553.16	38,651.46
TOTAL	37,704.66	38,757.68

Note no. 8: OTHER CURRENT LIABILITIES

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Current maturities of long-term debts (unsecured)		
-From related parties:		
- A to Z Holding Pvt. Ltd.	24.89	24.89
- Moderate Leasing & Capital Services Ltd.	746.66	109.31
-From others	2,443.77	271.07
Current maturities of long-term debts (secured)		
- From banks	2.42	2.42
- From other parties (see foot-note 1)	1,506.85	1,506.85
Deferred credits	35.11	35.11
Interest accrued but not due on borrowings (unsecured)	61.45	89.16
Interest accrued but not due on borrowings (secured)	0.09	0.09
Interest accrued and due on borrowings (secured)	1,707.46	1,707.46
Interest accrued and due on borrowings (unsecured)		
-from banks	-	-
-from others	635.03	263.85
Unpaid matured debentures and interest accrued thereon (secured): (see foot-note 2)		
-Debentures (Net of calls in arrears)	381.64	391.09
-Interest accrued thereon	763.24	790.01
{Refer Note No.27(18)(B)(iii)}		
Unreconciled Inter-unit balances {Note Nos.27(3) and 27(7)}	379.44	854.22
Other Payable:		
Employees dues	1,180.24	1,116.70
Statutory liabilities	4,195.13	3,418.10
Security received from others	1,512.65	77.97
Other liabilities	2,033.31	3,084.93
TOTAL	17,609.38	13,743.23

Notes:**(1) Others:**

- (a) Loans aggregating to ₹1377.87 Lac (IDBI ₹627.74 Lac, ICICI ₹235.00 Lac, IFCI ₹287.66 Lac, LIC ₹138.97 Lac, GIC and its subsidiaries ₹88.50 Lac) are secured against securities as mentioned in 2(b) below. {Refer Note Nos.27(4)(b),(c)& (d)}.
- (b) Loan of ₹8.08 Lac from Government of Uttar Pradesh under the Industrial Subsidised Housing Scheme is secured by 1st Mortgage of Land and tenements constructed under the Scheme.Details of default not available.
- (c) Loan from IDBI under Technical Development Fund Scheme amounting to ₹74.70 Lac is secured against Electrolyser and Copper Electrodes Machine.{Refer Note No.27(5)(b)}.
- (d) Loan taken under Equipment Finance Scheme amounting to ₹46.20 Lac is secured against Effluent treatment plant.{ Refer Note No.27(4)(c)} and loan repayment is in default prior to year 1996 and interest payable has not been paid since then.

(2) Debentures:

- (a) (i) 1,60,823 (Previous year 1,63,046)-12.5% Mortgage Debentures (Non-Convertible part of ₹200/- each) redeemable in three yearly instalments of ₹65.00, ₹65.00 and ₹70.00 respectively commencing from the expiry of seventh year from the date of allotment i.e. 29th February, 1988 and due for payment. Interest not paid from 29th February, 1988 to the date of redemption.{Refer Note No.27(18)(B)(iii)}.
- (ii) 20,000-15% Mortgage Debentures of ₹100/- each redeemable at 5% premium on the expiry of seventh year from the date of allotment i.e. 18th December 1987 and due for payment. Interest not paid since 1987- 88.
- (iii) 4,000-15% Mortgage Debentures of ₹1000/- each redeemable upto 20th August, 1990 and due for payment. 1,000 Debentures redeemed during the year 1998-99 for which discharged debenture certificates not yet received. Interest not paid since 1987- 88.
- (b) The above debentures are secured by Joint Mortgage of all fixed assets present and future by hypothecation of the said assets and by deposit of title deeds relating to company's immovable properties, floating charges on all movable/current assets, other than assets referred in foot notes 1(b,c,d) above and foot note 1 of Note 6.

Note no. 9: SHORT-TERM PROVISIONS

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Provision for employee benefits:		
Provision for gratuity:		
As per last balance sheet	268.89	264.07
Add: Provided during the year	103.82	85.06
Less: Paid during the year	116.98	80.24
Sub total (A)	255.73	268.89
Provision for leave encashment:		
As per last balance sheet	9.35	8.78
Add: Provided during the year	2.84	3.06
Less: Paid during the year	2.04	2.49
Sub total (B)	10.15	9.35
Others:		
Provision for State Excise Duty		
As per last balance sheet	641.73	354.09
Add: Provided during the year	571.52	606.98
Less: Paid during the year	606.98	319.34
Sub total	606.27	641.73
Provision for Incentive:	38.42	38.42
Sub total (C)	644.69	680.15
Provision for Tax (D)	-	0.24
TOTAL (A+B+C+D)	910.57	958.63

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

Particulars	Gross					Depreciation		Net carrying amount 31.03.2021	
	Opening balance	Additions	Disposals/ Written off.	Other adjustment	Closing balance	For the year	Addback		
							Sold/Adj.		Other adjustment
Land (A)	2,023.50	-	-	-	2,023.50	-	-	-	2,023.50
Buildings (B & C)	1,504.99	-	-	-	1,504.99	1,104.16	24.22	-	1,128.38
Plant & Equipment *	12,482.60	408.31	25.18	-	12,865.73	9,144.74	223.42	20.55	9,347.61
Furniture & Fixtures	352.83	8.02	-	-	360.85	317.22	1.81	-	319.03
Vehicles (D)	426.27	11.34	-	-	437.61	328.65	9.92	-	338.57
Office equipment	385.76	15.82	-	-	401.58	341.14	12.10	-	353.24
Water supply & drainage	59.85	-	-	-	59.85	55.88	-	-	55.88
Others	20.74	-	-	-	20.74	14.79	1.71	-	16.50
TOTAL	17,256.54	443.49	25.18	-	17,674.85	11,306.58	273.18	20.55	-
Previous year	16,943.05	328.98	15.49	-	17,256.54	11,065.60	251.42	10.37	0.07

Foot Notes:

- (A) Company's Land at Modinagar & Meerut was revalued as at 31st March, 1992 at Current Replacement Cost on the basis of valuation report. The appreciation on revaluation ₹924.66 Lac was credited to the Revaluation Reserve. The Land was previously revalued as on 31st March 1985 and the appreciation of ₹1087.85 Lac on such revaluation also stands credited to the Revaluation Reserve.
- (B) Buildings include Land, Furniture, Fixture & Fittings acquired for a lumpsum consideration of ₹2.25 Lac in the year 1947.
- (C) Includes a sum of ₹96.58 Lac (Previous year ₹96.58 Lac) towards permanent improvement to the rented properties.
- (D) Includes Five (Previous year Five) cars costing ₹63.51 Lac (Previous year ₹63.51 Lac) WDV ₹27.52 Lac (Previous year ₹32.03 Lac) purchased in the name of Employees who have given disclaimer in favour of the Company.
- (E) Excludes depreciation on loose tools ₹0.03 Lac (Previous year ₹0.03 Lac) and ₹37.95 Lac (Previous year ₹38.23 Lac) on additions to assets of Steel Unit.
- (F) Details of Land & Building given on operating lease has not been disclosed separately.

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

Note no. 11: Intangible assets

Particulars	Gross			Amortisation		Net carrying amount 31.03.2021
	Opening balance	Additions	Disposals/ Written off.	For the year	Closing balance	
Computer software	103.13	-	-	103.13	101.80	1.28
TOTAL	103.13	-	-	103.13	101.80	1.28
Previous year	103.13	-	-	103.13	101.69	1.33

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

Particulars	Gross			Amortisation		Net carrying amount 31.03.2021
	Opening balance	Additions	Disposals/ Written off.	For the year	Closing balance	
Machinery	37.97	-	-	37.97	-	37.97
Buildings	0.09	-	-	0.09	-	0.09
TOTAL	38.06	-	-	38.06	-	38.06
Previous year	48.50	17.67	28.11	38.06	-	38.06

Note no. 12: NON CURRENT INVESTMENTS

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Trade investments		
Other investments		
(a) Investment in Equity Instruments: (unquoted)		
10,50,000 fully paid-up shares of ₹10/- each in Indofil Industries Limited	437.43	437.43
86,750 Fully paid-up shares of ₹10/- each in Modi Spinning & Weaving Mills Company Limited#	-	8.68
Less: Provision for diminution of value of Investments	-	(8.68)
1,500 Fully paid up shares of ₹100 each in Associated Drilling & Services Limited (Formerly Known as Associated Tube Wells (India) Limited #	-	1.50
Less: Provision for diminution of value of Investments	-	(1.50)
95,000 Fully paid up shares of ₹10/- each in Xerox India Limited#	-	9.50
40,000 Fully paid up shares of ₹10/- each in Modi Hightech India Limited (formerly known as Morgardshammer India Limited)#	-	4.00
48,000 Fully paid up shares of ₹10/- each in Win Medicare Private Limited #	-	4.80
10,000 Fully paid up shares of ₹10/- each in Modigarh Chemicals Private Limited #	-	1.00
20,000 Fully paid up shares of ₹10/- each in Modi Santa Fe India Private Limited #	-	2.00
Less: Provision for diminution of value of Investments	-	(1.68)
4,000 Fully paid up shares of ₹10/- each in Bekaert Engg. (India) Private Limited #	-	0.40
Less: Provision for diminution of value of Investments	-	(0.29)
17,350 Fully paid up shares of ₹10/- each in Rajputana Fertilizers Limited #	-	-
17,350 Fully paid up shares of ₹10/- each in Haryana Distillery Limited #	-	-
17,350 Fully paid up shares of ₹10/- each in Rajputana Developers Limited#	-	-

Note no. 12 (Contd.)

Particulars	(₹ in Lac)	
	As at 31.03.2021	As at 31.03.2020
Quoted:		
7,00,000 fully paid-up shares of ₹10/- each in Modipon limited. {Refer Note No. 27(6)}	20.00	20.00
19,99,960 fully paid-up shares of ₹10/- each in Bihar Sponge Iron Limited.	200.00	200.00
Less: Provision for Diminution in value of Shares	(157.40)	(192.80)
8,00,000 fully paid-up shares of ₹10/- each in Modi Rubber Limited.	80.00	80.00
62,755 fully paid-up shares of ₹10/- each in Lord Chloro Alkali Limited	6.28	6.28
4 fully paid-up shares of ₹10/- each in Mukund Limited.	0.01	0.01
(b) Investment in preference shares: (quoted)		
67 Fully-paid preference Share of ₹100/- each in Modi Spinning & Weaving Mills Company Limited #	-	0.07
TOTAL	586.32	570.72

These investments are appearing in the books of account of subsidiaries companies. Refer Note No. 25 for reasons of non incorporation of these investments in the consolidated financial statements as on 31.03.2021.

Foot Notes:

(1)	Carrying amount of quoted investments	148.89	113.49
(2)	Market value of quoted investments	934.72	362.25
(3)	Carrying amount of unquoted investments	437.43	472.08
(4)	Aggregate provision for diminution in value of investments	157.40	192.80

Note no. 13: LONG TERM LOANS AND ADVANCES

(₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
Capital advances (Unsecured considered good)	15.00	27.43
Doubtful	1.90	1.90
Less: Allowances for Doubtful	(1.90)	(1.90)
Security Deposits:		
-Secured, considered good	-	-
-Unsecured, considered good		
-Related parties:(Weld Excel India Limited, a related party upto 8th September, 2020)	36.66	36.66
-Others	154.87	141.66
- Doubtful	4.70	4.70
Less: Allowances for Doubtful Amounts	(4.70)	(4.70)
Other Loans and Advances: (Unsecured, considered good)		
(a) Prepaid expenses	0.20	0.20
(b) Amount recoverable	11.46	11.46
(c) Loans to employees	-	-
(d) Loans to others	-	8.00
TOTAL	218.19	225.41

Note no.14: INVENTORIES

(₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
(a) Raw materials *	522.11	646.84
(b) Raw materials (in transit)	35.67	186.36
(c) Work-in-progress	493.96	422.51
(d) Finished Goods*	10,179.12	9,921.20
(e) Stock-in-trade	1.89	1.89
(f) Stores and spare parts *	1,652.65	1,652.41
(g) Loose tools	24.21	24.24
TOTAL	12,909.61	12,855.45

* Refer Note No. 27 (3)(f)(ix) for Steel Unit inventories.

Note no. 15: TRADE RECEIVABLES

(₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
Trade receivables outstanding for a period exceeding 6 months:		
-Secured, considered good	4.56	4.56
-Unsecured, considered good	1,410.54	1,030.25
-Doubtful	1,279.10	1,250.09
Less:		
Allowance for bad and doubtful debts	(1,279.10)	(1,250.09)

Note no. 15 (Contd.)

(₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
Other Debts:		
-Secured, considered good	91.08	91.08
-Unsecured, considered good	12,736.77	9,549.66
-Doubtful	598.52	278.94
Less:		
Allowance for bad and doubtful amounts	(598.52)	(278.94)
TOTAL	14,242.95	10,675.55

Note no. 16: CASH AND BANK BALANCES

(₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
(i) Cash and cash equivalents:		
(a) Balances with banks:		
-In Current Accounts	2,081.59	2,055.41
-In FDR's	2.45	2.45
(b) Cheques, drafts on hand	46.83	37.39
(c) Cash on hand	12.69	10.09
(d) Others:		
-Postage imprest & stamps in hand	0.03	0.03
TOTAL	2,143.59	2,105.37
(ii) Other bank balances:		
(a) Earmarked balance with banks/post office:		
- Saving account (molasses storage fund)	0.38	0.38
- Fixed deposits (molasses storage fund)*	42.50	36.79
(b) Fixed deposits with banks (Pledged with Excise/Sales Tax/PF Authorities)	173.63	144.55
(c) Fixed deposits with banks (Pledged for tender)	46.42	46.42
(d) Fixed Deposits with Banks (Pledged against overdraft)	310.33	310.33
(e) Balance with banks held as margin money against guarantees	781.78	728.94
(f) Bank deposits with upto 12 months maturity	43.58	34.18
(g) Bank deposits with more than 12 months maturity	-	28.98
(h) Deposits with Banks in-no lien accounts	50.00	50.00
TOTAL	1,448.62	1,380.57

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

Note no. 17: SHORT-TERM LOANS AND ADVANCES

(₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
(a) Loans and advances to related parties:		
(i) -Secured considered good	-	-
(ii) -Unsecured considered good		
-Bihar Sponge Iron Ltd.	1.91	1.91
-Win Medicare Pvt. Ltd.	0.29	0.21
-Modipon Limited*	8.69	8.69
(iii) -Doubtful		
-Modi Senator Pvt. Ltd.	0.85	0.85
-Technicast Engineers Ltd.	0.51	0.51
Less: Allowance for doubtful	(1.36)	(1.36)
(b) Others (unsecured, considered good):		
(i) Unutilized balances of CENVAT/VAT/GST	74.80	64.20
(ii) Tax deducted at Source	0.61	0.21
(iii) Loans & Advances to employees	14.40	17.27
(iv) Prepaid expenses	276.23	333.51
(v) Amount recoverable	237.29	214.23
(vi) Deposits with excise/sales tax authorities	1,011.08	454.17
(vii) Others	445.10	341.18
(c) Others (doubtful):		
(i) Loans & Advances to employees	3.01	3.03
(ii) Amount recoverable	24.55	24.55
(iii) Others	97.67	97.67
Less: Allowance for doubtful amounts	(125.23)	(125.25)
(d) Security Deposits:		
-Secured considered good	18.50	18.50
-Unsecured considered good	291.48	283.04
-Related parties (Unsecured consider good):		
-Ashoka Mercantile Ltd.*	798.30	798.30
-Modipon Limited*	147.63	147.63
-Doubtful	48.84	48.84
Less: Allowance for doubtful amounts	(48.84)	(48.84)
TOTAL	3,326.31	2,683.05

* Related party upto 8th September, 2020. {Refer Note No. 27(5)}

Note no. 18: OTHER CURRENT ASSETS

(₹ in Lac)

Particulars	As at 31.03.2021	As at 31.03.2020
Tax deducted at source	71.78	63.08
Tax collected at source	1.85	-
Income Tax adjusted against Penalty	179.26	179.26
Interest accrued on fixed deposits with banks	82.14	47.76
Interest accrued on Income Tax Refund	5.51	-
Amount recoverable	4.63	8.59
Interest receivable on Security deposit with related party		
- Ashoka Mercantile Limited @	64.07	64.07
Rent receivables:		
-Unsecured, considered good	27.39	29.19
-Doubtful	22.78	22.78
Less:		
Allowance for bad and doubtful debts	(22.78)	(22.78)
Deferred revenue expenditure	11.07	11.07
Stores and spare parts *	10.67	10.67
TOTAL	458.37	413.69

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

@ Related party upto 8th September, 2020. {Refer Note No. 27(5)}

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

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Sale of products	99,262.31	87,502.38
Sale of services	212.70	39.29
Other operating revenue	9.50	9.81
Dividend Income Received	22.33	-
TOTAL	99,506.84	87,551.48

Note no. 20: OTHER INCOME (₹ in Lac)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Interest income	65.37	60.91
Dividend received (gross)	52.50	84.00
Rental income	568.37	461.20
Profit on sale of fixed assets	5.50	0.99
Profit on Sale/redemption of Investment	-	15.02
Excess provision written back	16.48	165.78
Reversal of provision for diminution in value of investment	35.40	-
Unclaimed Credit Balances W/Back	160.46	14.27
Depreciation Written Back	-	0.07
Sale of Opening Obsolete Inventory {Refer Note No. 27(3)(f)(ix)}	724.10	292.83
Foreign Currency fluctuation gain (Net)	-	6.35
Other non-operating income	179.07	93.61
Other Services	8.90	3.59
TOTAL	1,816.15	1,198.62

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

Particulars	(₹ in Lac)	
	For the Year ended 31.03.2021	For the Year ended 31.03.2020
(A) Finished goods		
Opening stock *	8,967.98	9,534.99
Less: Closing stock	9,518.25	9,423.62
Sub Total (A)	(550.27)	111.37
(B) Stock in trade		
Opening stock	1.89	1.89
Less: Closing stock	1.89	1.89
Sub Total (B)	-	-
(C) Goods in process		
Opening stock *	382.18	345.45
Less: Closing stock	493.96	422.51
Sub Total (C)	(111.78)	(77.06)
(D) By Product		
Opening stock	497.59	190.25
Less: Closing stock	660.87	497.59
Sub Total (D)	(163.28)	(307.34)
Net (Increase)/Decrease in Stock (A+B+C+D)	(825.33)	(273.03)

* Refer Note No. 27(3)(f)(ix) for difference in value of opening stocks of ₹495.97 Lac (Previous Year ₹292.83 Lac.)

Note no. 22: EMPLOYEE BENEFITS EXPENSES

Particulars	(₹ in Lac)	
	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Salary, wages, gratuity & other allowances	3,223.78	3,125.04
Contribution to provident and other funds	161.14	164.20
Staff welfare expenses	157.26	156.58
TOTAL	3,542.18	3,445.82

Note no. 23: FINANCE COSTS

Particulars	(₹ in Lac)	
	For the Year ended 31.03.2021	For the Year ended 31.03.2020
(a) Interest expenses: {Note Nos. 27(3)(f)(i) & (ii), 27(4) and 27(12)}		
(i) On borrowings	710.72	735.91
(ii) On statutory dues	41.70	52.11
(iii) On trade payables	-	-
(iv) On security	1.67	1.72
(v) On Finance Lease	-	-
(vi) On car loans taken by employees	1.28	1.92
(vii) On others	7.02	0.91
(b) Other borrowing costs	-	-
(c) Net gain/loss on foreign currency transactions and translation	-	-
TOTAL	762.39	792.57

Note no. 24: OTHER EXPENSES

Particulars	(₹ in Lac)	
	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Consumption of stores & spare parts	1,130.75	975.89
Consumption of packing materials	6,973.77	5,967.14
Power & fuel	249.76	215.04
Repairs to machinery	1,800.75	1,190.06
Repairs to building	413.90	156.94
Lease rent/Rent	184.07	165.43
Rates & taxes	1,010.87	568.33
Excise duty on stock	260.89	748.49
Opening finished goods stock charged to Revenue {Refer Note No.27(3f)(ix)}	724.10	292.83
Insurance	37.98	47.42
Auditor's remuneration (see footnote below)	24.99	29.15
Loss on sale of fixed assets	-	-
Loss on sale of Stores	-	0.01
Stores Written Off	-	10.18
Less: Adjustment of provision for obsolete stores	-	(10.18)
Donations	34.39	0.70
Bad debts written-off	19.78	-
Less: Adjustment of provision for doubtful trade receivables	(19.78)	-
Claims/amounts written-off	5.82	0.50
Less: Adjustment of provision for doubtful amounts	-	-

Note no. 24 (Contd.)

(₹ in Lac)

Particulars	For the	For the
	Year ended 31.03.2021	Year ended 31.03.2020
Investment written-off	-	-
Loss on redemption of Investment	-	2.60
Provision for obsolete spare-parts & stores	23.56	14.00
Provision for doubtful debts, advances and Security Deposits	368.36	306.06
Provision for Diminution in value of Investments	0.05	10.26
Freight/transport & forwarding	841.74	758.04
Commission to selling agents	2,157.22	1,549.91
Discount & sale promotion	4,196.42	4,432.68
Advertisement expenses	15.35	3.75
Travelling expenses	180.29	222.95
Legal & professional charges	190.44	277.86
Licence Fee	5,394.70	3,675.24
Retainership Expenses	232.31	147.61
Net gain/loss on foreign currency transactions & translation	5.93	-
Product Display Charges	160.35	17.42
Other general expenses	302.98	276.54
TOTAL	26,921.74	22,052.85

Note:**Auditor's remuneration:**

(a) As auditor	11.65	11.81
(b) For taxation matters (Tax Audit fee)	8.00	9.67
(c) For company law matters	-	-
(d) For other services including certification work	4.51	6.77
(e) For reimbursement of expenses	0.83	0.90
TOTAL	24.99	29.15

NOTE NO.**25. BASIS OF CONSOLIDATION**

- (i) These Consolidated Financial Statements have been prepared by the Modi Industries Limited (herein after referred to as "the Holding Company or Parent Company") to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 [Act] read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable and in particular Accounting Standards 21(AS 21)-"Consolidated Financial Statements".
- (ii) Memorandum of Understanding dated 24/11/2020 was executed with two related parties for sale of entire investments in 2 subsidiaries of the Holding Company i.e. 21,450 Equity Shares of Your Investment (India) Limited and 13,200 Equity Shares of Own Investment (India) Limited.

In March, 2021, entire sale consideration was received and the holding company executed "Irrecoverable power of attorney" in favor of buyer companies on March 19, 2021. Transfer of shares was done on April 12, 2021. Even though above sale of investment has been accounted for in the financial year 2020-21 keeping in view of principles of "Substance Over Form", the consolidation of financial statements of the company with these two Subsidiaries has been done to comply with the provisions of Paragraph 22 of AS 21-Consolidated Financial Statements which stipulates that "operations of a Subsidiary with which parent-subsidiary relationship ceases to exist are included in the consolidated statement of Profit and Loss until the date of cessation of the relationship. The difference between the proceeds from the disposal of investment in a subsidiary and the carrying amount of its assets and liabilities as of the date of disposal is recognized in the consolidated statement of profit and loss as the profit or loss on the disposal of investment in the subsidiary".

- iii. The list of Companies which are included in consolidation of Statement of Profit and Loss and the Company's holdings therein at the time of sale were as under:

Name of the Company	Percentage holding	
	2021	2020
Own Investment (India) Limited	99.89%	99.89%
Your Investment (India) Limited	99.93%	99.93%

Each of the above Companies are incorporated in India. Even though sale has taken place on March 19, 2021, the Financial Statements are drawn upto the same reporting date as that of Holding Company i.e. March 31, 2021 as there were no transaction from date of sale of shares on March 19, 2021 to March 31, 2021 in both the subsidiaries.

- iv. The Consolidated Financial Statements have been prepared to comply in all material respect with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013.
- v. The Consolidated Financial Statements have been prepared under the historical cost convention on an accrual basis, except where revaluation/impairment is made.
- vi. The Accounting Policies have been consistently applied by the Company and are consistent with those used in the previous year unless specified otherwise in Notes to Accounts.
- vii. The Consolidated Statement of Profit and Loss of the Holding Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together the book value of like items income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized Profits/Losses.
- viii. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transaction and other events in similar circumstances and are presented,

to the extent possible, in the same manner as the holding Company's standalone financial statements except as stated in notes on accounts.

26 ACCOUNTING POLICIES:

(1) INVENTORY VALUATION

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

(2) PROPERTY, PLANT AND EQUIPMENT

Major improvements to Property, Plant and Equipments 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.

(3) DEPRECIATION

- (a) Depreciation on Plant & Machinery is provided on Straight Line Method except in Corporate Office. In respect of other assets including Office Equipments, depreciation is provided on Written Down Value Method in all units except Sugar and Steel Units of the Holding Company where it is provided on Straight Line Method.
- (b) Depreciation on additions/deletions is charged on prorata basis and in accordance with Schedule II of the Companies Act, 2013.
- (c) Depreciation on assets costing upto ₹5,000/- has been fully depreciated in the year of purchase.

(4) INTANGIBLE ASSETS:

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

(5) REVENUE RECOGNITION:

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

(6) INVESTMENTS:

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

(7) RETIREMENT BENEFITS:

- (a) Contribution to Provident Fund is made at a predetermined rate to the Provident Fund Trust and charged to the Statement of Profit and Loss on accrual basis.
- (b) Gratuity Liability is accounted for on accrual basis, computed actuarially.
- (c) Leave encashment is accounted for on accrual basis, computed actuarially.

(8) OPERATING LEASE:

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

27. CONTINGENT LIABILITIES AND OTHER NOTES:

		(₹ in Lac)	
Particulars		AS AT	AS AT
		31.03.2021	31.03.2020
1.	(a) <u>Claims against the Company not acknowledged as debts:</u>		
	i) Workmen (excluding unascertainable amounts)	439.94	410.71
	ii) Others	224.12	224.12
	(b) Disputed Liability for Excise-duty, Sales-tax, Entry-tax matters, House Tax & Water Tax and liquidated damages on Provident Fund dues (excluding interest unascertainable and undisputed Sales Tax/penalty demands (net of provision made of ₹62.21 Lac) of ₹175.24 Lac).	1490.89	1307.67
	(c) Income Tax	-	209.59
	(d) Bills discounted	148.59	148.59

2. Estimated amounts of contracts remaining to be executed on Capital Account ₹65.82 Lac (Previous Year ₹118.94 Lac).

3. (a) The Steel Unit of the Holding Company 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 Holding Company has not been able to obtain access to the accounting, financial and production records of the unit necessary for updating the said books of accounts/ compiling the data to prepare the annual accounts as well as for finalizing the audit for the year ended 31st March, 1993. Transactions subsequent to the closure of the unit could not be incorporated in the annual accounts of 1992-93 and onwards in view of pending access to the earlier accounts viz., 1st April, 1992 to 24th January, 1993, the absence of which would leave the books still incomplete. However, the Statement of Profit and Loss for the current financial year 2020-21 and from 1993-94 to 2019-20 have been incorporated in current financial year and in various previous financial years respectively. As an interim measure credit balance of ₹463.97 Lac (Previous year balance of ₹959.12 Lac) have been clubbed with Current Liabilities of the Holding Company as on 31st March, 2021 and 31st March, 2020 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, 2021.

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

(c) In view of above, as per past practice, the audited opening balances of Assets and Liabilities, quantitative details, contingent liabilities {excluding old electricity dues – Refer Note 3f(viii)} and notes of the Steel Unit as on 1st April, 1992, subject to certain reductions in loans by ₹323.95 Lac, inventories by ₹1,164.21 Lac, Property Plant & Equipment by ₹799.86 Lac and inter-unit balances by ₹1,103.81 Lac.

(d) Assets and Liabilities of the Steel Unit incorporated in the Balance Sheet of the Holding Company as on 31.03.2021 and 31.03.2020 after making adjustments in paragraph (c) above are as under:

(₹ in Lac)					
Liabilities	As at 31.3.2021	As at 31.3.2020	Assets	As at 31.3.2021	As at 31.3.2020
Secured Loans	3421.08	3421.08	Property, Plant and Equipments (Net)	399.88	405.73
Current Liabilities & Provisions	2838.28	2838.28	Investments	0.11	0.11
Accumulated Profits/(Losses) (net):	(2581.96)	(2412.04)	Current Assets & Advances:		
			Inventories {Refer Note 3(f)(ix)}	175.93	900.03
			Sundry Debtors	1199.25	1199.25
			Cash and Bank Balances	150.78	150.78
			Loans and Advances	249.70	249.70
			Miscellaneous Expenditure (to the extent not written off or adjusted)	11.07	11.07
			Inter-unit Balances	703.46	143.43
			Loss for the year 1991-92	787.22	787.22
Total	3677.40	3847.32	Total	3677.40	3847.32

(e) Statement of Profit and Loss of the Steel Unit for the year ended 31st March, 2021 and 31st March, 2020 (excluding inter-unit rental income of ₹49.95 Lac) (Previous year ₹83.77 Lac) and inter-unit service expense of ₹5.34 Lac (Previous year ₹ NIL) is as under:

(₹ in Lac)		
Particulars	2020-21	2019-20
INCOME:		
Rental Income	551.81	436.51
Interest Income	3.44	-
Other Services	8.91	3.60
Sale of opening inventory {See Note No. 3(f)(ix) below}	724.10	292.83
	1,288.26	732.94
EXPENDITURE:		
Employees Benefit Expenses	131.37	123.61
Finance Cost	294.32	329.07
Depreciation	43.80	44.08
Legal & Professional Expenses	29.86	18.79
Opening Stock charged to Revenue {See Note No. 3(f)(ix) below}	724.10	292.83
Other Expenses	234.73	61.56
Loss for the year	169.92	137.00

(f) The Profit and Loss Account/Statement of Profit and Loss of Steel Unit for the years 1993-94 to 2020-21 are subject to the following notes on accounts:

- (i) In view of non-availability of book balance of liabilities towards PNB, IDBI and IFCI in the books of Steel Unit of the Holding Company on account of non-incorporation of annual accounts and balance sheets of Steel Unit {Refer Note 27 (3) (a to c) of Consolidated Financial Statements}, the difference between OTS amounts and book balances could not be ascertained.
- (ii) No-provision of interest, amount unascertained, has been made on loans assigned by Bank and Financial Institutions to SBEC Sugar Limited (“SSL”) and TC Health Care Private limited (“TCH”) as the Holding Company proposes to enter into revised terms of payment of these secured debts with SSL & TCH.
- (iii) The impact, if any, on account of non-availability and consequently non-incorporation of audited opening balances of assets and liabilities of the Steel Unit as on 1st April, 2020;
- (iv) Non-provision of obsolete/damaged stocks and Property, Plant and Equipments, if any, in view of non-incorporation of earlier year’s accounts and non-physical verification of these inventories since 1992-93 and Property, Plant & Equipment since the year 1989;
- (v) Non-confirmation/reconciliation of balances of debtors, creditors, banks, financial institutions etc. and impact, if any, on the Statement of Profit and Loss;
- (vi) Non-provision of doubtful debts and loans & advances, amount unascertained;
- (vii) Non-provision of Impairment, if any, of the Property, Plant and Equipments as per Accounting Standard (AS 28) i.e. Impairment of Assets, amount unascertained.
- (viii) (a) Uttar Pradesh Electricity Board (now U.P. Power Corporation Ltd.) raised various demand notices against electricity dues of ₹798.64 Lac and late payment surcharge amounting to ₹512.84 Lac on the Steel unit of the Holding Company.
 (b) The Hon’ble Supreme Court of India, granted interim stay on 14th March, 2005 for stay of recovery by way of sale of property. Further, vide its order dated November 02, 2017 directed to pay amount of ₹1055.06 Lac.
 The Hon’ble Supreme Court of India vide its order dated 22nd October, 2018 and 29th March, 2019 granted permission for sale of movable property. To comply the order of Hon’ble Supreme Court, Holding Company had paid entire dues and got the NOC from Electricity Department dated 05.12.2020.
- (ix) In view of non-incorporation of accounts of the Unit for the year 1992-93, subject to certain adjustments, the assets and liabilities of the unit continued to be incorporated as it is in the balance sheet of the Holding Company since 31st March, 1993.

As per the order of the Hon’ble Supreme Court of India dated 22nd October, 2018 granting approval to sell of moveable properties, the Steel Unit has disposed of Scrap generated out of damaged and obsolete inventories etc. of more than 25 years old for a consideration of ₹724.10 Lac (upto 31st March, 2020 ₹440.11 Lac) during the year and recognized revenue. Accordingly, in the absence of details of quantity and value of opening inventory appearing in the books of account, and the classification of scrap out of stocks or property, plant and equipment value of stocks sold during the year of ₹724.10 Lac (upto 31st March, 2020 ₹440.11 Lac) has been reduced from inventory appearing in the balance sheet and treated as “opening finished goods stock” charged to revenue in the Note No. 24 of ‘Other Expenses’.

4. With respect to the assignment of debts

- (a) During the year 2006-07, an agreement dated 22nd January, 2007 for One Time Settlement (OTS) of dues of Punjab National Bank (PNB) was entered into between the Holding Company, PNB, Shri U.K. Modi (as Guarantor) and SBEC Sugar Limited (SSL), on the terms as contained in the PNB’s Letter dated 28th September, 2006. Under the said agreement, PNB has agreed to assign all its claims against Steel Unit of the Holding Company together with all securities and charges created by the Holding Company to SSL on payment of full settlement amount of ₹2810.60 Lac together with interest. SSL made full payment to PNB of the settlement amount together with interest. PNB thereafter executed a Deed of Assignment on 15th May, 2012 in favour of SSL by which PNB assigned all its claims together with all securities and charges created by the Holding Company in its favour to SSL. The Registrar of Companies has registered the modification to the charges in favour of SSL. The debts of MIL which was assigned to SSL had been further assigned to SBEC Bioenergy Limited (SBEL) on 31st December, 2012. Thereafter, in the month of June, 2018, SBEC Bioenergy Limited assigned the entire debt of Holding Company in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 6th June, 2018. In view of the above, the secured debt is now payable by the Holding Company to SSL. The Holding Company proposes to enter into revised terms of this secured debt with SSL.
- (b) With reference to the Holding Company’s liabilities to IDBI Limited, a settlement agreement was concluded between the Holding Company, IDBI Limited and SBEC Bio Energy Limited (SBEL) on 6th October, 2007. This settlement agreement was in terms of IDBI’s letter dated 9th February, 2007. Under the said agreement IDBI agreed to assign its entire debt due and payable by the Holding Company to SBEL subject to SBEL paying to IDBI its OTS claim amount of ₹1232.20 Lac. Acting on the said agreement, SBEL made a payment of ₹1232.20 Lac to IDBI together with interest. The said payment to IDBI of ₹1232.20 Lac along with interest was completed on 6th October 2007. IDBI has executed a Deed of Assignment on 5th March, 2018 in favour of SBEL by which IDBI assigned all its claims together with all securities and charges created by the

Holding Company in its favour to SBEL. The Registrar of Companies has registered the modification to the charges in favour of SBEL. Thereafter, in the month of June, 2018, SBEC Bioenergy Limited assigned the entire IDBI's debt of Holding Company in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 12th June, 2018. The said debt is now payable by this Holding Company to SSL.

The Holding Company proposes to enter into revised terms of this secured debt with SSL.

- (c) With reference to this Holding Company's liabilities to IFCI Limited, a settlement agreement dated 30th December, 2009 was concluded between this Holding Company, IFCI Limited and SBEC Bio-Energy Limited (SBEL). This settlement agreement was in terms of IFCI's letter dated 30th December, 2009. Under the said settlement agreement, IFCI agreed to assign to SBEL its entire debt as due and payable by this Holding Company to it subject to SBEL paying to IFCI its OTS claim of ₹775.00 Lac. Acting on the said settlement agreement, SBEL made a payment of ₹775.00 Lac to IFCI on 30th December, 2009 and in consideration thereof IFCI Limited executed a Deed of Assignment dated 19th April, 2012 and assigned its all claims against this Holding Company together with the securities and charges in favour of SBEL. The Registrar of Companies has registered the modification to the charges in favour of SBEL. Thereafter, in the month of June, 2018, SBEC Bioenergy Limited assigned the entire IFCI's debt of Modi Industries Limited in favour of SBEC Sugar Limited (SSL) vide registered Deed of Assignment dated 12th June, 2018. The said secured debt is payable by this Holding Company to SSL. The Holding Company proposes to enter into revised terms of this secured debt with SSL.
- (d) International Asset Reconstruction Holding Company Limited, the assignee of ICICI debt has assigned its debt to M/s. T.C. Healthcare Private Limited on 27th June, 2018 and its charge has been duly registered with Registrar of Companies. The Holding Company proposes to enter into fresh terms of payment of this debt with TC Health Care Pvt. Ltd.

5.(i) Settlement arrived between both the Managing Directors:

The Managing Directors of the Holding Company (i.e., Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi) were embroiled in multiple litigations over the years and because of the same, major brunt has been faced by the Holding Company as the said inter-se dispute between them led to the inability of the Holding Company to set up new business or revive or rehabilitate the existing units. The Holding Company was also unable to utilize its non-core assets to clear its liabilities and it even failed to avail credit facilities, which were announced by the Central/State Governments from time to time to aid the rehabilitation of the Holding Company. This has led to a grave situation over a period of years wherein the liability of the Holding Company has been rising due to ever piling on interest rates.

The 6 (six) units of the Holding Company under the control and management of Shri Mahendra Kumar Modi,

gradually shut down starting the year 1995 and the last 2 (two) units i.e. Paint & Electrode unit also closed down in the year 2016. The liabilities of entire Holding Company (i.e., including the 6 units which were previously under the control of Shri Mahendra Kumar Modi) are being paid by the units under the control of Shri Umesh Kumar Modi in order to save the Holding Company from going into liquidation.

The Holding Company as on date have huge outstanding liabilities towards Various Creditors (including banks/Financial Institutions) who have initiated/threatening to initiate action under the Insolvency & Bankruptcy Code, 2016 and/or Recovery of Debts and Bankruptcy Act, 1993 and/or Securitization and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002, repercussions whereof are irreversible and there is an immediate need to liquidate the dues of all the creditors of the Holding Company (including banks/Financial Institutions). The liabilities of the Holding Company are mounting as a whole and apart from the increasing pressure of the Creditors (including banks/Financial Institutions), there were constant dharnas by laborer's/workers for liquidation of their outstanding dues as well.

If the above was not enough, to make situation worse, the issuance of Recovery Certificate (on account of outstanding dues of the Cane Growers) on 4th September, 2020, under the U.P. Sugarcane (Regulation of Supply and Purchase) Act, 1953 was also extremely detrimental to the interest of the Holding Company, therefore, it was becoming imperative and urgent to find a holistic solution once and for all so as to ensure that the Holding Company remains as a going concern.

In view of the aforementioned circumstances, a settlement has been arrived between Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi with the assistance, support and intervention from the State Government of Uttar Pradesh, which played an important role in the settlement of inter-se dispute amongst Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi. Post the settlement, Shri Mahendra Kumar Modi has resigned from the post of Managing Director/Director of the Holding Company on 09.09.2020 and transferred all the shares held by him, his family members and group companies in favour of Shri Umesh Kumar Modi.

Shri. Umesh Kumar Modi has been managing the affairs of the Holding Company for the last four decades. Additionally, for the last few years, Shri Umesh Kumar Modi has by himself ensured the survival of the Holding Company exclusively as the other six units of the Holding Company which were under the control of Shri Mahendra Kumar Modi have been permanently closed down. Upon the resignation of Shri Mahendra Kumar Modi, the Board by virtue of a circular resolution dated 09.09.2020, had made Shri Umesh Kumar Modi in charge of affairs of all the nine (9) units (including the management and control of the six (6) units which were previously under Shri Mahendra Kumar Modi) as well as the corporate office of the Holding Company which was subsequently confirmed by the Board in its meeting dated 05.10.2020. The Board also appointed him as Chairman of the Holding Company in its meeting dated 05.10.2020.

Additionally, the Holding Company also appointed few Additional Directors as well as Independent Directors on the board of the Holding Company by virtue of a circular resolution dated 09.09.2020 which was subsequently confirmed by the Board in its meeting dated 05.10.2020. The appointment of Additional/New Directors as well as re-appointment of Shri Umesh Kumar Modi as the sole Chairman and Managing Director of the Holding Company was also approved by the Board and the members of the Holding Company in its Annual General Meeting (AGM) dated 05.12.2020

(ii) Process of the revival of electrode unit of the Holding Company and payment of outstanding dues of the labour of the six (6) units of the Holding Company

Pursuant to settlement arrived between Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi, all the earnest efforts are being made by Shri Umesh Kumar Modi for the revival of closed units of the Holding Company and in this regard, Shri Umesh Kumar Modi has already initiated process of revival of closed Electrode unit of the Holding Company and for the said purpose 16 ex-labour/employee of the closed Electrode unit have already been re-instated.

Further, the Holding Company has started the process of clearing the outstanding dues of the labour/employees/workers of the closed six (6) units and paid an amount of ₹264.38 Lac upto 30.09.2021 towards the outstanding dues of the labour/employees/workers.

(iii) Withdrawal of the cases/complaints filed by Shri Mahendra Kumar Modi against the Holding Company as well as other Directors

Pursuant to the settlement arrived between Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi, the complaints/proceedings instituted by Shri Mahendra Kumar Modi against the Holding Company and its Directors before various courts/tribunals/authorities including and not limited to proceedings instituted before the Hon'ble Supreme Court of India, Hon'ble Delhi High Court, Securities & Exchange Board of India, National Stock Exchange of India, Registrar of Companies etc. were withdrawn.

(iv) Application filed by Shri Devendra Kumar Modi before the Hon'ble Delhi High Court inter-alia seeking stay on sale of assets of the Holding Company

During September-October, 2020, Shri Devendra Kumar Modi filed 2 (two) interim applications under Order 39, Rule (1) & (2) of CPC, 1908 being I.A. 8156/2020 & I.A. 9457/2020 in his pending civil suit i.e. CS (OS) 991/2009 titled as DK Modi vs. YK Modi & Ors. before the Hon'ble Delhi High Court (on 11.09.2020 & 03.10.2020 respectively) inter-alia, praying for certain interim reliefs, however, till date no such relief has been granted and merely notice was issued on the said two applications vide order dated 24.11.2020. The said applications are still pending adjudication before the Hon'ble Delhi High Court. Among various reliefs sought by Shri Devendra Kumar Modi in the said two applications, few critical reliefs are as follows:

- (a). Stay the inter-se settlement between Shri Umesh Kumar Modi and Shri Mahendra Kumar Modi;
- (b). Stay the sale of assets of Modi Industries Ltd.;

- (c). Appoint Shri Devendra Kumar Modi on the Board of Modi Industries Ltd.;

Shri Devendra Kumar Modi had also filed an appeal (being FAO (OS) 5 of 2021) before the Ld. Division Bench of the Delhi High Court, inter-alia, assailing the order dated 24.11.2020 passed by the Ld. Single Judge, whereby, no interim relief as prayed by Shri Devendra Kumar Modi was granted to him. The Ld. Division Bench vide order dated 18.02.2021 dismissed the appeal filed by Shri Devendra Kumar Modi without granting any interim relief.

6. Share purchase agreement executed between Modi Industries Ltd. and Shri Mahendra Kumar Modi regarding sale of shares of Modipon Ltd.

During September 2020, an agreement was executed between the Holding Company and Daisy Investment Ltd., regarding sale of shares of Modipon Ltd. held by the Holding Company.

In pursuance to the said agreement, the Holding Company received an advance of 25% against the transfer of the shares in favour of Daisy Investment Ltd., however, since the Demat Account of the Holding Company was suspended/frozen, the shares held by the Holding Company could not be transferred during the said period. The suspension/freeze of the Demat Account was on account of some technical issue at the end of Modi Rubber Ltd. The suspension of the Holding Company's Demat Account was only on account of the fact that the Holding Company is one of the promoters of Modi Rubber Ltd.

The suspension of the Demat Account of the Holding Company has been lifted/revoked with effect from 15.03.2021. However, the transfer of shares is still pending and accordingly the sale of shares has not been recognized till March 31, 2021 as the balance sale consideration is also yet to be received.

- 7(a) Electrode, Paint and Gas Units of the Holding Company are lying closed with effect from November 2016. The audited financial statements of these 3 Units and Central Accounts Department ("CAD") of these three Units have not been received by the corporate office of the Holding Company for incorporation in the financial statements of the Holding Company for the financial years 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21. Pending incorporation of audited financial statements of these 3 Units and CAD for the period 1st April, 2016 to 31st March, 2021, change in inter- unit net debit balances with other Units & Corporate Office of ₹84.53 Lac as on 31st March, 2021 (debit balance of ₹104.90 Lac as on 31st March, 2020) due to non-incorporation of these financial statements has been shown under Current Liabilities of the Holding Company as on 31st March, 2021 and 31st March, 2020 as "Inter- Unit Balances" as an interim measure as was done in case of closed Steel Unit as stated in Note No. 27(3) above. As soon as the audited financial statements of these five financial years i.e. 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 of these 3 Units and CAD are made available to the Corporate Office, the same would be incorporated in the financial statements of the Holding Company. Presently the Books of Account of these Units and CAD are under compilation.

- (b) In view of above, as per past practice followed in case of closed Steel Unit, the following audited closing balances of Assets and Liabilities as on 31st March, 2016 of these 3 Units and CAD have been incorporated in the Balance Sheet of the Holding Company as on 31.03.2018, 31.03.2019, 31.03.2020 and 31.03.2021. Further, the contingent liabilities and Notes on financial statements relating to these 3 Units and CAD as on 31st March, 2016 have also been incorporated in these financial statements of the Holding Company for the financial years 2017-18, 2018-19, 2019-20 and 2020-21 without updating the amounts for the events/transactions that have taken place after 31st March, 2016.
- (c) Balances of Assets and Liabilities of these 3 closed Units and CAD as on 31st March, 2016 were as under:

(₹ in Lac)

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

8. The Holding Company has entered into an agreement with U.P. Power Corporation Limited for its Residential Feeder SC No. 2005 on 29th March, 2000. In pursuance of that agreement, the Holding Company has paid for the existing authorised occupants only after 1st July, 1998 computed prorata based on covered area of quarters occupied by the employees. In view of the above, no provision has been made for electricity charges of ₹131.46 Lac upto the period of permanent disconnection of residential feeder SC No. 2005 i.e. 31st May, 2001 (Previous year ₹131.46 Lac) for the unauthorized occupants and late payment surcharge/recovery charges amounting to ₹302.66 Lac upto 31st May, 2001 (Previous year ₹302.66 Lac). In accordance with the agreement, matter regarding waiver of late payment surcharge and recovery charges after 1st July, 1998 will be referred to the Government.
9. ESI authorities had raised a demand on the Holding Company for ₹70.53 Lac (upto previous year ₹69.36 Lac) (inclusive of interest) towards Holding Company's liability for ESI for the years 1968 to 1986 and no provision has been made against this liability.
10. No provision has been made for interest on dues of parties covered under MSME Act, 2006 for the period upto 31st March, 2021 in the books of account of Sugar, Distillery Units of the Holding Company. Amount not ascertained.
11. Consequent to the losses, the Holding Company was declared a Sick Industrial Holding Company on 14th March, 1991 in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. Show-cause Notice issued by BIFR for winding up pursuant to its order dated 28th October, 2013 has been stayed by AAIFR. Ministry of Finance, Department of Financial Services vide its Notification No. S.O.3568(E) & S.O. 3569(E) dated 25th November, 2016 repealed the SICA. Therefore BIFR & AAIFR have also been dissolved. National Company Law Tribunal (NCLT) & National Company Law Appellate Tribunal (NCLAT) have been constituted by the Government, now such type of matters will be dealt by NCLT/NCLAT. In the month of September, 2020, a long pending dispute between Shri Umesh Kumar Modi, Chairman and Managing Director and Shri Mahendra Kumar Modi (erstwhile Managing Director) has been amicably settled and thereafter necessary steps have been taken by the Holding Company under the leadership of Shri Umesh Kumar Modi for rehabilitation/revival of the closed electrode unit. In the first phase of revival of the said unit, the electrode unit will produce CO2 Wire with capacity of 160 Mt per month and Stick Electrode with capacity of 250 Mt per month. The estimated cost of the project is ₹1270.00 Lac and the commercial production of the Unit is likely to be commence in this financial year i.e., 2021-22. Additionally, in the Distillery Unit, it was decided that to convert its existing 30 KLPD Molasses Distillery into a 30 KLPD Grain Distillery, which will be able to fulfill the demand of IMFL up to 2 million cases, and the estimated project cost will be around 25.00 Cr. (GST Extra). Further, the Holding Company has started the process of sale/lease of unproductive assets not related to the working units of the Holding Company in order to clear the outstanding liabilities of the Holding Company. In view of the above, as well as improved performance of the operating units of the Holding Company, the accounts of the Holding Company have been prepared on a going concern basis.
- 12.(a) No provision has been made for penal/delayed/simple/compound interest amounting to ₹26,302.46 Lac upto 31st March, 2021 (for the year ₹1316.85 Lac) on term borrowings.
- (b) No provision has been made for interest/compound/penal interest of ₹9569.16 Lac upto 31st March, 2021 on 15% Debentures (₹8823.40 Lac upto 31.03.2020) [Refer Note No. 27(18)(B)(iii)]
- (c) The Sugar Unit of the Holding Company has not made provision for interest (computed @ 15.5% p.a.)/bank charges amounting to ₹8017.87 Lac (for the year ₹1144.42 Lac) on cash credit loan taken from Allahabad Bank.
- (d) No provision has been made for interest on Cash Credit amounting to ₹933.85 Lac (for the year ₹137.24 Lac). Further, response to the proposal submitted to the Bank for One Time Settlement (OTS) dues is awaited in Distillery Unit.
- 13(a) The closed Vanaspati Unit of Holding Company 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 Holding Company has filed a writ petition in Lucknow Bench of Allahabad High Court and Court had passed an

order dated 21st February, 2013 that “the writ petition is allowed and impugned order dated 22nd April, 1992 is quashed. The opposite parties are directed to reconsider the case of the petitioner afresh, after giving personal opportunity of hearing and pass appropriate orders, in accordance with law.” In compliance of High Court order, we had filed an application before the Secretary Level Committee (Constituted under Section 4A of the U.P. Trade Tax Act). As the matter is still pending before the authority, no provision has been made for sales tax liability of ₹2,455.78 Lac relating to the period May, 1991 to July, 1994 (previous year ₹2,455.78 Lac) {Note 27(7)(b)}.

- (b) The closed Vanaspati Unit had preferred an application for deferment of Sales-tax with effect from July, 1994 under Section 38 of the U.P. Sales Tax Act and the same has been rejected by the State Government. The Holding Company has also filed Writ Petition against the rejection and consequent to the orders of the Court, the recovery of Sales-tax has been kept in abeyance. Accordingly, Sales-tax amounting to ₹440.46 Lac (previous year ₹440.46 Lac) relating to the period August, 1994 to March, 1996 has not been deposited with the authorities.

The above writ petition filed by the Holding Company was listed for hearing on 2nd May, 2008 at High Court, Lucknow Bench. The Holding 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 Holding Company had also stated in the said affidavit that the Hon’ble Supreme Court of India had affirmed the order of the BIFR and therefore in view of the said orders of BIFR as affirmed by the Hon’ble Supreme Court, the said Writ Petition may be dismissed as infructuous. Accordingly, the High Court, Lucknow Bench has dismissed the said writ petition as infructuous {Note 27(7)(b)}.

- (c) In accordance with the Scheme announced by U.P. Government regarding Waiver of Interest & Penalty on Sales Tax, the Distillery Unit of the Holding Company has paid and provided interest during 2005-06 of ₹54.77 Lac i.e. 10% of the total interest as per the scheme. No Dues Certificate of Sales Tax authorities is awaited.
14. The Distillery Unit of the Holding Company declared cessation and lock-out of the Unit with effect from 19th December, 1991 and 5th January, 1992 respectively. The lockout has since been lifted. The U.P. Government, suo moto, has referred the matter to the Industrial Tribunal to decide the legality of the lockout. Pending final decision, no provision has been made for wages ₹27.46 Lac for the lockout period.
15. Due to a fire on 13-07-2019 in the office premises and records room of Sugar and Distillery Units of the Holding Company, most of the records including supporting documents/invoices etc. of transactions attached with the vouchers for the Financial Year 2014-2015 to 2018-19 and for the period April 2019 to the date of fire were destroyed/damaged almost completely. These accounting records which includes initial accounting entries, reconciliations &

other work sheets etc. will be re-generated and supporting records such as invoices, contracts, checks and records of electronic fund transfers etc. will be obtained from the third parties to the extent possible and this process will take considerable amount of time. In the meanwhile, since the accounting data including all ledgers stored in computer ERP system, were intact, this facilitated the preparation of Financial Statements of Sugar and Distillery Units of the Holding Company for the Financial Year 2018-19 and 2019-20.

16. No confirmation letters were sent to debtors/creditors. In the absence of such confirmations, the balances in respect of Sundry Debtors, Creditors, borrowings, loans and advances given including interest accrued and other accounts are taken as shown by the books of accounts and are subject to adjustments and reconciliation, if any.
17. Delhi Excise Authorities issued Show Cause Notices and raised demand for ₹167.43 Lac towards Risk-Purchase of Country Liquor in view of non-supply of the same by Distillery Unit of the Holding Company. Holding Company has disputed the above demand and a Writ Petition was filed before the Hon’ble Delhi High Court who ordered the case to be referred back to Collector of Excise for taking final decision. The Collector of Excise vide its order dated 27th June, 2003 has confirmed the above demand against which the Holding 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 Holding Company has deposited ₹50.00 Lac till date against the above demand. No provision is considered necessary at this stage since the matter is sub-judice.

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

- (i) Modinagar Municipal Committee (MMC) had determined the basis/liability of house tax payable by the Holding Company for the years 1982-83 to 2006-07 at ₹213.55 Lac (Net of payment/payable ₹195.64 Lac) which was disputed by the Holding Company. During the current year, net liability of ₹195.64 Lac for house-tax and ₹39.91 Lac for water-tax have been provided for in the accounts as an exceptional item and the payment is being made in instalments as agreed with MMC.
- (ii) Profit on sale of shares of Subsidiaries:

Due to delay in payment of the sugarcane dues (for the reasons beyond its control), the Holding Company received a Recovery Certificate (RC), issued on 4th September, 2020, against Modi Industries Limited (MIL) under the U.P. Sugarcane (Regulation of Supply and Purchase) Act, 1953 wherein, it was stated that if the payment is not made, State Government of Uttar Pradesh shall initiate the process of recovery against the Holding Company by auctioning the properties of the Holding Company and it may also take coercive actions against the Directors of the Holding Company.

The Holding Company has previously in the year 2019 appointed KPMG India Pvt. Ltd. (‘KPMG’), to independently prepare a restructuring scheme for the Holding Company with the basic intent/purpose to find a holistic solution to

the problem of ever-increasing liabilities of the Holding Company and to make the Holding Company debt free. The Board of Directors in its meeting held on 05.10.2020 and in view of the urgency of the matter, approved sale of its un-productive assets which are not related to the operations of the Holding Company at a price not less than the price ascertained by the RBSA Valuation Advisors LLP (valuers appointed by KPMG India Pvt. Ltd). The Audit Committee and the Board of Directors of the Holding Company unanimously approved sale of investments held by Holding Company in the equity shares of the subsidiary companies i.e Your Investment (India) Limited and Own Investment (India) Limited at the fair market price determined by the RBSA Valuation Advisors LLP (RBSA) and also treated these sale transactions in its ordinary course of business and done on an arm's length basis and accordingly covered under 4th proviso of Section 188(1) of The Companies Act, 2013 which is also supported by a legal opinion obtained by the Holding Company. Details of the sale considerations are given below;

S. No.	Name of Subsidiary Company	Number of Shares	Value Per Share (in ₹)	Total Consideration (₹ in Lac)
1.	Your Investment (India) Limited	21,450	4147	889.53
2.	Own Investment (India) Limited	13,200	6320.9	834.36
Total				1723.89

Accordingly, a Memorandum of Understanding dated 24.11.2020, has been executed by and between Longwell Investment Pvt Ltd and A to Z Holding Pvt Ltd as well as Your Investment (India) Limited and Own Investment (India) Limited whereby, it was agreed that 21450 equity shares of Your Investment (India) Limited will be transferred to Longwell Investment Pvt Ltd and 13200 equity shares of Own Investment (India) Limited will be transferred to A to Z Holding Pvt Ltd. The Holding Company received an amount of ₹219 Lac as an advance upon execution of the said Memorandum of Understanding. The transfer of shares could not take place during the said period as the Demat Account of the Holding Company was suspended/freeze on account of some technical issue at the end of Modi Rubber Ltd. The suspension of the Holding Company's Demat Account was only on account of the fact that the Holding Company is one of the promoters of Modi Rubber Ltd.

Further, in the month of March, 2021, the Holding Company made a request to Longwell Investment Pvt Ltd. and A to Z Holding Pvt Ltd., to immediately release the balance sale consideration amount ₹1504.89 Lac and the buyer Holding Company released the said consideration to the Holding Company on March 18, 2021 and the Holding Company also executed Irrevocable Power of Attorney in favour of buyer companies vis-à-vis the shares before March 31, 2021. As per the Understanding arrived between the parties, the shares shall be deemed to have been transferred irrecoverably upon payment of entire sale consideration. The proceeds received by the Holding Company from the sale of shares was subsequently utilized to clear the outstanding dues of the cane growers.

The suspension of the Demat Account of the Holding Company has been lifted/revoked with effect from 15.03.2021 and the transfer of shares was done on April 12, 2021.

Keeping in view of principle of substance over form, the above sale of investments has been accounted for in the financial year ended March 31, 2021 and accordingly recognized profit on sale of investments of ₹1689.24 Lac as an "Exceptional Item" in the Statement of Profit and Loss of the Holding Company for the financial year ended March 31, 2021 even though the equity shares of Your Investment (India Limited and Own Investment (India Limited were transferred to the buyer companies i.e., Longwell Investment Pvt Ltd. and A to Z Holding Pvt Ltd. on 12.04.2021. In the Consolidated Financial Statements in accordance with paragraph 22 of AS-21, profit on sale of investments is computed at ₹1,668.91 Lac (Sale Consideration – Net Worth of Subsidiaries) and treated as an Exceptional Item.

(iii) During the Current Financial year ended 31st March, 2021, the Sugar Unit of the Holding Company has paid Interest of ₹330.00 Lac on cane Price arrears for the sugar season 2018-19. Interest amounting to ₹330.00 Lac relates to the period upto 31st March, 2020.

(B) Exceptional Items of the previous year:

(i) During the previous financial year ended 31st March, 2020, the Sugar Unit of the Holding Company has paid interest of ₹2783.90 Lac on cane arrears for the Sugar Season 2015-16 and Sugar Season 2017-18 and ₹58.50 Lac on commission payable to cane societies. Interest amount of ₹2783.90 Lac related for the period upto 31st March, 2019.

(ii) During the previous financial year, the Holding Company has paid quality claims of ₹222.58 Lac which includes ₹156.04 Lac relating to sales affected till 31.03.2019 and balance amount of ₹66.54 Lac relates to closing stock as on 31.03.2019 which was sold later on.

(iii) The Holding Company had issued 2,27,960 partially convertible debentures (12.5% interest) of ₹250 each pursuant to the Board meeting held on 31.03.1986. Non-convertible portion of ₹200 each is unpaid in respect of 1,63,046 debentures as on 31.03.2020 and the further details are given below;

(a) The convertible part of ₹50/- of the fully paid-up debentures was duly converted into 5 equity shares of ₹10/- each as per the terms of the issue and non-convertible portion of ₹200/- each continued with Modi Industries Ltd.

(b) Out of the total Debentures issued by the Holding Company, 57,869 number of Debentures were subscribed by the Promoter group, and subsequently, 57,012 Debentures were purchased by Citibank on 30.06.1989 from the Promoter Group. The said debentures were transferred to Citibank before the redemption period of the said Debentures. Subsequently, Citibank transferred the said 57,012 Debentures to Canbank Financial Services Ltd. on 31.12.1992 again much before the date of redemption of the said Debentures.

- (c) As per the terms of the issue of the Debenture document as well as Agreement executed between Modi Industries Ltd. and Debenture Trustee dated 31.05.1990, the said Debentures were required to be redeemed at best within 7 – 9 years. The Condition no. v of the issue of the said Debentures (as well as Article – III, Clause – v of the debenture agreement) deals with Redemption and the same is reproduced herein below:
- “The Non-convertible part of ₹200 of each Debenture shall be redeemed at par in three annual installments of ₹65/-, ₹65/- and ₹70/- at the end of 7, 8 and 9 years respectively from the date of allotment. The interest on the Debentures shall cease to accrue and shall cease to be payable from the dates of their redemption.”*
- (d) The records available with the Holding Company shows that the said Debentures purchased by Canbank Financial Services Ltd. were not presented for redemption on the expiry of 7th, 8th and 9th year respectively as per the terms of the issue of Debentures and the same were unlawfully transferred to 3A Capital Services Ltd. on 14.11.2015 and 09.02.2016. The transfer of the said 57,012 Debentures in favour of 3A Capital Services Ltd. was inadvertently and under an incorrect impression of law was recorded by Modi Industries Ltd.
- (e) The transfer in favour of 3A Capital Services Limited was per se bad since the same was done after the expiry of mandatory period of redemption as per the terms of the issue of Debentures as well as provisions of the Companies Act, 2013 (and the Companies Act, 1956). Modi Industries Ltd. in its Board Meeting held on 14.11.2019 had revoked the transfer of the said 57,012 Debentures in favour of 3A Capital Services Ltd. and has restored the same in favour of Canbank Financial Services Ltd. The said action taken by the Holding Company in its Board Meeting was duly communicated to 3A Capital Services Ltd. as well as to Canbank Financial Services Ltd. vide letters dated 14.11.2019 and 23.11.2019 respectively.
- (f) After a lapse of almost 4 years since the incorrect purchase of the Debentures, 3A Capital Services Ltd. filed a petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 before NCLT, Allahabad inter-alia claiming an amount of ₹850 Lac approx. against the said 57,012 Debentures. The petition filed by 3A Capital Services Ltd. was withdrawn on the first date of hearing i.e. 07.11.2019 with the liberty to file fresh petition.
- (g) Pursuant to the above, Modi Industries Ltd. filed a Civil Suit before the District Court, Ghaziabad inter-alia contending that 3A Capital Services Limited is not the rightful owner of the 12.5% 57,012 Non-Convertible Debentures held by them. The Ld. Civil Judge (Sr. Div.) District Court, Ghaziabad vide order dated 27.11.2019 was pleased to admit the said suit filed by the Holding Company and further the Ld. Court granted an injunction against 3A Capital Services Ltd., inter-alia, restraining 3A Capital Services Ltd. from seeking redemption of the 57,012 Debentures held by them.
- (h) Thereafter, 3A Capital Services Ltd. now again filed a fresh petition under Section 7 of the Insolvency and Bankruptcy Code 2016 before NCLT, Allahabad to recover an amount of ₹5800 Lac approx. against the Debentures held by them, wherein the principal amount claimed is only ₹114.02 Lac and the interest amount claimed is ₹5713.63 Lac.
- (i) The purported claim made by 3A Capital Services Limited in the petition filed before NCLT, Allahabad is not only baseless and frivolous but the same is hopelessly barred by time. 3A Capital Services Ltd. in support of their claim has relied upon the earlier Balance Sheet of the Modi Industries Ltd. to show that their claim is not time barred, however, the fact of the matter is that the reliance placed on the Balance Sheet is misplaced and misdirected and there is no admission of interest in the Balance Sheet.
- (j) It is hereby clarified for all purposes the amount claimed by 3A Capital Services Ltd. is not admitted by Modi Industries Ltd and they have merely placed reliance on mere notes to accounts and the amount mentioned under the category of Contingent Liability (calculated since 2004) to show that there is admission of the amount claimed by 3A Capital Services Ltd. The so-called liability as claimed by 3A Capital Services Ltd. is not an admitted liability and that is why it is mentioned under the category of Contingent Liabilities and Notes and thus it was not provided for.
- (k) The Holding Company had also realized that the calculation of the amount in respect of the category of Debenture Holders carrying 12.5% which has been provided for up till the year 2004 was also incorrect keeping in mind the provision of the Companies Act, 2013 read with the relevant terms of the debenture document.
- (l) In view of the above and also by relying on the legal opinion, the Board of Directors of the Holding Company on the recommendation of the Audit Committee of the Board approved provision/payment of interest till the specified/mandatory date of redemption of these debentures i.e. till 7th, 8th & 9th year from date of issue only and not thereafter.
- (m) In view of the above the following scenario emerges;
- (i) The interest that had to be provided in respect of the above said debentures was up to the date of redemption respectively, amounting to ₹541.00 Lac (excluding principal) which has been retained in the books of accounts as on 31st March, 2020;
- (ii) The Interest amounting to ₹1,423.66 Lac which had been wrongly provided up to 31.03.2004 in the P&L Account has been written back as an “Exceptional Item” in the Statement of Profit and Loss for the year ended 31st March, 2020 as per Accounting Standard 5 i.e. “Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies”
- (iii) Additionally, an interest amounting to ₹12,702.53 Lac (calculated from the Financial Year 01.04.2004 to 31.03.2019) which was put under the category of contingent liabilities and notes (interest not provided for) now stands omitted.

19. Till 31st March, 2016, certain Quarters of the Holding Company were occupied unauthorizedly by ex-employees/outsiders. The Holding Company has entered into "Agreement to Sell" for 215 (Previous year 215), such residential quarters with such parties. Sale consideration amounting to ₹504.50 Lac (Previous year ₹504.50 Lac) has been received as interest free advance. These "agreements" clearly stipulates that final sale of such quarters are subject to approval of Financial Institutions to whom these quarters have been mortgaged and the Holding 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 Holding Company has been legally advised that it can enter into such "Agreements to Sell" {Refer Note 27(7)}.
- 20.(a) The Steel Unit of the Holding Company has entered into few leases, including perpetual leases, agreements for certain portions of the factory land and building 70,696.23 Sq. Mtrs (Previous year 40,141.91 Sq. Mtr.) for which approval of financial institutions, to whom the factory land and buildings are mortgaged, is yet to be obtained. However, the Holding Company has been legally advised that it can enter into such lease agreements. Further, the lease money was mainly utilized for payment of workers and statutory dues.
- (b) The Holding 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 Holding 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 Holding Company again wrote a letter to IDBI Limited on 5th April, 2007 requesting for its approval to the said transaction. The Holding Company in the letter under reference also mentioned that if IDBI Limited does not respond to the Holding Company's request, it will be deemed that the Holding Company's request has been approved by IDBI Limited and the Holding Company will go ahead with the said leasing agreement. The IDBI has so far not responded to the Holding Company's letter. {Refer Note No.27(7)(b)}.
- 21.(a) Recovery Certificate (RC) was issued on 1st May, 2004 on account of non-payment of cane price/commission/interest due to Co-operative Societies for the sugar season 2003-04. The Hon'ble High Court has stayed the recovery proceedings against the Holding Company subject to payment of dues upto 31st July, 2004. The Holding Company has complied with the conditions regarding payment of cane price and commission on basic SMP upto 31st July, 2004. However, the Holding Company has disputed the payment of interest of ₹142.00 Lac and recovery charges of ₹236.00 Lac in the Hon'ble Allahabad High Court which is still pending. On consideration of prudence, the Holding Company has made provision for interest of ₹142.00 Lac during the year 2004-05.
- (b) Recovery Certificate (RC) was issued on 10th August, 2007 on account of non-payment of cane price/commission/interest due to Co-operative Societies for the sugar season 2006-07. The above RC also includes interest of ₹340.66 Lac upto 7th August, 2007 on cane price/commission payable to societies and recovery charges of ₹426.95 Lac which has not been provided for in the books of account. As per the Interim Order dated 27th February, 2008 of Hon'ble Supreme Court, there shall not be any recovery charges or interest for delayed payment at this stage.
- (c) Recovery Certificate (RC) was issued on 18th March, 2008 on account of non-payment of cane price/commission/interest due to Co-operative Societies for the sugar season 2007-08. The above RC also includes recovery charges of ₹413.50 Lac which has not been provided for in the books of account.
- (d) Recovery Certificate (RC) was issued on 20th April, 2011 on account of non-payment of cane price/commission/interest due to Co-operative Societies for the sugar season 2010-11. The above RC also includes recovery charges of ₹268.25 Lac which has not been provided for in the books of account as stay granted by Hon'ble Allahabad High Court.
- (e) Recovery Certificate (RC) was issued on 21st February, 2014 on account of non-payment of cane price/commission/interest due to Co-operative Societies for the sugar season 2012-13. The above RC also includes interest of ₹1246.58 Lac and recovery charges of ₹450.79 Lac. No provision has been made for recovery charges in the books of account. Hon'ble Allahabad High Court vide its order dated 16th April, 2014 has stayed the recovery charges of ₹278.99 Lac. Further the Holding Company has paid interest on cane arrears.
- (f) Following three recovery certificates were issued by Cane Commissioner for Sugar Season 2013-14 to 2015-16 on account of delayed – payment of cane price/interest due to Co-operative Societies:

(₹ in Lac)

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

(i) Recovery Charges:

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

(ii) Interest Charges:

State Government waived interest charges of the above three sugar seasons. In a writ filed against the above by Rashtriya Kisan Mazdoor Sangathan, the Hon'ble Allahabad High Court set aside the

above decision of the State Government for waiver of interest for all the three years 2012-13, 2013-14, 2014-15 and asked the Cane Commissioner to look into the grievance of farmers that has been so raised and then examine the claim of each and every Holding Company on the parameters that have been so detailed in the order. Cane Commissioner will take final call in the matter within next four months from the date of receipt of certified copy of the order dated 09/03/2017 as per law. Further proceedings are pending.

- (g) No provision for Interest of ₹2,286.61 Lac (Previous Year ₹2616.61) for the period upto 31st March, 2020 for the Sugar Season 2018-19 has been made.
- (h) No provision for Interest of ₹3,066.89 Lac (Previous Year ₹511.70 Lac) for the period upto 31st March, 2021 for the Sugar Season 2019-20 has been made.
- (i) No provision for Interest of ₹393.78 Lac for the period upto 31st March, 2021 for the Sugar Season 2020-21 has been made.

23. RELATED PARTIES DISCLOSURE

1. Key Management Personnel:

Shri Umesh Kumar Modi, Chairman and Managing Director @
Shri Mahendra Kumar Modi*

@Appointment as Managing Director approved by Shareholders. Approval of Central Government awaited.

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

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

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

Modipon Limited @
Ashoka Mercantile Limited @
Weld Excel India Limited @
Daisy Investment Pvt. Ltd. @
Bihar Sponge Iron Limited
Longwell Investment Pvt. Ltd.
SBEC Bio-energy Limited
SBEC Sugar Limited
Moderate Leasing & Capital Services Limited
Modi Hitech India Limited
Technicast Engineers Limited
SBEC System India Limited
Modi Mundipharma Private Limited
Win-Medicare Private Limited
Modi Motors Private Limited
Modi Illva India Private Limited
Modi Line Travel Services Private Limited
Modi Mundipharma Beauty Products Private Limited
Modi Senator (India) Private Limited
Jayesh Tradex Private Limited
A to Z Holding Private Limited

@Related party upto 8th September, 2020. {Refer Note No. 27(5)}.

- (j) Recovery Certificate (RC) was issued on 20th February, 2020 on account of non-payment of cane price/commission/interest due to Co-operative Societies for the Sugar Season 2018-19. The above RC also includes recovery charges of ₹1041.79 Lac. In view of the direction issued in the case of Mahrajwa (Supra) as stated in note 3(f) (i) above, no provision for recovery charges is considered necessary by the management.
- (k) Recovery Certificate (RC) was issued on 12th October, 2020 on account of non-payment of cane price/commission/interest due to Co-operative Societies for the Sugar Season 2019-20. The above RC also includes recovery charges of ₹2416.46 Lac. In view of the direction issued in the case of Mahrajwa (Supra) as stated in note 3(f) (i) above, no provision for recovery charges is considered necessary by the management.
22. Impairment of assets, if any, as per Accounting Standard AS-28 i.e. impairment of assets has not been ascertained in Sugar Unit.

3. Disclosure of transactions between the Holding Company and related parties and the status of outstanding balances as at 31st March, 2021:

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

Particulars	(₹ in Lac)	
	2020-21	2019-20
Sale of Goods		
Modi Mundipharma Pvt. Ltd.	27.83	-
Jayesh Tradex Pvt. Ltd.	4.91	-
SBEC Sugar Limited	3.19	4.70
Win Medicare Private Limited	1.88	1.20
Modi Illva India Private Limited	0.32	0.71
Modi Hitech India Ltd.	0.12	-
Modi Motors Pvt. Ltd.	0.11	-
	38.36	6.61
Purchase of Goods/Raw Materials		
SBEC Sugar Limited	16.20	37.40
Jayesh Tradex Private Limited	157.98	133.01
Modi Hitech India Limited	25.47	19.30
Modi Motors Private Limited	27.48	9.12
Modi Mundi Pharma Beauty Products Pvt. Ltd.	2.47	3.06
	229.60	201.89
Purchase of Assets		
Jayesh Tradex Private Limited	6.01	5.63
Purchase of Foreign Currency		
Moderate Leasing & Capital Services Limited	-	0.80
Rental Income		
Win Medicare Private Limited	96.83	85.55
Modi Motors Private Limited	12.00	12.00
Modi Mundipharma Private Limited	0.18	10.89
SBEC Sugar Limited	-	0.15
Modi Mundi Pharma Beauty Products Pvt. Ltd.	0.36	0.36
Others	0.16	0.33
	109.53	109.28
Payment of Lease Rent		
SBEC Bio-energy Limited	5.56	9.49
Expenses reimbursed		
Win Medicare Private Limited	0.16	0.26
SBEC Sugar Limited	0.11	0.15
Jayesh Tradex Private Limited	0.11	0.64
	0.38	1.05
Sale of shares/investments {Refer Note No. 27(18)(A)(ii)}		
A to Z Holdings Pvt. Ltd.	834.36	-
Longwell Investments Pvt. Ltd.	889.53	-
	1723.89	-
Expenses realized		
SBEC Sugar Limited	4.90	-
Advance against sale of Investments		
Daisy Investment Pvt. Ltd.#	17.50	-

Particulars	(₹ in Lac)	
	2020-21	2019-20
Interest paid on Loan taken		
Moderate Leasing & Capital Services Limited	79.84	45.63
Loan and Advances taken		
Moderate Leasing & Capital Services Limited	1095.29	1074.00
Receiving of Services		
Modi Line Travel Services Private Limited	2.97	19.93
SBEC Sugar Limited	-	0.68
	2.97	20.61
Debentures redeemed (including Interest ₹5.60 Lac)		
Moderate Leasing & Capital Services Limited.	10.60	-
Security Deposit received		
Moderate Leasing & Capital Services Limited.	1432.00	-
Refund of Loan and Advance		
Moderate Leasing & Capital Services Limited.	499.00	1052.47
(B) Balances outstanding at the year end: (Refer Foot Note 1 below)		
Interest recoverable		
Moderate Leasing & Capital Services Limited	73.85	41.07
Amount payable		
SBEC Sugar Limited	499.23	623.53
SBEC Bioenergy Limited	22.55	19.60
Modi Mundi Pharma Beauty Products Private Limited	39.58	37.11
Jayesh Tradex Private Limited	34.25	37.47
Modi Motors Pvt. Ltd.	2.62	5.85
Modi Hitech India Limited	14.45	21.65
Modi Line Travel Services Private Limited	1.10	2.35
Others	5.69	5.69
Unsecured Loan taken Outstanding		
A to Z Holding Private Limited	24.89	24.89
Moderate Leasing & Capital Services Limited	2178.66	110.65

Related party upto 8th September, 2020. {Refer Note No. 27(5)}.

Foot Notes:

1. (a) The above excludes amount payable/receivable to/from related parties in the books of Steel Unit in view of non-incorporation of Balance Sheets for these years on account of non-availability of opening audited balances as on 01.04.1993.
- (b) The above excludes related party transactions and amount payable/receivable to/from related parties in the books of closed Electrode, Paint and Gas Units and Central Accounts Department (CAD) for the years 2019-20 and 2020-21 in view of non-incorporation of financial statements of these units and CAD {Note No. 27(7)}.
2. The Hon'ble Supreme Court in SLP (Civil) No. 23095-23097 of 2010 (M.K. Modi Vs. U.K. Modi) has passed an order dated 27th August, 2010 directing to maintain 'Status quo' with regard to the Management of the Holding Company. In view of the above the Holding Company could not appoint additional independent director to enable it to comply with the provisions of Section 177 and 188 of the Companies Act, 2013, with respect to transactions with the related parties where applicable.
However, in view of the settlement with Shri M.K. Modi as stated in Note No. 27(5) above, Shri M.K. Modi has applied for the withdrawal of the above status quo order. Further, the Holding Company has appointed few additional directors as well as independent directors on 9.9.2020 and the related party transactions are now in compliance of Section 177 and 188 of the Act.

24. During the Financial Year 2017-18, short term unsecured interest free advance amounting to ₹30.00 Lac was given to a party which has been transferred to another party during the previous financial year and is outstanding as on 31st March 2021.
25. The Holding Company had availed various term loans from IDBI, IFCI, ICICI, PNB, LIC, GIC and its subsidiaries against the security of its movable/immovable assets prior to the split of MIL in 1989 and towards compliance of the terms and conditions imposed by the said Banks, the Managing Directors/Promoters of the Holding Company had executed undertakings for non-disposal of their respective shares (including the shares acquired in future) of Modi Industries Limited held by Promoters (including their group/associate companies/affiliates/assignees/legal heirs).

On account of heavy losses incurred by the Holding Company, it could not repay the said loans and was declared sick in terms of provisions of SICA, 1985.

Thereafter, SBEC Bioenergy Ltd. as well as the SBEC Sugar Ltd. settled and paid the dues of various Financial Institutions i.e., IDBI, IFCI, ICICI and PNB by virtue of Registered Deed of Assignments. The said Assignments were subsequently transferred in favour of the SBEC Sugar Ltd. vide various Deeds of Assignments. By virtue of such Assignment Deeds, the said Non-Disposable Undertakings were given in favour of IDBI, IFCI, ICICI & PNB are stood automatically transferred in favour of SBEC Sugar Ltd.

At present SBEC Sugar Limited is the major secured creditor of the Holding Company. Therefore, the Holding Company has now undertaken that none of the assets of MIL shall be sold/alienated/transferred without the permission of SBEC Sugar Ltd. as long as the dues of SBEC Sugar Ltd. are payable and outstanding.

26. Previous year's figures have been regrouped wherever necessary. However, the figures of consolidated balance sheet and consolidated cash flow statement are not comparable with the previous year figures in view of disclosure given in Note No.25.

27. SEGMENT REPORTING:

- (i) The Management has identified following reportable Business Segments for the current year namely:
Sugar comprising of Cane Sugar.
Distillery comprising of liquors and spirit.
Investment Operations
- (ii) Electrode, Paints and Gas Units: (Refer Note 27(7)).
- (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 unit as on 1st April, 1992 subject to certain modifications as per Note 27 {3(c)} have been incorporated as Assets & Liabilities of Steel Unit. (Refer Note 27(3)).
- (iv) Segment-wise information (Primary Segments) for the current year: (₹ in Lac)

Particulars	Sugar	Distillery	Investment operations	Total
SEGMENT REVENUE:				
Total Sales/Income	33,260.03	31,013.45	22.33	64,295.81
Less: Inter Segment Revenue	270.80	-	-	270.80
Total Sales/Income from Operation	32,989.23	31,013.45	22.33	64,025.01
Segment Result	(962.56)	1633.85	2.40	673.69
Add:				
i) Profit of Steel Unit #				(169.92)
ii) Interest Income				3.74
iii) Profit on sale of Fixed Assets				5.50
iv) Unallocable Income **				-
v) Amount Written Back				212.33
				725.34
Less:				
Interest Expenses				468.07
Unallocable Expenses (Net)**				181.57
Exceptional Items:				
House & Water Tax paid for earlier years				(235.55)
Interest on Cane Arrears				(330.00)
Profit on sale of Investments				1668.91
Profit/(Loss) before Tax				1179.06
Less: Provision for Tax				0.11
Less: Share of Minority				0.02
Profit/(Loss) after Tax				1178.93

Excludes inter-unit rental income of ₹49.95 Lac and Inter-unit service expense of ₹5.34 Lac

** Includes Corporate Office of the Company.

OTHER INFORMATION:

(₹ in Lac)

Particulars	Sugar	Distillery	Total
Segment Assets	10,772.78	21,298.30	32,071.08
Steel Unit*	-	-	2,920.42
Investments	-	-	586.30
FD with Banks & Interest Accrued	119.08	766.06	885.13
Other un-allocable assets**	-	-	5,032.90
Total Assets			41,495.84
Segment Liabilities	26,941.50	23,392.72	50,334.21
Secured/Unsecured Loan/DPG (Including Interest Accrued)	846.43	14,985.71	15832.14
Steel Unit*	-	-	6260.67
Other un-allocable liabilities**	-	-	9755.86
Total Liabilities			#82,182.88
Capital Expenditure: (Including Under Erection and acquired under finance lease) on Segment Assets	312.82	130.40	443.22
Depreciation	180.63	85.85	266.48

NOTES:

* Refer Note 27(27)(iii) above.

** Includes Corporate Office of the Company.

@ Includes revaluation of Fixed Assets also.

This include ₹379.44 Lac being unreconciled credit balance of Steel, Electrode, Paints, Gas Units and MD office included in other current liabilities i.e. Note No. 8.

1. The Business operations are concentrated in India only.

2. External Revenue is exclusive of Excise Duty realized.

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

4. In view of reasons stated in Note No. 25 i.e. "Basis of Consolidation", investment operations segment of subsidiaries not disclosed above.

(ii) Segment-wise information (Primary Segments) for the previous year:

(₹ in Lac)

Particulars	Sugar	Distillery	Investment operations	Total
SEGMENT REVENUE:				
Total Sales/Income	34185.21	26141.18	-	60326.39
Less: Inter Segment Revenue	137.54	-	-	137.54
Total Sales/Income from Operation	34047.67	26141.18	-	60188.85
Segment Result	370.69	1665.73	0.66	2037.08
Add:				
i) Profit of Steel Unit #				108.31
ii) Interest Income				58.92
iii) Profit on sale of Fixed Assets				0.99
iv) Unallocable Income **				32.47
v) Amount Written Back				153.17
				2390.94
Less:				
Interest Expenses				792.58
Unallocable Expenses (Net)**				-

(₹ in Lac)

Particulars	Sugar	Distillery	Investment operations	Total
Exceptional Items:				
Quality Claims Paid				(222.58)
Interest on Cane Arrears				(2842.46)
Excess provision for Interest written back				1423.66
Profit/(Loss) before Tax				(43.02)
Less: Provision for Tax				0.18
Profit/(Loss) after Tax				(43.20)

Excludes inter-unit rental income of ₹83.77 Lac.

** Includes Corporate Office of the Company.

OTHER INFORMATION:

(₹ in Lac)

Particulars	Sugar	Distillery	Investment operations	Total
Segment Assets	10146.27	16798.20	23.21	26967.68
Steel Unit*	-	-	-	2920.42
Investments	-	-	-	570.72
FD with Banks & Interest Accrued	51.45	660.34	30.18	741.97
Other un-allocable assets**	-	-	-	8705.27
Total Assets				39906.06
Segment Liabilities	29661.58	12457.31	0.59	42119.48
Secured/Unsecured Loan/DPG (Including Interest Accrued)	176.30	5742.95	-	5919.25
Steel Unit*	-	-	-	6260.67
Other un-allocable liabilities**	-	-	-	8640.52
Total Liabilities	-	-	-	#62939.92
Capital Expenditure: (Including Under Erection and acquired under finance lease) on Segment Assets	130.38	198.31	-	328.69
Depreciation	171.16	73.55	-	244.71

NOTES:

* Refer Note 27(27)(iii) above.

** Includes Corporate Office of the Company.

@ Includes revaluation of Fixed Assets also.

This include ₹854.22 Lac being unreconciled credit balance of Steel, Electrode, Paints, Gas Units and MD office included in other current liabilities i.e. Note No. 8.

1. The Business operations are concentrated in India only.
2. External Revenue is exclusive of Excise Duty realized.
3. Inter segment revenues between operating segments are accounted for at market price.

28. Additional information as required by Paragraph 2 of the General Instructions for preparation of Consolidated Financial statements to Schedule III of the Companies Act, 2013:

Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in Lac)	As % of consolidated profit or loss	Amount (₹ in Lac)
Parent				
Modi Industries Ltd.	(100.00)	(24,854.90)	98.12	1176.71
Subsidiaries				
Indian				
Own Investment (India) Ltd.	-	-	(0.00)	(0.04)
Your Investment (India) Ltd.	-	-	0.02	22.61
Minority interest in all subsidiaries#	-	-	-	-

Refer Note 25 i.e “Basis of Consolidation” as per Accounting Standard -21 “Consolidated Financial Statements” on account of sale of investments in subsidiaries in the month of March 2021.

29. Impact of componentization of Property, Plant & Equipment and ascertaining useful life and original cost/estimated value of such components as on 1st April, 2015 as required by the amended Schedule II of the Companies Act, 2013 is pending. Impact, if any, on the depreciation for the year ended 31st March, 2017, 31st March, 2018, 31st March, 2019, 31st March, 2020 and 31st March, 2021 are yet to be ascertained by the Management.
30. Earnings per Share (EPS) basic and diluted, computed in accordance with Accounting Standard-20:

Particulars	(₹ in Lac)	
	2020-21	2019-20
Profit/(Loss) for the year as per Consolidated Financial statements (A)	1178.93	(43.20)
Number of Equity Shares issued (B)	33,09,214	33,09,214
Earning per share (in ₹) (A)/(B)	35.63	(1.31)
Face Value of Equity Share in Rupees	10	10

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

As per our report of even date.

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

Laxman Prasad
Partner
Membership No. 013910
Dated: 09.11.2021
Place: Modinagar

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

Rakesh Kumar Modi
(DIN-0002286)
Director

Shobit Nehra
(ACS-31863)
Company Secretary

PROXY FORM (FORM NO. MGT-11)

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the company : **MODI INDUSTRIES LIMITED**
 CIN : **U15429UP1932PLC000469**
 Registered Office : MODINAGAR-201204. (U.P.)

Tel: 01232-243115, 9084786567
 Email: modiindustrieslimited@gmail.com
 Website: www.modiindustries.net

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

I/We being the member(s) of equity shares of the above named company, hereby appoint:

	(1)	(2)	(3)
Name			
Address			
E-mail ID			
	or failing him/her	or failing him/her	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **87th** Annual General Meeting of the company, to be held on **Wednesday, the 15th December, 2021 at 12.30 P.M. at Auditorium, Dayawati Modi Public School, Modinagar-201204, Distt. Ghaziabad (U.P.)** and at any adjournment thereof in respect of such resolutions as are indicated below:

I/We wish my/our above Proxy to vote in the manner as indicated in the box below:s

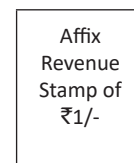
Resolutions		For	Against
1.	Consider and adopt:		
	(a) Audited Standalone Financial Statement, Reports of the Board of Directors and Auditors.		
	(b) Audited Consolidated Financial Statement and Auditors Report.		
2.	Re-appointment of Shri Vinay Kumar Modi as Director, retiring by rotation		
3.	Ratification of remuneration payable to Cost Auditor.		

Signed this day of 2021

.....
 Signature of first proxy holder:

.....
 Signature of second proxy holder:

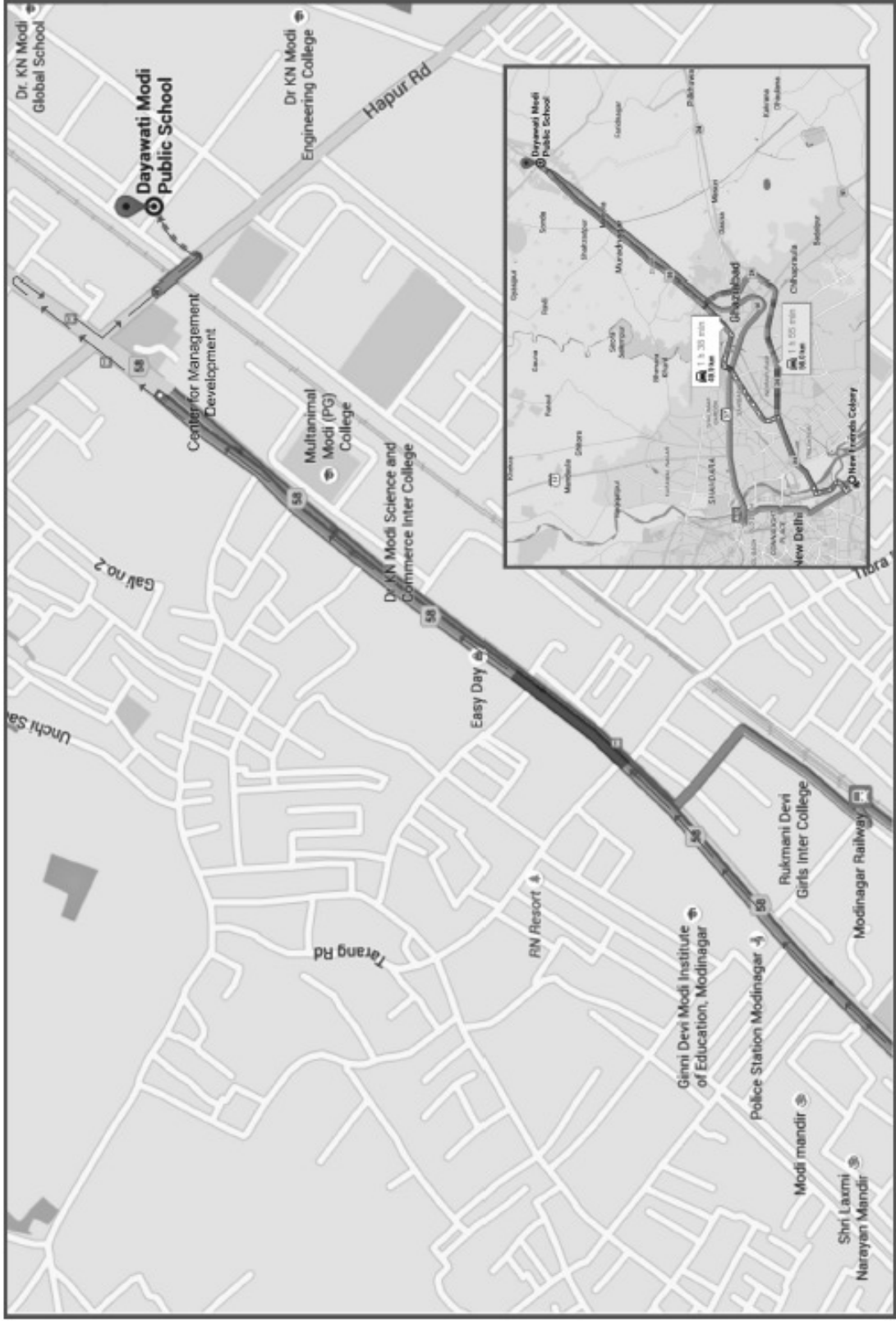
.....
 Signature of second proxy holder



Signature of shareholder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Route Map of the Venue of the 87th Annual General Meeting



Auditorium, Dayawati Modi Public School

BY COURIER

ANNUAL REPORT 2020-21

To,

If Undelivered please return to:

MODI INDUSTRIES LIMITED

CIN - U15429UP1932PLC000469

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

Tel: 01232-243115, 9084786567

Email: modiindustrieslimited@gmail.com

Website: www.modiindustries.net