



**modipon  
limited**

**47<sup>TH</sup> ANNUAL REPORT 2013-14**

#### BOARD OF DIRECTORS

Dr. M. K. Modi	Chairman
Mr. Manish K. Modi	Managing Director
Mr. Manoj Singh, IAS	
Mr. Gaurav Sekhri	
Mr. Vivek Gupta	
Mrs. Aditee Modi	

#### COMPANY SECRETARY

Mr. A. K. Goel

#### BANKERS

Punjab National Bank

#### AUDITORS

Messrs P. R. Mehra & Co.,  
Chartered Accountants  
56, Darya Ganj,  
New Delhi-110 002

#### REGISTERED OFFICE

Hapur Road,  
Modinagar - 201 204  
District : Ghaziabad (U. P.)

#### REGISTRAR AND TRANSFER AGENT

MAS Services Limited  
T-34, 2nd Floor,  
Okhla Industrial Area, Phase-II,  
New Delhi - 110 020

#### CONTENTS

Notice	1
Directors' Report	3
Corporate Governance Report	5
Management Discussion and Analysis Report	8
Auditors' Report	8
Balance Sheet	12
Statement of Profit & Loss	12
Cash Flow Statement	13
Notes 1 to 18	14

**Modipon Limited**

CIN : L65993UP1965PLC003082

Regd. Office : Hapur Road, Modinagar- 201 204 (U.P.)

Email : modipon@groupmkm.in

Website : www.modipon.net

**NOTICE**

Notice is hereby given that the 47th Annual General Meeting of Modipon Limited, Modinagar will be held on Tuesday, the 30th September, 2014 at 1.00 P.M. at Alok Park Club, Alok Park, Modinagar-201 204 (U.P.) to transact the following Business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including the audited Balance Sheet as at 31st March, 2014, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Reports of the Auditors and the Directors thereon.

**SPECIAL BUSINESS**

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

"RESOLVED THAT pursuant to the provisions of Section 149,150,152 and any other applicable provisions, if any, of the Companies Act, 2013, the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV of the Companies Act, 2013 and the Articles 104 and 109 of the Articles of Association of the Company, the appointment of Mr. Gaurav Sekhri (DIN 00090676) as an Independent Director of the Company for a period of five years from 14th August, 2014 be and is hereby approved."

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

"RESOLVED THAT pursuant to the provisions of Section 149,150,152 and any other applicable provisions, if any, of the Companies Act, 2013, the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV of the Companies Act, 2013 and the Articles 104 and 109 of the Articles of Association of the Company, the appointment of Mr. Vivek Gupta (DIN 00035916) as an Independent Director of the Company for a period of five years from 14th August, 2014 be and is hereby approved."

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

"RESOLVED THAT, pursuant to the provisions of Section 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under, Mrs Aditee Modi (DIN 00030120), Director of the Company whose office is liable to be determined at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her appointment in the office of Director, be and is hereby appointed as Director of the Company."

**SPECIAL RESOLUTION**

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

"RESOLVED THAT pursuant to Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow monies from time to time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time shall not exceed ₹ 50 crores (Rupees Fifty crores only).

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby also authorized to create charge/ mortgage etc. on the assets of the Company to secure the

amount(s) borrowed/to be borrowed by the Company and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To appoint Auditors and to fix their Remuneration and in that connection to consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in compliance of the provisions of Section 139(2) of the Companies Act, 2013, M/s. S.R. Dinodia & Co. LLP, Chartered Accountants, New Delhi be and are hereby appointed as Auditors of the Company for a period of five years i.e. from the conclusion of this Annual General Meeting until the conclusion of the 52nd Annual General Meeting of the Company at a fee of ₹ 2,00,000/- (Rupees Two Lacs only) plus applicable Service Tax etc."

By Order of the Board,  
For Modipon Limited



(A. K. Goel)  
Company Secretary

Place : New Delhi  
Dated: 14th August, 2014

**Notes:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and on a poll, to vote instead of himself. The Proxy need not be a Member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. Member holding more than 10% is entitled to appoint a single proxy, who can not be proxy of any other member. The Proxy Form duly completed and signed should reach the Company's Registered Office at Modinagar, not later than 48 hours before the time fixed for the Meeting.
2. All documents referred to in the accompanying Notice and the Explanatory Statement will remain open for inspection at the Registered Office of the Company during Office hours on all working days except Saturday between 11.00 A.M. to 1.00 P.M. upto the date of the Annual General Meeting.
3. Members holding Shares in Physical Form are requested to notify change of address, under their signatures to Messrs. MAS Services Limited, T-34, 2nd Floor, Okhala Indl. Area, Ph-II, New Delhi -110 020, the Registrar and Transfer Agent (RTA) of the Company, quoting Folio Nos. Members holding Shares in Demat Form may update such details with their respective Depository Participants (DPs). All correspondence regarding Demat/Transfer/Consolidation/ Split-up of Shares etc. should be addressed to them for expeditious disposal.
4. Pursuant to the directions of the Securities and Exchange Board of India (SEBI), the Trading in the Equity Shares of your Company has been in compulsory dematerialised form since 29.01.2001. Members, who have not yet got their Shares dematerialised, are requested to opt for the same in their own interest and send the Share Certificates through the DPs with whom they have opened their Demat Account.
5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.
6. Electronic copy of the full version of the Annual Report for the year 2013-14 and the Notice of the 47th AGM are being sent to all the members whose E-mail IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their E-mail address, physical copies of the Abridged Annual Report for the year are being sent in the permitted mode. These members are requested to register their E-mail IDs with the DP/RTA as detailed in the Annual Report.

7. Full version of the Report and the Notice of the AGM are available in the Company's website viz, www.modipon.net. Members desirous of receiving the complete annual report may send a request in writing to the Registrar or the Company.
8. Due notices have been received under Section 160 of the Companies Act, 2013 with regard to the appointment of directors proposed under item 2, 3 and 4.
9. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2014 to 30th September, 2014 (both days inclusive).
10. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act), which sets out details relating to Special Business at the meeting, is annexed hereto.
11. Appointment of Directors

The information, as required under the Listing Agreement, in relation to the appointment of Directors is as under:

Name of the Director	Mr.Gaurav Sekhri	Mr. Vivek Gupta	Mrs.Aditee Modi
Date of Birth	02.12.1972	30.07.1968	09.08.1971
Nationality	Indian	Indian	Indian
Date of Appointment on the Board of the Company	14.08.2014	14.08.2014	14.08.2014
Qualification	B.C.A	B.Com.(Hon.)	Under Graduate
Experience in functional Area	20 years	24 Years	15 Years
Directorship held in other Companies Ltd.	<p>Tinna Agro venture Ltd.</p> <p>B.G.K Infrastruc-ture &amp; Developers (P) Ltd.</p> <p>BGK Commodi-ties (P) Ltd.</p> <p>S.S horticultures (P) Ltd.</p> <p>Bee Pee Farms &amp; Properties (P) Ltd.</p> <p>BGNS Infratech (P) Ltd.</p> <p>Bee Gee Ess Farms &amp; Proper-ties (P) Ltd.</p> <p>Green Range Farms (P) Ltd.</p> <p>Navio Shipping (india) (P) Ltd.</p> <p>Yardstick Tech-nologies (P) Ltd.</p> <p>Quenny Agro Tech (P) Ltd.</p> <p>Fratelli Wines (P) Ltd.</p> <p>Tinna Trade (P) Ltd.</p> <p>Bhupinder Kumar Sekhri &amp; Sons (HUF)</p>	<p>Delton Cables Ltd.</p> <p>Vishranti Tdg. Enterprises Ltd.</p> <p>B&amp;M Tdg. &amp; Inv. Co. Ltd.</p> <p>Saneh Indl. Inv. Ltd.</p> <p>Ram Kumar Gupta &amp; Sons Ltd.</p> <p>Delton International Ltd.</p> <p>Globus Spirits Ltd.</p> <p>Element Arts (P) Ltd.</p> <p>VIGA Trade Solu-tions (P) Ltd.</p> <p>Inkit Creative (P) Ltd.</p> <p>Nelson Planning and Design (P) Ltd.</p> <p>Ncube Planning &amp; Design (P) Ltd.</p> <p>Emporio Marketing (P) Ltd.</p>	<p>Weld Excel India Ltd.</p> <p>Modi Intercontinental Private Limited</p> <p>Mangal Greens Pvt.Ltd.</p> <p>Modi Paint Pvt. Ltd.</p>
Chairman/Member of the Committee(s) of the Board of Directors of the Company	NIL	NIL	NIL
Chairman/Member of the Committee(s) of the Board of Directors of other companies in which he/she is a director	NIL	NIL	NIL
Number of shares held in the Company	NIL	NIL	5448

## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND CLAUSE 49 OF THE LISTING AGREEMENT

### ITEM NO. 2 & 3

Mr.Gaurav Sekhri and Mr.Vivek Gupta were appointed as Directors of the Company liable to retire by rotation and categorized as Independent Directors under the Listing Agreement. In terms of the relevant provisions of the Companies Act, 2013 (the Act), at the meeting held on 14th August, 2014 these Directors have been appointed by the Board as Independent Directors under section 149 of the Act read with the other provisions, rules and Schedule IV to the Act, for a period of five years w.e.f. the said date. As per Section 150 their appointment is to be approved by the shareholders and hence the same is placed for consideration and approval at the AGM. In terms of the relevant provisions of the Act, the above directors will not be liable to retirement by rotation.

In the opinion of the Board, the Independent Directors proposed to be appointed fulfill the conditions specified in the Act and the rules made there under. Both the appointees comply with the criteria for Independent Directors specified in Section 149(6) of the Act. Considering their qualification, experience, stature and standing, they are qualified to be appointed as the Independent Directors of the Company. Further, they are well versed with the Corporate Governance and other related issues. Therefore, their appointment and guidance as the Independent Directors will be of great value to the Company. The Board recommends the resolution for the consideration of the Members.

Except the respective appointees, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolutions.

### ITEM NO. 4

Mrs. Aditee Modi was appointed as an Additional Director of the Company liable to retire by rotation in its Board meeting held on 14.08.2014.

Mrs.Aditee Modi possesses more than 15 years experience in industrial and management techniques, industrial costing, financial and fiscal management, budgeting, industrial/corporate training and other mercantile laws, industrial relations and marketing etc., which she acquired by receiving extensive training and visiting several industrial units and offices overseas.

Mrs. Aditee Modi is wife of Mr. Mainsh K, Modi, Managing Director and Key Managerial Person of the Company and daughter-in-law of Dr. M.K.Modi, Chairman of the Company.

The Board recommends the Ordinary Resolution as set out at item No.4 of the Notice for approval by the Shareholders.

Mrs. Aditee Modi holds 5,448 equity shares in the Company.

### SPECIAL RESOLUTION :

### ITEM NO. 5

The Shareholders at their Extra Ordinary General Meeting held on 30.07.1981 had authorized the Board of Directors of the Company to borrow in excess of the paid-up capital and free reserves upto a limit of ₹30 crores by an ordinary resolution. As per Section 180 of the Companies Act, 2013, the approval is to be by way of a Special Resolution. It has been, vide Circular dated 25.03.2014, clarified by the Ministry of Corporate Affairs, that the previous resolution will be valid only for a period of one year from the date of notification of the relevant provisions, viz. till 11th September, 2014. In view of the above, in order to enable the Board to borrow monies in excess of the paid-up capital and free reserves, the proposal is placed before the Members for approval by Special Resolution for an enhanced sum of ₹ 50 crores.

The proposal also includes the delegation of power to the Board to mortgage and/or charge the assets of the Company to secure the borrowings as may be agreed to between the Company and the Lenders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the above resolution.

### ITEM NO. 6

The auditors of the Company, M/s P.R. Mehra & Co., Chartered Accountants, New Delhi, who had been the statutory auditors of the Company since its inception, hold office until the conclusion of the Annual General Meeting. Section 139(2) of the Companies Act, 2013 provides that no company shall appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years.

Considering the above, it has been thought expedient to rotate the statutory auditors from the current year itself. Accordingly, the Board of Directors recommend appointment of M/s. S.R. Dinodia & Co.LLP, Chartered Accountants, New Delhi as Statutory Auditors of the Company for a term of five years.

#### **BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT AT THE 47TH AGM.**

##### **ITEM NO. 2**

Mr. Gaurav Sekhri had been appointed as an Additional Director of the Company w.e.f. 14th August, 2014. It is proposed to appoint him Independent Director under Section 149 of the Companies Act, 2013 (the Act) to hold office for five consecutive years from the conclusion of this meeting till the conclusion of the 52nd Annual General Meeting of the Company.

He is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has also received declarations from him that he meets with the criteria of independence as prescribed under Section 149(6) of the Act and under Clause 49 of the Listing Agreement and that in the opinion of the Board he fulfills the condition for such an appointment as specified in the Companies Act, 2013.

Mr. Gaurav Sekhri is a dynamic entrepreneur of repute. He is a proactive and analytical person with over 20 years of visible accomplishments in businesses and industry.

Except Mr. Gaurav Sekhri and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Director/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, in the Resolution set out at Item No. 2 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No.2 of the Notice for approval by the Shareholders.

Mr. Gaurav Sekhri does not hold any shares in the Company.

##### **ITEM NO.3**

Mr. Vivek Gupta had been appointed as an Additional Director of the Company w.e.f. 14th August, 2014. It is proposed to appoint him Independent Director under Section 149 of the Companies Act, 2013 (the Act) to hold office for five consecutive years from the conclusion of this meeting till the conclusion of the 52nd Annual General Meeting of the Company.

He is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has also received declarations from him that he meets with the criteria of independence as prescribed under Section 149(6) of the Act and under Clause 49 of the Listing Agreement and that in the opinion of the Board he fulfills the condition for such an appointment as specified in the Companies Act, 2013.

Mr.Vivek Gupta is a dynamic and result oriented entrepreneur of repute. A proactive and analytical person with over 24 years of visible accomplishments in leading domestic and international marketing operations, Mr.Gupta is Whole time Director of Delton Cables Ltd.

Except Mr. Vivek Gupta and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Director/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, in the Resolution set out at Item No. 3 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No.3 of the Notice for approval by the Shareholders.

Mr. Vivek Gupta does not hold any shares in the Company.

##### **ITEM NO.4**

Mrs. Aditee Modi had been appointed as an Additional Director of the Company w.e.f. 14th August, 2014.

Mrs. Aditee Modi possesses more than 15 years experience in industrial and management techniques, industrial costing, financial and fiscal management, budgeting, industrial/corporate and other mercantile laws, industrial relations and marketing etc., which she acquired by receiving extensive training and visiting several industrial units and offices overseas.

Mrs. Aditee Modi is wife of Mr. Manish K. Modi, Managing Director and Key Managerial Person of the Company and daughter-in-law of Dr. M.K. Modi, Chairman of the Company.

The Board recommends the Ordinary Resolution as set out at Item No.4 of the Notice for approval by the Shareholders.

Mrs. Aditee Modi holds 5448 shares in the Company.

## **DIRECTORS' REPORT**

To the Shareholders,

Your Directors have pleasure in presenting the 47th Annual Report with Audited Financial Statements for the financial year ended 31st March, 2014.

### **FINANCIAL HIGHLIGHTS**

	<b>2013-14</b> ₹ Lacs	<b>2012-13</b> ₹ Lacs
Turnover	-	-
Other Income	42.31	44.95
Gross Profit (Loss)	(77.60)	(171.10)
Depreciation	0.03	-
Profit/(Loss) after Depreciation	(77.63)	(171.10)
Add/(Less) Exceptional Income/(Losses)	339.95	412.72
Profit/(Loss) before Tax	262.32	241.62
Less/(Add) :		
Provision for Taxation- Fringe Benefit Tax	-	-
Extra Ordinary item	-	-
Net Profit/(Loss) after Tax	262.32	241.62

### **CLOSURE OF MANUFACTURING OPERATIONS**

As reported earlier, the industrial undertaking of the Company had been permanently closed down after seeking requisite permission from Government of Uttar Pradesh under the provisions of the Uttar Pradesh Industrial Disputes Act, 1947. The Company is now exploring other possibilities so as to have optimal utilization of its real estate and other business activity.

### **SETTLEMENT WITH BANKS**

In its endeavour to arrive at an amicable One Time Settlement of the outstanding dues of the banks, the Company has finalized settlements with Abu Dhabi Commercial Bank, Allahabad Bank, Karnataka Bank and Bank of Baroda whose dues have been duly paid by the assignee of the debts. Recently, Punjab National Bank has also approved One Time Settlement of its dues. The settled dues are being paid by Ashoka Mercantile Limited (AML), a Group MKM Company. Accordingly, instead of the concerned banks, AML is now the secured creditor of the Company. The banks had initiated recovery proceedings under SARFESAI Act, 2002 and have sold the entire movable assets including Plant & Machinery, Stores & Spares and Structures of the Company which had been dismantled and removed. This had enabled the Company to reduce its NPA dues by Rs.33.61 crores. Further, a piece of Land admeasuring 47,815 Sq. Yds. had also been approved to be sold by Debts Recovery Tribunal, New Delhi.

### **CURRENT STATUS OF OPERATIONS**

Since the Company owns substantial real estate, in its endeavour to rehabilitate the Company and to tap its resources to augment finances so as to be able to liquidate its huge liabilities and to utilize the surplus for taking up new business activity in the Company, as authorized by the Memorandum of Association of the Company, the Board of Directors of the Company had approved to commence Real Estate business w.e.f. 1st April, 2014. Accordingly, to facilitate carrying on of the real estate business, the land and buildings owned by the Company are proposed to be converted into Stock-in-trade.



## **DIVIDEND**

In view of the Losses suffered by the Company in the past, your Directors are unable to recommend any Dividend on Equity and Preference Share Capital.

## **OPERATIONS**

During the year under review, the Company registered total revenue of Rs. 42.31 lacs from sale of old stocks etc. and has earned a Profit after tax of Rs. 262.32 lacs after taking into account exceptional income.

## **EXPORTS**

On account of closure of the manufacturing operations of the Company, there has not been any export during the year. The FOB value of exports during the previous financial year was nil.

## **FIXED DEPOSITS**

The Company had stopped accepting deposits from public. During the year under review, no deposit was claimed for payment. At the end of the financial year, the balance on account of Fixed Deposits accepted from the Public and Members stood at Rs. 25.67 lacs which remained unclaimed/unpaid. There was no deposit liable to be transferred to the credit of Investors' Education and Protection Fund.

Presently the Company is neither accepting fresh deposits nor renewing the existing ones.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

In view of the permanent closure of the Manufacturing Operations, provisions relating to furnishing of the details of (i) Conservation of Energy, (ii) Research & Development and Technology Absorption and (iii) Foreign Exchange Earning and Outgo in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

## **DIRECTORS**

After the last Annual General Meeting of the Company during the year there has been no change in the Board of Directors. Mr. Gaurav Sekhri, Mr. Vivek Gupta and Mrs. Aditee Modi have been appointed additional directors of the Company on 14.08.2014.

## **PERSONNEL**

Subsequent to the closure of the Manufacturing Operations of the Company, all issues of ex-workmen/employees have been amicably resolved. The total dues of these workmen/employees (other than 8 workmen who have not yet collected their payment) have been paid. These 8 ex-workmen/employees had approached DRT-II, New Delhi seeking order for payment of dues in excess of the legal dues as paid to the other workmen/employees. Hon'ble DRT had directed them to approach the Labour Commissioner for adjudication of their dues. None has approached the Labour Commissioner as directed by DRT. However, as directed by DRT, the Company had deposited the amount payable to them with DRT, which in the absence of any claim by these workmen, has been released by DRT to PNB.

There was no employee, employed for full or part of the year, whose particulars are to be given in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## **AUDITORS AND AUDIT REPORT**

Messrs P. R. Mehra & Co., Chartered Accountants, New Delhi, have been the statutory auditors of the Company since inception. Considering the provisions of Section 139(2) of the Companies Act, 2013 it has been thought expedient to rotate the statutory auditors, accordingly M/s. S.R. Dinodia & Co.LLP, Chartered Accountants, New Delhi are proposed to be as appointed as Statutory Auditors of the Company for a term of five years.

With reference to the qualifications contained in the Auditors' Report, the Directors wish to state that the Notes on Accounts and Significant Accounting Policies referred to by the Auditors in their Report are self-explanatory and hence do not call for any further comment.

## **COST AUDIT**

The Central Government had approved the appointment of Messrs N. Dewan & Co., Cost Accountants, New Delhi to conduct the Cost Audit in respect of Nylon & Polyester Filament Yarns for the year ended 31st March, 2007. However, in view of permanent closure of operations, the Company had applied for exemption from the requirement of Cost Audit. Accordingly, their re-appointment is not envisaged.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors of your Company declare as under:

- (i) that in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the Financial year and of the Profit of the Company for that period;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that in view of the permanent closure of the Manufacturing Operations of the Company, the Directors had not prepared the Annual Accounts on a going concern basis.

## **SUBSIDIARY COMPANIES**

The Company does not have any Subsidiary Company.

## **CORPORATE GOVERNANCE**

The Report on Corporate Governance together with the Statutory Auditors' Certificate thereon are annexed hereto and forms part of this Report. The Management Discussion and Analysis Report is annexed hereto and forms part of this Report.

## **ADEQUACY OF INTERNAL CONTROLS**

Your Company has in place adequate internal control systems combined with delegation of powers and periodic review of the process. The control system is also supported by internal audits and management reviews with documented policies and procedures.

## **STATUTORY DISCLOSURES**

None of the Directors are disqualified under the provisions of Section 164(2) of the Companies Act, 2013. The Directors have made the requisite disclosures, as required under the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**APPRECIATION**

Your Directors would like to express their sincere appreciation to the various Departments of the Central and State Governments, UPSIDC's nominee directors and Investors for their continued valuable support and assistance. Your Directors also wish to thank all the Officers and Staff of the Company at all levels for their contribution, support and continued co-operation throughout the year.

For and on behalf of the Board,




New Delhi (Manish K. Modi) (M. K. Modi)  
Dated: 14th August, 2014 Managing Director Chairman

**CORPORATE GOVERNANCE REPORT****A. COMPANY'S PHILOSOPHY**

Your Company firmly believes in and continues to practice good Corporate Governance. The Company continuously endeavors to improve transparency, professionalism and accountability on an ongoing basis.

**B. BOARD OF DIRECTORS**

Modipon's Board as on 31st March, 2014 comprises of Four Directors, out of which one is Chairman and one is Managing Director and two Non-Executive Directors. The Company has a Whole-time Chairman and therefore one half of the Board should comprise of Independent Directors. Directors are appointed/ re-appointed with the approval of the Shareholders for a period of three years at a time and are eligible for re-appointment in terms of Article 105 of the Articles of Association of the Company. Out of two Non-Executive Directors, one Director is Managing Director of UPSIDC Limited and other Director is a Chartered Accountant and do not have any material pecuniary relationship with the Company. Keeping in view the criteria of Independent Director, i.e. material pecuniary relationships with the Promoters etc. and looking to the independent position held by the Managing Director of UPSIDC Limited and the Chartered Accountant, the Board considered them as Independent Directors as they satisfied the requirements of being independent in terms of amended Clause 49 of the Listing Agreement. Accordingly, the Composition of the Board is 75% of Non-Executive Directors to total number of Directors and 50% of Independent Directors to total number of Directors and therefore confirms to the requirement of Clause 49 of the Listing Agreement.

The Composition of the Board as on 31st March, 2014, Category of Directorship, No. of other Directorships, Memberships/Chairmanships of the Committees in other Companies and Shares held in the Company are as under:

Name of the Directors	Category of Directorship	No. of Other Directorship*	No. of Other Committee(s)**		No. of Shares held in the Company
			Member-ship	Chairman-ship	
Dr. M. K. Modi	Chairman -Promoter	4	2	-	1,57,211
Mr. Manish K. Modi	MD-Promoter	4	-	-	39,339
Mr. Manoj Singh	NED-Independent	3	-	-	-
Mr. O. P. Makkar	NED-Independent	-	-	-	-

MD - Managing Director

NED - Non-Executive Director

\* Excludes Directorship held in Private Limited Companies and Membership of various Chambers/ Bodies etc.

\*\* Represents Audit Committee, Investors' Grievance Committee and Remuneration Committee.

**MEETINGS AND ATTENDANCE**

During the year ended 31st March, 2014 four Board Meetings were held on 17.05.2013, 20.07.2013, 08.11.2013 and 14.02.2014. The last Annual General Meeting was held on 27.09.2013. Dr. M. K. Modi presided over the Annual General Meeting. The Attendance of the Directors was as under:

Name of the Directors	No. of Board Meetings Attended	Attendance at last AGM
Dr. M. K. Modi	4	Yes
Mr. Manish K. Modi	4	Yes
Mr. Manoj Singh	4	No
Mr. O. P. Makkar	3	No

**C. AUDIT COMMITTEE**

Pursuant to revised Clause 49 of the Listing Agreement, the Audit Committee of the Board of Directors was reconstituted and now comprised of 2 Non-Executive Independent Directors, namely, (1) Mr. Manoj Singh, as Chairman; (2) Mr. O. P. Makkar, as Member & Mr. Manish K. Modi, as Member and Mr. A. K. Goel as Secretary of the Committee. The quorum of the Audit Committee is two Members or one-third of the strength of the Audit Committee, whichever is higher.

Besides the Committee Members, Chairman of the Company, Group Head-Corp. Affairs and Partner/other Representatives of the Firms of Statutory Auditors also attend the Meetings on the invitation of the Chairman of the Committee.

The scope of the Audit Committee includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the Management, the annual financial statements before submission to the Board for approval, with primary focus on the Matters required to be included in the Directors' Responsibility Statement; Changes, if any, in accounting policies and practices and reasons thereof; Major accounting entries; Significant adjustments; Compliance with listing and other legal requirements relating to financial statements; Disclosure of any related party transactions; Qualifications in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the Official heading the Department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors, any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations, by

the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the year ended 31st March, 2014 four Meetings were held on 17.05.2013, 20.07.2013, 08.11.2013 and 14.02.2014 for review of Quarterly Results/Annual Accounts and other Business and Attendance at its Meetings was as under:

Name of the Committee Member	No. and Date of Meetings Attended
Mr. Manoj Singh	4 on 17.05.2013, 20.07.2013, 08.11.2013 & 14.02.2014
Mr. O. P. Makkar	3 on 17.05.2013, 20.07.2013, 08.11.2013
Mr. Manish K. Modi	4 on 17.05.2013, 20.07.2013, 08.11.2013 & 14.02.2014

#### D. REMUNERATION COMMITTEE

The Remuneration Committee as reconstituted comprises of Mr. Manoj Singh as Chairman, Mr. O.P. Makkar and Mr. Manish K. Modi, as Members and Mr. A. K. Goel as Secretary of the Committee. The Non-Executive Directors are not paid any Commission or other Remuneration except Sitting Fees of ₹5,000/- for each Meeting of the Board or Committee of the Board attended by them. Details of remuneration paid to the Directors of the Company during the year ended on 31st March, 2014 was as under:

(₹ in Lakhs)

Directors	Salary	Commission	Perquisites and Retirement Benefits	Sitting Fees
Dr. M. K. Modi	-	-	-	-
Mr. Manish K. Modi	-	-	-	0.10
Mr. O. P. Makkar	-	-	-	0.30

In addition to the above ₹0.40 lac was paid to UPSIDC Limited towards the Sitting Fees in respect of Meetings attended by their Nominee Director.

#### E. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee as reconstituted comprises of Dr. M. K. Modi and Mr. O. P. Makkar as Members and Mr. A. K. Goel as Secretary of the Committee. All Shareholders' Complaints received through SEBI/Stock Exchange and other Authorities have been resolved to the satisfaction of the Shareholders and none remained outstanding at the end of the year ended 31.03.2014 under report. Mr. A. K. Goel, Secretary of the Company is the Compliance Officer under Clause 49 of the Listing Agreement. The status of the Shareholders' Complaints are reported to the Board Members at every Board Meeting by the Compliance Officer.

#### F. GENERAL BODY MEETINGS

Location, Date and Time of the last 3 Annual General Meetings were as under:

Year ended	Type	Location	Date	Time	No. of Special Resolution passed
31.03.2013	AGM	Alok Park Club Alok Park, Modinagar	27.09.2013	1.00 P.M.	1
31.03.2012	AGM	Alok Park Club Alok Park, Modinagar	27.09.2012	1.00 P.M.	-
31.03.2011	AGM	Alok Park Club Alok Park, Modinagar	30.09.2011	1.00 P.M.	-

#### G. DISCLOSURES

##### (a) Directors' Interest in the Company:

Directors make full disclosures to the Board of Directors regarding the nature of their interest in the Companies in which they are Directors or Members. The Company's contracts with the Companies in which some of the Directors of the Company are interested as Director or Member are in the ordinary course of the Company's business without giving any specific weightage to them and full particulars of such contracts entered into with the Companies are entered in the Register of Contracts maintained under Section 184 of the Companies Act, 2013 and the same are placed in every Board Meeting for the noting by the Directors.

In terms of Accounting Standard 18, the details of Related Party Transactions during the year have been set out at Note 16 of Schedule 18 annexed to the Balance Sheet and Profit & Loss Account. However, these are not having any potential conflict with the interest of the Company at large.

##### (b) Statutory Compliance:

There have been neither any instances of non-compliance by the Company nor any penalties or strictures imposed on the Company by the Stock Exchange, SEBI or any other Statutory Authorities on any matter related to capital markets during the last three years.

The Company is in compliance with all the mandatory requirements of revised clause 49 of the Listing Agreement.

##### (C) Non-mandatory requirements:

##### 1. Chairman of the Board

The Company has a Chairman.

##### 2. Remuneration Committee

The Company has constituted a Remuneration Committee, the details of which are provided in this Report.

##### 3. Shareholders' Rights

Half-yearly Financial Results including summary of the significant events are presently not being sent to Shareholders of the Company.

##### 4. Audit Qualifications

Efforts are being made towards a regime of unqualified Financial Statements.

##### 5. Training of Board Members

Considering the nature and risk profile of the Business of the Company vis-à-vis professional standing/business experience of the Board Members, they are eminently competent to discharge their duties.

##### 6. Mechanism for evaluation of Non-Executive Board Members

There is no policy framed for evaluation of Non-Executive Directors.

##### 7. Whistle Blower Policy

The question of instituting a formal policy in this respect may be considered after considering all relevant aspects, including the General Corporate Practice in India and also elsewhere. However, no personnel has been denied access to the Audit Committee.

#### H. MEANS OF COMMUNICATION

- (a) The Unaudited Quarterly/Half Yearly Financial Results of the Company are placed before the Audit Committee/ Board of Directors before the end of 45 days from the



close of the quarter. The Quarterly/Half Yearly Financial Results are generally published in the Newspapers, namely, Financial Express and BPN Times.

- (b) Company's Results and Official News release are being uploaded on the Company's website - [www.modipon.net](http://www.modipon.net).

## I. GENERAL SHAREHOLDER INFORMATION

### 1. Annual General Meeting

Date and Time : 30.09.2014 at 01.00 P.M.  
Venue : Alok Park Club, Alok Park, Modinagar-201 204

### 2. Financial Year

The Company follows April-March Financial Year. The Results for every Quarter beginning from April are generally declared within 45 days of the close of the Quarter as required under the Listing Agreement.

### 3. Book Closure

24th September, 2014 to 30th September, 2014 (both days inclusive).

### 4. Unpaid/Unclaimed Dividend

Pursuant to Section 205A of the Companies Act, 1956, Unclaimed Dividend for the Accounting years upto 31st December, 1993 have been transferred to the General Revenue Account of the Central Government with the Registrar of Companies, U. P., Kanpur and the Unclaimed Dividend for the Financial year ended 31st March, 1995 have been transferred to the Investors' Education and Protection Fund of the Central Government established under Section 205C (1) of the Companies Act, 1956 in February, 2003.

### 5. Listing of Equity Shares on Stock Exchanges and Payment of Listing Fees

Modipon's Shares are listed on the Bombay Stock Exchange Limited, Mumbai. The Company has paid the Listing Fees to the Bombay Stock Exchange Limited for the year 2014-15.

Stock Code (BSE) : 503776

Demat ISIN No. in NSDL & CDSL : INE170C01019

### 6. Stock Price Data

Month	The Bombay Stock Exchange Limited	
	High ₹ Per Share	Low ₹ Per Share
April, 2013	15.50	11.93
May, 2013	18.50	14.75
June, 2013	18.90	17.15
July, 2013	20.65	16.30
August, 2013	21.90	20.85
September, 2013	-	-
October, 2013	20.85	18.90
November, 2013	19.25	14.30
December, 2013	13.75	13.15
January, 2014	15.30	13.07
February, 2014	16.25	15.05
March, 2014	14.70	12.70

The quantity of shares transacted at the Stock Exchange after deleting the transfers inter se amongst the Promoters/ Shareholders is negligible.

### 7. Share Transfer System

As per the directions of SEBI, all Share Registry Work in respect of both Physical and Demat segments is being handled by a single Common Agency, i.e. Messrs MAS Services Limited, T-34, 2nd Floor, Okhla Indl. Area, Ph-II, New Delhi - 110 020, as the Registrar and Share Transfer Agent (RTA), for all aspects of Investors' servicing relating to Shares.

All transfers, transmissions etc. were processed and registered within the stipulated time. As on 31st March, 2014 no Shares were pending for transfer for more than 15 days. Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchange, Certificates on half-yearly basis have been

received from a Company Secretary-in-Practice for due compliance of Share transfer formalities by the Company. Certificates have also been received from a Company Secretary-in-Practice for timely dematerialisation of the Shares of the Company and conducting a Secretarial Audit on a quarterly basis in respect of reconciliation of the Equity Share Capital of the Company.

### 8. Distribution of Shareholding

#### Pattern of Shareholding by Equity Shares Class as on 31st March, 2014:

No. of Equity Shares held	No. of Share-holders	Percentage of Share-holders	No. of Equity Shares held	Percentage of Share-holding
1 - 500	7,685	97.82	5,14,254	6.56
501 - 1000	86	1.10	67,200	0.86
1001 - 2000	28	0.36	40,796	0.52
2001 - 3000	8	0.10	20,288	0.26
3001 - 4000	5	0.06	17,706	0.23
4001 - 5000	6	0.08	27,476	0.35
5001 - 10000	8	0.10	49,480	0.63
10001 and above	30	0.38	71,00,857	90.59
<b>Total</b>	<b>7,856</b>	<b>100.00</b>	<b>78,38,057</b>	<b>100.00</b>

#### Pattern of Shareholding by Ownership as on 31st March, 2014:

Category	No. of Share-holders	Total No. of Shares	No. of shares held in demat Form	% of Share-holding
<b>A. Shareholding of Promoters and Promoters Group</b>				
Individuals/Hindu Undivided Family	07	3,38,207	3,24,777	4.31
Bodies Corporate	06	46,04,520	46,04,520	58.75
<b>Sub Total (A)</b>	<b>13</b>	<b>49,42,727</b>	<b>49,29,297</b>	<b>63.06</b>
<b>B. Public Shareholding</b>				
<b>1. Institutional</b>				
Mutual Funds/ UTI	03	7,100	-	0.09
Financial Institutions/Banks	05	475	100	0.01
Insurance Companies	02	1,96,686	1,96,636	2.51
Foreign Institutional investors	02	11,15,304	11,15,304	14.23
<b>Sub Total (B) (1)</b>	<b>12</b>	<b>13,19,565</b>	<b>13,12,040</b>	<b>16.84</b>
<b>2. Non Institutional</b>				
Bodies Corporate	105	6,47,695	1,63,016	8.26
Individuals holding nominal share Capital upto Rs. one lakhs	7,691	6,83,960	3,66,405	8.73
Individuals holding nominal shares capital in excess of Rs. One lakhs	11	2,35,210	1,40,911	3.00
NRIs/OCB	22	8,650	8,100	0.11
Clearing Members	02	250	250	0.01
<b>Sub Total (B)(2)</b>	<b>7,831</b>	<b>15,75,765</b>	<b>6,78,682</b>	<b>20.10</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>7,843</b>	<b>28,95,330</b>	<b>19,90,722</b>	<b>36.94</b>
<b>Total A + B</b>	<b>7,856</b>	<b>78,38,057</b>	<b>69,20,019</b>	<b>100.00</b>

### 9. Dematerialisation of Shares

There were 3,267 Shareholders holding 69,20,019 shares in dematerialised form, which constitutes 88.29% of the Paid up Equity Share Capital of the Company as on 31st March, 2014. As the Trading in the Shares of the Company is permitted only in dematerialised form, it is advisable that the Shareholders who have shares in physical form get their shares dematerialised.

### 10. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, their Conversion Dates and likely Impact on Equity

No GDRs/ADRs were issued by the Company and hence not outstanding.

#### 11. Code of Conduct

The Company has framed the Code of Conduct for Members of the Board and Senior Management of the Company which is intended to focus the areas of ethical risk, provide guidance and mechanisms to report unethical conduct and help foster a culture of honesty and accountability. The Code of Conduct is available on the Company's Website.

The Company has also framed the Code of Conduct for Prevention of Insider Trading in the Securities of the Company by its Directors and designated Employees pursuant to SEBI (Insider Trading) Regulations, 1992. The Code, inter-alia, prohibits Purchase/ Sale of Shares of the Company by the Directors and designated Employees while in possession of unpublished price sensitive information in relation to the Company. Trading Window was closed four times during the year under report.

#### 12. CEO/CFO Certification

Certificate in compliance with Clause 49(V) of the Listing Agreement signed by Dr. M. K. Modi, Chairman and Group Head-Corp. Affairs in respect of Modipon Limited was placed before the Board of Directors at its Meeting held on 14th August, 2014.

#### 13. Plant Locations

Hapur Road, Modinagar- 201 204 (U. P.)  
(Manufacturing operations closed permanently)

#### 14. Address for Correspondence

To contact RTA for all matters relating to:	MAS Services Limited T-34, Okhla Indl. Area, Ph-II New Delhi-110020	Tel. 011-26387281-83 Fax 011-26387384 E-mail: Info@masserv.com
Equity Shares i.e. Demat, Remat, Consolidation, transmission, issue Duplicate share certificates, change of Address etc.		
For Fixed Deposits and any other matters or in case of any query on Annual Report	Group Head- Corp. Affairs. Modipon Limited Modinagar-201 204	Tel. 01232-661800. 661900 Fax 01232-661888

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

On account of continuous losses incurred in the past, the Company had faced acute financial shortage and had to operate with negative working capital which had deteriorated the performance of the Company to a level beyond rectification. The Company had been finding it difficult to service the interest liability of the Banks and was forced to suspend the manufacturing operations w.e.f. 19th May, 2007.

The outlook was not bright with the ever increasing input costs, having no reflection in sales realisation. Therefore, it was thought expedient to permanently close down the manufacturing operations of the Company. Accordingly, after seeking approval from the Govt. of Uttar Pradesh under U. P. Industrial Disputes Act, 1947 the manufacturing operations of the Company have been permanently closed w.e.f. 8th September, 2007.

#### Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management of the Company have affirmed compliance with the Modipon Code of Conduct for the year ended 31st March, 2014.

For and on behalf of the Board,



New Delhi  
14<sup>th</sup> August, 2014

(Manish.K.Modi) (M.K Modi)  
Managing Director Chairman

### CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE IN INDIA AUDITORS' CERTIFICATE

TO THE MEMBERS OF  
MODIPON LIMITED,  
MODINAGAR.

We have examined the compliance of conditions of corporate governance by Modipon Limited for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance for the year ended 31st March, 2014 as stipulated in the above mentioned Listing Agreement *except of the following conditions of Corporate Governance: (i) As per clause 49(1)(A)(III), read with explanation, of the listing agreement, nominee directors appointed by an institution are deemed to be independent directors provided the concerned institution is included in the list specified under section 4A of the Companies Act, 1956. UPSIDC Limited, one of the promoters of the company, is not a notified Financial Institution under this section. In view of this, the one number of independent directors in the composition of board of directors and audit committee of the Company is less than the stipulated number of two members as per clause 49 of Corporate Governance. (ii) As per clause 49(II)(B), minimum two independent members should be present at the meeting of the audit committee whereas only one member was present in 3 meetings and no independent member was present in one meeting, (iii) The chairman of the audit committee of the Company should be an independent director whereas the nominee of the UPSIDC was the chairman of the audit committee of the Company and (iv) The audit committee chairman was also not present in the annual general meeting of the Company held on 27th September, 2013.*

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

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

For P. R. MEHRA & CO.,  
Chartered Accountants  
(Regn. No. 000051N)  
Sd/-

Ramesh Chand Goyal  
Partner  
M. No. 012628

Place: New Delhi  
DATED: 14th August, 2014

### INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
MODIPON LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of Modipon Limited ("the Company") which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these 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 Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

**Basis for Qualified Opinion**

1. Balance confirmation certificates were not obtained by the Company from creditors, house/shop security depositors and fixed deposits with bank including interest accrued on these deposits and of inoperative current accounts with banks etc. since September 30, 2007 and consequently adjustments required, if any, has not been carried out in the financial results {Note no. 18(B)(2)}.
2. (a) The company has not provided interest of ₹1000.54 Lakhs upto March 31, 2008 on overdue amounts payable to a supplier resulting in understatement of liabilities and debit balance of reserve and surplus by ₹1000.54 Lakhs each and (b) the amount of interest to be provided for in the books of account for the period April 1, 2008 to March 31, 2014 has not been ascertained {Note no. 18(B)(4)}.
3. The amount of interest to be provided for in the books of account, if any, for the period April 1, 2007 to March 31, 2014 to Small and Micro enterprises has not been ascertained {Note no. 18(B)(7)}.
4. During the year ended March 31, 2009, the company has sold 68,042 sq. yds. of its vacant land at Modinagar for ₹1021.15 Lakhs (original cost ₹1.95 Lakhs) for which the approval of bank is pending {Note 18B(11b)}.
5. During the year 2011-12, the company has given physical possession of its vacant 59 ( 53 as on March 31, 2014) houses located at Modinagar, Uttar Pradesh to a lender i.e. Ashoka Mercantile Limited (AML), a related party, (balance outstanding of loan taken from AML as on March 31, 2014 as per books of account: Secured loan ₹157.13 Lakhs and Unsecured loan ₹1251.85 Lakhs) for

use without any charges / rent / security deposit and no lease rent agreement has been entered into with AML. The company contends that the temporary possession of houses for use without charges was given to AML as the company was unable to repay the loans taken from AML {Refer foot-note to note no. 18B(16)}.

6. We are informed by the Company that the factory buildings at Modinagar mortgaged to banks have been demolished and disposed of during the year 2011-12 by Ashoka Mercantile Limited (AML), a related party, and the book value of factory buildings amounting to ₹50 Lakhs has been charged to Statement of Profit and Loss as an exceptional item during the year 2011-12. The management, based upon its assessment and legal advice received, contends that the sale of movable assets to AML approved by the Debt Recovery Tribunal (DRT) on 23.11.2009 also included factory buildings whereas the DRT vide its order dated 23.11.2009 gave direction that AML shall be entitled to possession of the movable assets, dismantling and removal thereof and it is clarified that AML shall not be entitled to demolish the building except to the extent of taking out the fixtures and structure.

In view of the above, we are of the opinion that the company should obtain post-facto approval / clarification again from DRT and / or bank in this matter.

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in paragraphs 2a above and possible effects of the matters described in paragraphs 1, 2b, 3 to 6 above in the 'Basis for Qualified Opinion' paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**Emphasis of Matter**

1. The above financial results of the company for the year ended March 31, 2014 has not been prepared on a going concern basis since the company has closed its manufacturing operations since May 19, 2007 (closure of factory w.e.f. September 8, 2007) on account of huge losses incurred and sale of entire plant & machinery during the year ended March 31, 2010. Adjustments relating to recoverability of most of the recorded asset amounts have been made in the accounts. {Refer note no. 18(B)(3)}.
2. (i) As stated in note {18(B)(13e)}, the amounts paid by the assignee i.e. Ashoka Mercantile Limited (AML), a related party, to Abu Dhabi Commercial Bank (ADCB) on account of one time settlement (OTS) of dues of the bank was accounted for in the books of the Company to the extent of OTS amount paid to the ADCB by AML and the balance amount of ₹153.92 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of Punjab National Bank as the settlement of assigned dues with AML is linked to the OTS of dues with PNB.
- (ii) As stated in note no. 18(B)(13d)(i), the amounts paid to Karnataka Bank by Ashoka Mercantile Limited (AML), a related party, during the year ended March 31, 2012, on account of OTS of dues of the bank was accounted



for in the books of the Company to the extent of OTS amount paid to the Karnataka Bank by AML and the balance amount of ₹339.20 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of Punjab National Bank as the settlement of dues with AML is linked to the OTS of dues with PNB.

- (iii) As stated in note no. 18(B)(13d)(ii), the part payment made to Bank of Baroda by Ashoka Mercantile Limited (AML), a related party, during the year ended March 31, 2013 on account of OTS of dues of the bank was accounted for in the books of the Company to the extent of OTS amount paid to the Bank of Baroda by AML and the company and the balance amount of ₹ 232.04 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of Punjab National Bank as the settlement of dues with AML is linked to the OTS of dues with PNB.
3. Punjab National Bank has approved the OTS of its dues on April 2, 2014 as stated in note 18(13)(b) and the OTS scheme is presently under implementation and the last instalment as per OTS scheme falls due on March 28, 2015. In view of the above, since the existing outstanding amount in the books of account of the Company is more than the OTS amount by ₹183.90 Lakhs, no provision has been made for interest in the books of account for the year ended March 31, 2014. Had the interest been provided as per the original terms, there would be short provision of interest on cash credit amounting to ₹304.93 Lakhs for the current year (upto March 31, 2014 ₹1004.95 Lakhs) (Note no. 18(B)(13c)).
4. As mentioned in note no. 18(B)(14) of annual accounts, the sale of agricultural land admeasuring 40,827 Sq. mtrs has been approved by the Debt Recovery Tribunal in its order dated 19.05.2011 to M/S GDC Buildcon (P) Ltd subject to receipt of payment of ₹425 Lakhs to be deposited directly with the Tribunal. Balance sale consideration of ₹405 Lakhs was paid by the buyer directly towards OTS dues of Bank of Baroda and physical possession of land has been given to the buyer and the sale of above land has been accounted for by the Company during the year ended March 31, 2013. The Company has filed an affidavit in DRT stating the above facts.

Our opinion is not qualified in respect of matters mentioned at 1 to 4 above.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

- e. On the basis of written representations received from the Directors as on March 31, 2014 and taken on record by the Board of Directors, we report that none of the Directors from whom written representations were received, is disqualified as on March 31, 2014 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Sd/-  
(Ramesh Chand Goyal)  
Partner  
(Membership No. 012628)

#### ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER "Report on Other Legal and Regulatory Requirements" PARAGRAPH OF AUDITORS' REPORT OF EVEN DATE

- I. (a) *The Company has not maintained proper records showing full particulars including quantitative details and situation of its fixed assets.*
- (b) *The Fixed Assets of the Company have not been physically verified by the management during the previous seven years period ended March 31, 2014.*
- (c) *Substantial part of the Fixed Assets of the Company were disposed off during the year 2009-10 in view of closure of manufacturing operations and the Company is not a going concern.*
- II. *There is no inventory at the year end. Accordingly, the provisions of clause 4(ii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.*
- III. *In respect of Loan amounting to ₹70.31 Lakhs granted in earlier year to a Company covered in the register maintained u/s 301 of the Companies Act, 1956, our observations are as under:*  
  
*Unsecured interest free loans amounting to ₹70.31 Lakhs, due from a Company which has been declared a Sick Industrial Undertaking, is receivable after the rehabilitation period. However, full provision for doubtful amount has been made.*
- IV. *There were no purchases and sale of inventory during the current year. In regard to sale of land and buildings and connected expenses incurred to promote sale of properties, internal control procedures, including obtaining appropriate supporting evidences / approvals / quotations / prevailing market prices etc., were not obtained / adequate and, in our opinion, internal control procedures in respect of these matters needs to be laid down and implemented to make them commensurate with the nature and amount of transactions.*
- V. (a) *According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered during the current year in the register required to be maintained under that Section.*
- (b) *In our opinion and according to the information and explanations given to us, the transactions made during the current year in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and*

exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

VI. In our opinion and according to the information and explanations given to us, the Company has not complied with the provision of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 since there were defaults in the repayment of deposits on the due dates and we are informed by the company that the existing deposits of ₹ 25.67 Lakhs as on 31st March, 2014 are unclaimed by the depositors which we are unable to verify. Further, the defaults in the repayment of deposits received from depositors was not intimated to the Company Law Board as required by section 58AA(1) of the Companies Act, 1956. We are informed that the investments as required under Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975 have not been made in view of the stay granted by the Hon'ble Allahabad High Court. As per information and explanations given to us, no order has been passed by the Company Law Board, Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal on the Company.

VII. The Company has no internal audit system and no internal audit has been conducted since October 1, 2007.

VIII. No cost records are required to be maintained by the Company since the manufacturing operations were closed in the year 2007.

IX. In respect of statutory dues:

- (a) According to the information and explanations given to us and the records of the Company examined by us, the Company was generally regular in depositing with appropriate authorities undisputed statutory dues including contribution for employees state insurance, income-tax including tax deducted at source and cess applicable to it.
- (b) According to the information and explanations given to us, undisputed amounts payable in respect of trade tax / sales tax dues as at March 31, 2014 for a period of 6 years from the date they became payable are ₹4.45 Lakhs.
- (c) According to the records of the Company and based on information and explanations furnished to us, the following sales-tax, income-tax, custom duty, excise duty and cess dues were not deposited on account of disputes pending at various forums:

Nature of Dues	Forum where matter is pending	Financial Year to which the amount relates	Gross Amount (₹ in lakhs)
Sales Tax	High Court	1991-92	1.41
	Asst. Commissioner	2005-06 & 2006-07	1.35
	Addl. Commissioner	2005-06 to 2007-08	27.43
	Dy. Commissioner (Asst)	2004-05	94.30
Custom Duty	Assistant Commissioner	1982-83	74.66
	Appellate Tribunal	2002-03	19.39
Water tax	Addl. Civil Judge, Ghaziabad	1997-98, 1998-99	7.11
Excise Law	Commissioner Appeal, Ghaziabad	1983-84	115.75
Income-tax Act	High Court	2006-07 to 2008-09	207.33
	ITAT / Commissioner of Income-tax (Appeals)	2006-07 to 2008-09	609.60

X In our opinion, as per the books of account, the accumulated losses of the Company at the end of the current financial year are more than 100% of its net worth. The Company has earned cash profit in this financial year

as well as in the preceding financial year also.

XI. In our opinion, and according to the information and explanations given to us, the details of defaults in repayment of dues to a bank are as under:

Cash credit/working capital demand loan taken from Punjab National Bank amounting to ₹1893.90 Lakhs as on March 31, 2014 as per books of account i.e. excluding un-provided interest of ₹1004.95 Lakhs as on March 31, 2014 are out of order. Loan was classified by the bank as non-performing asset before March 31, 2009, already taken symbolic possession of the assets of the company and also sold all movable assets of the Company. The bank has now approved the OTS of its dues on 2nd April, 2014 as stated in note 18B(13)(b) and the OTS scheme is presently under implementation and the last instalment as per OTS scheme falls due on March 28, 2015.

XII. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of any security by way of pledge of shares, debentures and other securities.

XIII. The provisions of any special statute as specified under Clause 4(xiii) of the Order are not applicable to the Company.

XIV. As the Company is not dealing in or trading in shares, securities, debentures and other investment, the provision of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

XV. In our opinion, and according to the information and explanations given to us, during the current year, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions which are prejudicial to the interest of the Company. However, in the past, the Company had given guarantees/undertakings as mentioned in Note no. 18(B)(1c) of Annual Accounts in respect of certain Companies (which presently have become Sick Industrial Undertakings and are yet to be rehabilitated or are under liquidation) to banks and government authorities.

XVI. In our opinion, and according to the information and explanations given to us, no term loans were taken during the current year. Accordingly, the provision of clause 4(xvi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

XVII. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis during the current year have been used for long-term investment i.e. payment of OTS dues of a bank.

XVIII. The Company has not made any preferential allotment of shares during the year.

XIX. The Company has not issued any debentures during the year.

XX. During the period covered by our audit report, the Company has not raised any money by way of public issues.

XXI. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of audit.

For P.R.MEHRA & CO.,  
Chartered Accountants  
(Regn. No. 000051N)  
Sd/-  
(Ramesh Chand Goyal)  
Partner  
M.No. 012628

Place : New Delhi  
Dated: May 19, 2014



**BALANCE SHEET**

As on 31st March, 2014

( ₹ in Lakhs)			
Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I EQUITY AND LIABILITIES :</b>			
<b>(1) Shareholders' funds:</b>			
(a) Share capital	1	855.60	855.60
(b) Reserves & surplus	2	(9,104.46)	(9,366.78)
(c) Money received against share warrants		-	-
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-current liabilities :</b>			
(a) Long term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other long term liabilities	3	2,169.48	2,344.84
(d) Long term provisions	4	0.20	0.08
<b>(4) Current liabilities :</b>			
(a) Short term borrowings	5	3,874.12	4,077.32
(b) Trade payables	6	1,703.45	1,703.98
(c) Other current liabilities	7	930.82	806.46
(d) Short term provisions	8	103.83	100.61
<b>TOTAL</b>		<b>533.04</b>	<b>522.11</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets :		-	-
(b) Non-current investment	9	55.85	55.85
(c) Deferred tax assets (Net)		-	-
(d) Long term loan and advances		-	-
(e) Other non-current assets:-			
Silver Coins		0.01	0.01
Stores and spare parts, etc.		-	-
<b>(2) Current assets</b>			
(a) Fixed assets held for disposal	10	288.76	318.00
(b) Current investments		-	-
(c) Inventories		-	-
(d) Trade receivables		-	-
(i) Cash and Bank Balances :-		-	-
(ii) Cash and cash equivalents	11	10.36	6.31
(e) Other bank balances	11	50.17	46.32
(f) Short term loans and advances	12	106.00	77.73
(g) Other current assets	13	21.89	17.89
Accounting policies and other notes to financial statements	18		
<b>TOTAL</b>		<b>533.04</b>	<b>522.11</b>

**STATEMENT OF PROFIT & LOSS**

For the Year ended 31st March, 2014

( ₹ in Lakhs)				
Sl.No.	Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
I	Revenue from operations		-	-
II	Other income	14	42.31	44.95
III	<b>Total Revenue ( I + II )</b>		<b>42.31</b>	<b>44.95</b>
IV	<b>Expenses:-</b>			
	Cost of materials consumed		-	-
	Changes in inventories of finished goods, work-in-progress and stock-in-trade		-	-
	Employee benefits expense	15	23.15	21.73
	Finance costs	16	7.15	144.47
	Depreciation and amortization expense	10	0.03	-
	Other expenses	17	89.61	49.85
	<b>Total expenses</b>		<b>119.94</b>	<b>216.05</b>
V	Profit/(Loss) before exceptional and extra-ordinary items and tax (III-IV)		(77.63)	(171.10)
VI	<b>Exceptional items:-</b>	{18(B) 10(A)(a)}		
	Payment to PF Trust for earlier year		-	(11.01)
	Profit on sale of fixed assets		339.95	423.73
VII	Profit before extra-ordinary items and tax ( V+VI )		<b>262.32</b>	<b>241.62</b>
VIII	Extra-ordinary items		-	-
IX	Profit/(Loss) before tax ( VII-VIII )		<b>262.32</b>	<b>241.62</b>
X	<b>Tax expenses:-</b>			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
XI	Profit/(Loss) for the period from discontinuing operations		<b>262.32</b>	<b>241.62</b>
XII	<b>Earnings per equity share of ₹ 10 each ( in ₹ )</b>	18 (B) 15	3.19	2.92
	Accounting policies and other notes to financial statements	18		

**AUDITORS' REPORT**

As per our Report of even date attached

For P. R. MEHRA &amp; CO.,

(Reg. No. 000051N)

Chartered Accountants

(Ramesh Chand Goyal)

For and on behalf of the Board,

Place : New Delhi

Date : 19th May, 2014

Partner

M. No. 012628

A.K. Goel

Company Secretary

Manish K.Modi

Managing Director

M. K. Modi

Chairman

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH, 2014**

DESCRIPTION	Year ended 31st March, 2014 ₹ Lakhs	Year ended 31st March, 2013 ₹ Lakhs	DESCRIPTION	Year ended 31st March, 2014 ₹ Lakhs	Year ended 31st March, 2013 ₹ Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b> (Refer Foot Note 2 below)			<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Profit/(Loss) Before Tax	262.32	241.62	Purchase of Fixed Assets	(0.87)	-
Adjustments for :			Sale of Fixed Assets (Note 3)	120.65	425.00
Depreciation	0.03	-	House Security deposits received	74.90	10.94
Provision for Wealth Tax	6.24	4.60	Interest Received	4.32	11.80
Interest Charged to Revenue	7.15	144.47	Dividend Received	-	0.01
Provision for Doubtful Debts/ Advances Written Off	-	0.21	Wealth Tax Paid	(4.60)	(2.97)
Interest, Investment/Bad Debts Written Off	-	7.39	Net Cash used in Investing Activities	194.40	444.78
Profit on Sale of Assets/ Stores	(339.95)	(423.73)	<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Received	(4.59)	(11.87)	Interest Paid	(7.15)	(0.39)
Dividend Income	-	(0.01)	Payment of Short Term Borrowings	(0.05)	(7.30)
Other Non-Cash Income	(9.34)	(3.24)	Unsecured Loan Received (Net)	81.80	100.00
	(340.46)	(282.18)	Repayment of Cash Credit to Banks (Net)	(285.00)	(627.91)
Profit before Working Capital changes	(78.14)	(40.56)	Net Cash from Financing Activities	(210.40)	(535.60)
Adjustments for :			Net Increase in Cash and Cash Equivalents	4.05	0.19
Decrease/(Increase) in FDR with Bank	(3.85)	19.10	Cash and Cash Equivalents (Opening) (Note 1)	6.31	6.12
Decrease/(Increase) in Other Receivables	(24.02)	110.60	Cash and Cash Equivalents (Closing) (Note 1)	10.36	6.31
(Decrease)/Increase in Trade and Other Payables	129.79	1.86			
	101.92	131.56			
Cash generated from Operations	23.78	91.00			
Interest Income on Income Tax Paid	-	0.01			
Income Tax Paid	(3.73)	-			
	(3.73)	0.01			
Net Cash from Discontinued Operations	20.05	91.01			

**Notes :**

1. Cash and Cash Equivalents exclude Fixed Deposits pledged with the Banks/Court- ₹50.17 Lakhs (Previous year ₹46.32 Lakhs)
2. In view of the Closure of the Manufacturing Operations of the Fibres Division with effect from 19th May, 2007 (Closure has become Operative from 8th September, 2007), the above Cash Flows represent cash flows of Discontinued Operations.
3. Sale of fixed assets is net of adjustment of security received of ₹249.39 Lakhs received in earlier years.
4. Previous year's figures have been regrouped/recast wherever necessary.

**AUDITORS' REPORT**

As per our Report of even date attached

For P. R. MEHRA &amp; CO.,

(Reg. No. 000051N)

Chartered Accountants

(Ramesh Chand Goyal)

For and on behalf of the Board,

Place : New Delhi

Date : 19th May, 2014

Partner

M. No. 012628

A.K. Goel

Company Secretary

Manish K.Modi

Managing Director

M. K. Modi

Chairman

**NOTE NO.1 : SHARE CAPITAL**

(₹ in Lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Authorised</b>		
2,00,00,000 Equity shares of ₹ 10/- each	2,000.00	2,000.00
5,00,000 Preference shares of ₹100/-each	500.00	500.00
	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued, subscribed and paid up:</b>		
78,38,057 Equity Shares of ₹10/-each fully paid-up	783.81	783.81
Less:- Calls unpaid (Directors and Officers)	-	-
Less:- Calls unpaid (others)	-	783.81
71,792 15% Redeemable Cumulative Preference shares of ₹100/- each fully paid up	71.79	71.79
<b>Total</b>	<u>855.60</u>	<u>855.60</u>

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 shareholders	As at 31.03.2014		As at 31.03.2013	
	No. of shares held	Percent- age	No. of shares held	Percent- age
(i) Status Mark Finvest Limited	8,09,673	10.33	8,09,673	10.33
(ii) Daisy Investment Pvt. Ltd.	7,30,939	9.33	7,31,089	9.33
(iii) Modi Industries Limited	7,00,000	8.93	7,00,000	8.93
(iv) Ashoka Mercantile Limited	10,15,489	12.96	10,15,489	12.96
(v) U.P. State Indl. Dev. Corp. Ltd.	13,01,974	16.61	13,01,974	16.61
(vi) Mavi Investment Pvt. Ltd.	7,76,009	9.90	7,76,009	9.90
(vii) Rajputana Fertilizers Limited	4,60,334	5.87	4,60,334	5.87

(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 shareholders	As at 31.03.2014		As at 31.03.2013	
	No. of shares held	Percent- age	No. of shares held	Percent- age
(i) Smt. Veena Modi	3,856	5.37	3,856	5.37
(ii) Tanay Welfare Trust	6,133	8.54	6,133	8.54

(2) (a) 71,792 Preference Shares are overdue for redemption since 31st March 1996.

(b) Arrears of Dividend on Redeemable Convertible Cumulative Preference Shares for the Period from 1st April, 1998 to 31st March, 2014 amounts to ₹ 219.19 Lakhs, excluding Tax on Distributed Profits, if any.

**NOTE NO.2 : RESERVES & SURPLUS**

(₹ in Lakhs)

Sl.No.	Particulars	Opening Balance	Addi- tion	Deduc- tion	Closing Balance
(1)	Capital Reserve	21.80	-	-	21.80
(2)	Capital Redemption Reserve	158.84	-	-	158.84
(3)	Shares Premium Account	-	-	-	-
(4)	Debenture Redemption Reserve	-	-	-	-
(5)	Revaluation Reserve	-	-	-	-
(6)	Surplus i.e. balance in Statement of Profit and Loss	(9,547.42)	262.32	-	(9,285.10)
	<b>TOTAL</b>	<u>(9,366.78)</u>	<u>262.32</u>	<u>-</u>	<u>(9,104.46)</u>

**NOTE NO. 3 : OTHER LONG TERM LIABILITIES**

(₹ in Lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Trade payable	-	-
<b>Others</b>		
Security deposits received against houses	2,008.97	2,183.46
Security deposits received from others	-	-
Other liabilities	160.51	161.38
<b>TOTAL</b>	<u>2,169.48</u>	<u>2,344.84</u>

**NOTE NO.4 : LONG-TERM PROVISIONS**

(₹ in Lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Provision for employee benefits</b>		
Provision for gratuity :		
As per last balance sheet	0.04	-
Add: Provided during the year	0.06	0.04
Less: Paid during the year	-	-
<b>Sub total (A)</b>	<u>0.10</u>	<u>0.04</u>
Provision for leave encashment :		
As per last balance sheet	0.04	-
Add: Provided during the year	0.06	0.04
Less: Paid during the year	-	-
<b>Sub total (B)</b>	<u>0.10</u>	<u>0.04</u>
<b>TOTAL (A+B)</b>	<u>0.20</u>	<u>0.08</u>

**NOTE NO.5 : SHORT TERM BORROWINGS**

(₹ in Lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Secured</b>		
Loans repayment on demand		
-Cash credit/WCDL from banks	1,893.90	2,410.94
-from others	-	-
Loan and advance from related parties :		
-Ashoka Mercantile Limited {Note 18B 13(e) (ii)}	157.13	157.13
Other loans and advances	-	-
<b>Unsecured</b>		
Loans repayment on demand		
-from banks	-	-
-from others {Note 18B 13(d) (i) & (ii)}	571.24	339.20
Loan and advance from related parties		
-Ashoka Mercantile Limited	1,251.85	1,170.05
Fixed Deposits	-	-
Security Deposit From Supplier etc.	-	-
Other Loans and Advances	-	-
<b>Total</b>	<u>3,874.12</u>	<u>4,077.32</u>

Foot Note:

- Cash credit/ WCDL from banks and loan from Ashoka Mercantile Limited are secured by charge on block assets of the Company.
- (a) Cash Credit/ Working Capital Demand Loans (including Interest Accrued and Due) taken from Punjab National Bank was out of order and classified by Bank as Non-Performing Assets since calendar year 2007.  
(b) Punjab National Bank issued Notices to the Company under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) for the recovery of their Dues and have also issued Notices under Section 13(4) of the SARFAESI to the Company for taking possession of the Secured Assets of the Company. OTS dues of PNB have to be fully paid by 28th March, 2015.  
(c) The Punjab National Bank has approved one time settlement of its outstanding dues vide its approval letters dated 02.04.2014 and 12.04.2014. In terms of the settlement, OTS amount of ₹1710 lakhs (Net of upfront payment of ₹190 lakhs) shall be paid by the Company in four quarterly installments with interest during financial year 2014-15. The balance of PNB as per books of accounts of the Company is ₹ 2083.90 lakhs and the excess amount of ₹183.90 lakhs would be dealt with upon final payment of the OTS amount. In view of the OTS as above, no provision for interest has been made for the current year ended 31.03.2014. Further in terms of the OTS, consent decree has been passed by Hon'ble Debt Recovery Tribunal, Delhi on 29th April, 2014 incorporating there in the terms of settlement.
- Loans from related parties : Terms of repayment are yet to be entered into with these parties.

**NOTE NO.6 : TRADE PAYABLES**

(₹ in Lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Purchase of raw material and store	1,703.45	1,703.98
Customers for purchase of goods	-	-
Other payable	-	-
<b>TOTAL</b>	<u>1,703.45</u>	<u>1,703.98</u>

## NOTE NO.7 : OTHER CURRENT LIABILITIES

(₹ in Lakhs)		
Particulars	As at 31.03.2014	As at 31.03.2013
Current maturities of long- term debts (unsecured)	-	-
Interest accrued and due	8.12	8.12
Unpaid matured deposits (unsecured)	25.67	25.72
Interest accrued thereon	0.12	0.12
<b>Other Payable</b>		
Employees dues	46.51	47.94
Statutory liabilities	136.73	135.62
Security Deposit Refundable	4.23	4.68
Others liabilities	709.44	584.26
<b>Total</b>	<b>930.82</b>	<b>806.46</b>

## NOTE NO.8 : SHORT-TERM PROVISIONS

(₹ in Lakhs)		
Particulars	As at 31.03.2014	As at 31.03.2013
<b>Provision for employee benefits :-</b>		
Provision for gratuity :-		
As per last balance sheet	2.46	4.47
Add: Provided during the year	1.01	0.59
Less: Paid during the year	-	2.60
<b>Sub total (A)</b>	<b>3.47</b>	<b>2.46</b>
Provision for leave encashment :-		
As per last balance sheet	2.72	3.77
Add: Provided during the year	0.57	0.40
Less: Paid during the year	-	1.45
<b>Sub total (B)</b>	<b>3.29</b>	<b>2.72</b>
<b>Others :-</b>		
Provision for Wealth Tax :		
As per last balance sheet	4.60	3.00
Add: Provided during the year	6.24	4.60
Less: Excess Provision W/Back	-	0.03
Less: Paid during the year	4.60	2.97
<b>Sub total (C)</b>	<b>6.24</b>	<b>4.60</b>
Provision for income tax (net)	90.83	90.83
<b>Sub Total (D)</b>	<b>90.83</b>	<b>90.83</b>
<b>TOTAL (A+B+C+D)</b>	<b>103.83</b>	<b>100.61</b>

## NOTE NO.9 : NON CURRENT INVESTMENTS

(₹ in Lakhs)		
Particulars	As at 31.03.2014	As at 31.03.2013
<b>Trade investments</b>	-	-
<b>Other investments</b>		
Investment property	-	-
<b>Investments in Equity Instruments</b>		
(a) In Subsidiaries	-	-
(b) Others :		
<b>(i) Quoted : (At cost less provision for diminution in value)</b>		
Equity Shares Fully Paid up of ₹10 each		
3,91,598 Lords Chloro Alkali Limited (Foot Note 2)	55.41	55.41
20,00,000 Spark Plugs Company (India) Limited (Foot Note 1 & 3)	150.00	150.00
Less : Provision for Diminution in Value	(150.00)	(150.00)
75,632 Modi Spinning & Weaving Mills Co. Limited (Foot Note 1 & 2)	-	-
5,580 Modi Industries Limited (Note-1)	-	-
1,000 J. K. Synthetics Limited (Note-1)	0.02	0.02
640 Century Enka Limited	0.04	0.04
225 Garware Nylons Limited (Note-1)	0.02	0.02
100 J.K.Cement Limited	-	-
28 Shree Synthetics Limited (Note-1)	0.01	0.01
<b>(ii) Unquoted : At Cost</b>		
(a) Investment in Equity Shares		
3,460 Modi Intercontinental Pvt Ltd.	0.35	0.35
15,126 Haryana Distillery Limited (Foot Note 2)	-	-
15,126 Rajputana Fertilizer Limited (Foot Note 2)	-	-
(b) Investment in Preference Shares		
165 shares of ₹100 each fully paid up in Modi Spinning & Weaving Mills Co. Ltd.	-	-
(c) Investment in Debentures or Bonds :		
Non-Convertible Debentures of ₹200 each (12.5% Redeemable Non-Convertible)	-	-
328 Modi Industries Limited		
<b>Total</b>	<b>55.85</b>	<b>55.85</b>
<b>Foot Notes:</b>		
(1) Carrying amount of quoted investments:	55.50	55.50
(2) Market value of Quoted Investment	78.68	49.50
(3) Carrying amount of unquoted investments	0.35	0.35
(4) Aggregate provision for diminution in value of investments	150.00	150.00

## Notes :-

- Aggregate Market Value is exclusive of these Investments in view of non-availability of Current Market rates.
- In view of Rehabilitation scheme of Modi Spg & Wvg Mills Co. Ltd. (MSWM), the company was allotted free of cost 15126 equity shares of ₹10 each during the previous year of Haryana Distillery Ltd. (HDL) and Rajputana Fertilizers Ltd. (RFL) on account of demerger of units of MSWM to HDL & RFL. Consequently the original cost of ₹1 has been allocated on notional basis among MSWM, HDL & RFL. Shares of HDL are yet to be received by the company.
- 5,00,000 equity shares are yet to be transferred to the name of the company.

**NOTE NO.10 : FIXED ASSETS HELD FOR DISPOSAL**

(₹ in Lakhs)							
DESCRIPTION	As at 1st April, 2013	Sale	Addition	Fixed Assets Written Off during the year	Depreciation for the year	As at 31st March, 2014	As at 31st March, 2013
Land (Freehold)	17.77	0.09	-	-	-	17.68	17.77
Non Factory Buildings (Including Residential Colony)	300.23	29.99	-	-	-	270.24	300.23
Office Equipment	-	-	0.87	-	0.03	0.84	-
<b>Total</b>	<u>318.00</u>	<u>30.08</u>	<u>0.87</u>	<u>-</u>	<u>0.03</u>	<u>288.76</u>	<u>318.00</u>
Previous Year	<u>319.27</u>	<u>1.27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318.00</u>	<u>-</u>

**NOTE NO.11 : CASH AND BANK BALANCES**

(₹ in Lakhs)		
Particulars	As at 31.03.2014	As at 31.03.2013
<b>(i) Cash and cash equivalents:-</b>		
a) Balances with banks	10.09	6.02
b) Cheques, drafts in hand	-	-
c) Cash in hand	0.27	0.29
d) Others	-	-
<b>TOTAL</b>	<u>10.36</u>	<u>6.31</u>
<b>(ii) Other bank balances:-</b>		
(a) Earmarked balance with banks (Unpaid dividend)	-	-
(b) Balance with Banks held as margin money against guarantees	50.17	46.32
(c) Bank deposits with more than 12 months maturity	-	-
<b>TOTAL</b>	<u>50.17</u>	<u>46.32</u>

**NOTE NO.12 : SHORT-TERM LOANS AND ADVANCES**

(₹ in Lakhs)		
Particulars	As at 31.03.2014	As at 31.03.2013
<b>(a) Loans and advances to related parties</b>		
(i) - Secured considered good	-	-
(ii) - Unsecured considered good :	-	-
Ashoka Mercantile Limited	-	1.64
Modi Industries Limited	3.90	3.90
Weld Excel India Ltd	0.90	-
Manish K Modi (Managing Director){Note 18(B) (5)}	1.45	-
(iii) -Doubtful	-	-
<b>(b) Others (unsecured, consided good)</b>		
(i) Unsecured Loan to a Corporate Body	-	-
(ii) Tax deducted at source	-	-
(iii) Prepaid expenses {Note 18(B) (5)}	12.50	-
(iv) Amount recoverable	60.11	60.35
(v) Others	-	-
<b>(c) Others (doubtful)</b>		
(i) Loans & Advances to employees	5.67	5.92
(ii) Amount recoverable	1.17	5.17
(iii) Others	569.03	569.03
Less: Provision for Doubtful loans and advances	(575.87)	(580.12)
<b>Security Deposits</b>		
-Secured Considered Good	-	-
-Unsecured Considered Good	27.14	11.84
<b>Total</b>	<u>106.00</u>	<u>77.73</u>

**NOTE NO.13 : OTHER CURRENT ASSETS**

(₹ in Lakhs)		
Particulars	As at 31.03.2014	As at 31.03.2013
Income Tax receivable	17.76	14.03
Interest accrued on fixed deposits with banks	4.13	3.86
<b>TOTAL</b>	<u>21.89</u>	<u>17.89</u>



**NOTE NO.14 : OTHER INCOME**

(₹ in Lakhs)		
Particulars	For the Year ended 31.03.2014	For the Year ended 31.03.2013
(a) Interest income	4.59	11.87
(b) Dividend received (gross)	-	0.01
(c) Rental income	0.36	0.54
(d) Excess provision written back	4.25	0.03
(e) Amount written back	5.09	3.21
(f) Recovery of expenses/services rendered	26.58	22.80
(g) Other non-operating income	1.44	6.49
<b>TOTAL</b>	<b>42.31</b>	<b>44.95</b>

**NOTE NO.15 : EMPLOYEE BENEFITS EXPENSES**

(₹ in Lakhs)		
Particulars	For the Year ended 31.03.2014	For the Year ended 31.03.2013
Salary, wages, gratuity & other allowances	19.80	17.89
Contribution to Provident and other funds	-	0.86
Staff welfare expenses	3.35	2.98
<b>TOTAL</b>	<b>23.15</b>	<b>21.73</b>

**NOTE NO.16 : FINANCE COSTS**

(₹ in Lakhs)		
Particulars	For the Year ended 31.03.2014	For the Year ended 31.03.2013
(a) Interest expenses:-		
(i) On short term borrowings	-	144.08
(ii) On statutory dues	7.15	0.39
(b) Other borrowing costs	-	-
(c) Net gain/loss on foreign currency transactions and translation	-	-
<b>TOTAL</b>	<b>7.15</b>	<b>144.47</b>

**NOTE NO.17 : OTHER EXPENSES**

(₹ in Lakhs)		
Particulars	For the Year ended 31.03.2014	For the Year ended 31.03.2013
Motor car expenses	3.75	3.72
General Charges	0.37	0.37
Postage & telegram	1.99	2.46
Sundry repairs	4.01	1.65
Repair to Building	8.14	-
Office maintenance expenses	3.18	1.89
Rates & taxes	10.37	9.46
Wealth Tax	6.24	4.60
Claims/amounts Written off	-	7.39
Filing Expenses	1.77	1.17
Rent paid	8.24	-
Auditors' remuneration (see foot-note below)	5.23	5.63
Advertisement Expenses	20.73	0.58
Provision for doubtful advances	-	0.21
Travelling expenses	2.38	0.93
Legal & professional charges	4.52	3.85
Retainership Expenses	3.07	2.65
Other general expenses	5.62	3.29
<b>TOTAL</b>	<b>89.61</b>	<b>49.85</b>
<b>NOTE:</b>		
<b>Auditors' remuneration</b>		
(a) As Statutory auditor	2.25	2.25
(b) For tax audit fees	1.12	1.69
(c) For company law matter	0.71	0.22
(d) For management services	-	-
(e) For other services including certification	1.07	1.36
(f) For reimbursement of expenses	0.08	0.11
<b>TOTAL</b>	<b>5.23</b>	<b>5.63</b>

**NOTE 18 : SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES**
**A. SIGNIFICANT ACCOUNTING POLICIES**
**1. REVENUE RECOGNITION**

Rental Income is accounted for on cash basis where there is unascertainty in realization.

**2. INVESTMENTS**

Investments, being long term, are carried at cost less provision for diminution, other than temporary, in the value of such investments.

**3. RETIREMENT BENEFITS TO EMPLOYEES**

- (a) Company's contribution to provident/pension is charged to the Statement of Profit and Loss on accrual basis.
- (b) Provision for leave encashment benefits and gratuity of the continuing employees is provided on accrual basis based on actual computation instead of computing on actuarial basis as the company has only two employees at the year end.

**B. CONTINGENT LIABILITIES AND NOTES**

- (a) Claims against the company not acknowledged as debts (excluding unascertainable amounts) in respect of :

	As at 31st March, 2014 ₹ Lakhs	As at 31st March, 2013 ₹ Lakhs
(i) Income Tax (See note 1(c) below)	816.93	870.24
(ii) Sales Tax/ Excise/ Customs Duty	218.54	206.11
(iii) Water Tax	7.11	7.11
(iv) Others	156.28	157.08

- (v) The following are the particulars of above Dues on account of Sales Tax, Excise Duty, Customs Duty, Water Tax and Income Tax as at 31st March, 2014 that have been disputed by the Company in Appeals pending before the Appellate Authorities:

Nature of the Statute	Nature of the Dues	Period to which the Amount relates	Forum where Dispute is Pending	Amount of Disputed Dues (₹ Lakhs)
Sales Tax Laws	Sales Tax	1991-92	High Court	1.41
Sales Tax Laws	Sales Tax	2005-06 & 06-07	Asst. Commissioner	1.35
Sales Tax Laws	Sales Tax	2006-07	Addl. Commissioner	7.00
Sales Tax Laws	Sales Tax	2005-06 & 06-07	Addl. Commissioner	8.00
Sales Tax Laws	Sales Tax	2004-05	Dy. Commissioner (Asst)	94.30
Sales Tax Laws	Sales Tax	2007-08	Addl. Commissioner	12.43
Customs Law	Customs Duty	1982-83	Asst. Commissioner	74.66
		2002-03	Appellate Tribunal	19.39
The Uttar Pradesh Water Supply and Sewerage (Amendment) Act, 1999	Water Tax	1997-98 & 1998-99	Additional Civil Judge	7.11
Central Excise Law (on-account payment of ₹125.00 lakhs)	Excise Duty	1983-84	Commissioner (Appeal)	115.75
Income tax Act, 1961	Non-Deduction of TDS	2006-07 to 2008-09	High Court ITAT/Commissioner (Appeal)	207.33 609.60

- (b) There is a balance sales tax liability of ₹183.90 lakhs (plus interest/penalty, if any) imposed by Commercial Tax Authorities, Modinagar on Punjab National Bank on account of tax payable on auction held by the bank for old plant & machinery of the company. The company has undertaken to reimburse the same to Punjab National Bank, in case the bank is required to pay the same to the

sales tax authorities. In the meantime, the Company shall continue to keep mortgage/charge over the administrative block(with land) of the Company, as security, in favour of the bank till final disposal of the above tax case.

- (c) For Assessment years 2006-07 to 2008-09, a demand of ₹816.93 lakhs was raised by Income Tax department towards non-deduction of TDS ₹260.77 lakhs plus interest and penalty amounting to ₹ 556.16 lakhs. On an appeal filed by the Company, Hon'ble Allahabad High court has stayed recovery of demand of ₹181.87 lakhs along with interest of ₹25.46 lakhs and the matter is pending. Company has also filed appeals before Commissioner of Income Tax (Appeals) which are pending. The Commissioner (Appeal), GZB had reduced penalty amount by ₹53.21 lakhs and conformed the penalty ₹335.55 lakhs vide order dated 09.02.2012. Company had filed appeal before ITAT, New Delhi against the said order and matter is still pending. During the previous year ITO (TDS & Survey) GZB had rejected our application under section 154 of IT Act. Against the said order, we had filed appeal before the Commissioner (Appeal) GZB, which is pending
- (d) Guarantees executed in favour of Banks and Government Authorities on behalf of the following Companies against their Counter Guarantees:
  - (i) Modi Industries Limited, a Company under the same Management ₹10.63 lakhs (Previous year ₹10.63 lakhs);
  - (ii) Other Corporate Body ₹28.00 lakhs (Previous year ₹ 28.00 lakhs).

The amounts outstanding against these Guarantees are not available.

2. Balance confirmation certificates from Creditors, house/ shop security depositors, and Banks (for cash credit, certain current accounts & fixed deposits including interest accrued with one bank) etc. as on 31st March, 2008 and onwards were not obtained and consequently adjustment required on reconciliations, if any, will be carried out subsequently as and when reconciled/confirmed.
3. The Accounts of the Company have not been prepared on a going concern basis in view of Closure of Manufacturing Operations of the Company during the year ended 30th September, 2007 and sale of all moveable assets including Plant & machinery during the year 2009-10. However, once the liabilities of the Company towards secured creditors are cleared, the Company will start business operations.
4. Claims from a supplier towards Interest on late payments etc. amounting to ₹1000.54 lakhs upto 31st March, 2008, has not been provided in the Books of Account as the same are being disputed by the Company. The amount of interest for the 72 month period ended 31st March, 2014 is not ascertainable.
5. The members of the Company have, in their meeting held on 27th September 2013, approved payment of remuneration to Mr. Manish K. Modi Managing Director for a period of five years w.e.f. 1st June, 2013. The approval of the Central Government to the above remuneration is awaited. The estimated amount as per the above approval of members for the year ended 31.03.2014 amount to ₹27.83 lakhs which will be accounted for/charged to revenue in the books on receipt of approval from the central government.
6. No Provision for Income Tax under the Income Tax Act, 1961 is considered necessary for current financial year on account of unabsorbed depreciation, unabsorbed business losses and capital loss.
7. Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force on 2nd October, 2006,

certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company has not collected the relevant information. Since the information is not readily available, no disclosures/provision for interest has been made in the Books of Account.

8. In view of Unabsorbed Depreciation, carry forward business losses incurred by the Company in the previous year, sale of Fibers Division and Closure of Manufacturing Operations of the Company in the year 2007, the recognition of Deferred Tax Assets (Net) has been postponed on consideration of prudence.
9. The Manufacturing Operations of the Company have been closed with effect from 19th May, 2007. In terms of the provisions of the Uttar Pradesh Industrial Disputes Act, 1947, the Closure has become operative from the date of expiration of the period of 90 days from the date of application i.e. on 8th September, 2007.
10. (A) Exceptional Items in Statement of Profit and Loss includes :
  - (a) For the year ended 31st March, 2014:  
Profit on sale of Non factory building ₹339.95 lakhs being excess of amount received over cost ₹30.08 lakhs.
  - (b) For the year ended 31st March, 2013:
    - (i) Income received ₹423.73 lakhs being excess of amount received over cost of land of ₹ 1.27 lakhs sold on "As is where is" basis.
    - (ii) Payment to PF Trust for deficit for earlier year ₹11.01 lakhs.

(B) Prior Period items in Statement of Profit and Loss includes:

		(₹ in Lakhs)	
S.No.	Particulars	2013-2014	2012-2013
(A)	<b>Income</b>		
	Other Income	1.02	-
(B)	<b>Expenditure</b>		
	Other Expenses	-	0.18
	PF contribution towards deficit	-	11.01

11. (a) Since the Net Book value of Land, Residential buildings at Modinagar, Office premises outside Modinagar and factory/ administrative building in Modinagar are lower than the Net Realisable Value as per Valuer's Report / Management's estimate, no provision for diminution is required to be made and the net book Value of ₹292.49 lakhs as on 31st March 2014 has been clubbed with "Fixed Assets held for Disposal" on the face of the Balance Sheet.
- (b) The Company has sold 65,743 sq. yds. and 2299 sq. yds. of its vacant land at Modinagar for ₹986.15 lakhs (original cost ₹1.88 lakhs) and ₹35.00 lakhs (original cost ₹0.07 lakhs) respectively which resulted in Profit on Sale of Land amounting to ₹1019.20 lakhs during the year ended 31st March 2009. Approval of banks to whom immovable properties of the Company, including the above Land, are charged is pending.
12. In view of Valuation of fixed assets at lower of cost and net realizable value, no provision for Depreciation has been made since 1st April, 2007, except for office equipment.
13. (a) Cash credit/Working Capital Demand Loans (including interest accrued and due) taken from Punjab National Bank was out of order and has been classified by Bank as Non-Performing Assets. The Bank issued notice to the Company under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) for the recovery of

its dues and has also issued notice under section 13(4) of the SARFAESI to the company for taking possession of the secured assets of the company.

- (b) The Punjab National Bank has approved one time settlement of its outstanding dues vide its approval letters dated 02.04.2014 and 12.04.2014. In terms of the settlement, OTS amount of ₹1710 lakhs (Net of upfront payment of ₹190 lakhs) shall be paid by the Company in four quarterly installments with interest during financial year 2014-15. The balance of PNB as per books of accounts of the Company is ₹2083.90 lakhs and the excess amount of ₹183.90 lakhs would be dealt with upon final payment of the OTS amount. In view of the OTS as above, no provision for interest has been made for the current year ended 31.03.2014. Further in terms of the OTS, consent decree has been passed by Hon' ble Debt Recovery Tribunal, Delhi on 29th April, 2014 incorporating there in the terms of settlement.
  - (c) In view of the above, pending implementation of the OTS with PNB, simple interest @ 10 % on the balance outstanding of the year end, after taking into account the amounts received by banks from sale of movable assets of the Company, has been provided for till the previous year and has been credited to the cash credit accounts of banks. Has the interest been provided as per past practice followed upto 31st March 2009, interest expenses for the current year would have been higher by ₹304.93 lakhs (upto 31st March, 2014 ₹1004.95 lakhs)
  - (d) (i) Loan liability of ₹749.20 lakhs to Karnatka Bank has been discharged by the Company under OTS (one time settlement), in arrangement with Ashoka Mercantile Limited paying the settled sum of ₹410 lakhs to the said bank. The settlement resulted into remission of liability by ₹339.20 lakhs. As per the terms approved by the Board of Directors of the Company on 16th August, 2012 with Ashoka Mercantile Ltd, they shall be entitled to so much of the waived-off amount under OTS as agreeable, but to the extent such sum does not exceed the sum as worked out by applying the ratio of waiver agreed by the Company for settlement under OTS with Punjab National Bank (PNB). Pending the successful implementation of OTS with PNB as stated in para 13(b) above, the amount of ₹339.20 lakhs being the subject matter of OTS arrangement with Ashoka Mercantile Limited and liable to be dealt with later has been kept aside and shown in Balance Sheet under the head "Short term borrowings".
- No provision of interest has been made on loan repaid by Ashoka Mercantile Limited, pending finalization of Debt Assignment Agreement under this OTS deal and/or successful implementation of the OTS with Punjab National Bank.
- (ii) Loan liability of ₹832.04 lakhs to Bank of Baroda has been discharged by the company under OTS (one time settlement), in arrangement with Ashoka Mercantile Limited and Asset Reconstruction Company paying ₹95 lakhs being part of the settled sum of ₹600 lakhs to the said bank. The settlement resulted into remission of liability by ₹232.04 lakhs. As per the terms approved by the Board of Directors of the Company on 11th February, 2013 with Ashoka Mercantile Ltd., they shall be entitled to so much of

the waived-off amount under OTS as agreeable, but to the extent such sum does not exceed the sum as worked out by applying the ratio of waiver agreed by the company for settlement under OTS with Punjab National Bank (PNB). Pending the successful implementation of OTS with PNB as stated in para 13(b) above, the amount of ₹232.04 lakhs being the subject matter of OTS arrangement with Ashoka Mercantile Limited and liable to be dealt with later has been kept aside and shown in Balance Sheet under the head "Short term borrowings".

No provision of interest has been made on loan repaid by Ashoka Mercantile Limited, pending finalization of Debt Assignment Agreement under this OTS deal and/or successful implementation of the OTS with Punjab National Bank.

- (iii) Pending finalisation of terms of loan agreements with Ashoka Mercantile Limited (AML) who has given unsecured loans of ₹1131.80 lakhs for payment of OTS dues of banks, no provision of Interest on loan taken of ₹410 lakhs has been made for the year ended 31st March, 2011 to 31st March, 2014, on loan taken of ₹540 lakhs, for the years ended 31st March, 2012 to 31st March, 2014 and on loan taken of ₹100 lakhs for the year ended 31st March, 2013 and on loan taken (net) of ₹81.80 lakhs for the year ended 31st March, 2014.
- (e) (i) The Abu Dhabi Commercial Bank Limited has settled its Dues of ₹351.05 lakhs under One Time Settlement (OTS) as conveyed vide its letter dated 23rd September, 2008. Since the Company did not have funds to pay the settled dues, it had approached M/s Ashoka Mercantile Limited (AML) for making payment of settled dues to the Banks. Further, it has also been agreed with AML that it shall not be entitled to settlement of its claim better than what is agreed by the Company with PNB.
- (ii) Since successful implementation of settlement of dues of PNB is still pending, the amount paid towards OTS by AML of ₹157.13 lakhs (net of ₹40 lakhs paid to AML upto 31st March, 2011) is shown as secured loan in Note 5 i.e. as on 31st March, 2014 and the balance amount of ₹153.92 lakhs (₹351.05 lakhs - ₹197.13 lakhs) outstanding in the books of accounts has also been shown as unsecured loan, to be written back or credited to AML at the time of OTS with PNB as stated in (i) above.
- (iii) As the OTS with PNB as stated above is yet to be implemented as on date, no interest has been provided on the balances mentioned in the 13 (e) (ii) above during the current year as well as in the previous years, amount unascertained.
14. Debts Recovery Tribunal (DRT) has, vide its order dt. 19th May, 2011, confirmed/approved sale of a piece of agricultural land admeasuring 40827sq. mtr., owned by the Company to M/s GDC Buildcon Pvt. Ltd., Mumbai for a consideration of ₹425.00 lakhs (Estimated cost ₹1.27lakhs) to be deposited with DRT. Consequent upon finalization of OTS with Bank of Baroda, the balance amount of the purchase consideration was directly paid to Bank of Baroda against OTS and accordingly an affidavit to this effect was filed with DRT on 03.03.2013. The sale of the said land stands concluded and accounted for during the year ended 31st March, 2013.

## 15. EARNING PER SHARE (BASIC AS WELL AS DILUTED) (E.P.S.):

DESCRIPTION		Year ended 31st March, 2014	Year ended 31st March, 2013
		₹ Lakhs	₹ Lakhs
Profit/(Loss) before Tax, and Dividend		262.32	241.62
Add/(Less):			
1. Dividend on Preference Shares (Including Dividend Tax)		(12.60)	(12.60)
Profit/(Loss) after Tax	(A)	249.72	229.02
Number of Equity Shares (of ₹10 each)	(B)	7,838.057	7,838.057
E.P.S. (in ₹)	(A)/(B)	3.19	2.92

## 16. RELATED PARTIES DISCLOSURE:

- A. KEY MANAGEMENT PERSONNEL:  
Dr. Mahendra K. Modi – Chairman (Dr. Mahendra K. Modi was Chairman and Managing Director of the Company till 31st May, 2013)  
Manish K Modi- Managing Director (wef 1st June, 2013)
- B. 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:
- Ashoka Mercantile Limited (AML)
  - Modi Industries Limited (MIL)
  - Weld Excel India Limited (WEIL)
- C. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCE AS ON 31ST MARCH, 2014{(Refer Note 18(B) 13 )}:

Transactions and balance outstanding with the Enterprises over which the Key Management Personnel and their Relatives are able to exercise significant influence:

DESCRIPTION	Year ended 31st March, 2014 (₹ in Lakhs)	Year ended 31st March, 2013 (₹ in Lakhs)
Service Rendered to MIL	23.00	22.80
Expenses Reimbursed:		
MIL	0.20	-
AML	1.68	-
Expenses Realised/Recoverable:		
WEIL	10.86	-
Managerial Remuneration {Note 18 (B) (5)}	13.95	-
AML	0.64	-
Purchase of Goods	0.02	-
Unsecured Loan received from AML:		
- Received during the year {Note 18B 13 (d) (iii)}	190.00	200.00
- Repayment of loan {Note 18B 13 (d) (iii)}	108.20	100.00
Amount payable to MIL	13.24	-
- Balance Outstanding:		
Secured loan	157.13	157.13
Unsecured loans	1251.85	1170.05
Security Deposit Received from MIL:		
- Balance Outstanding:	147.63	147.63
Interest payable to AML	8.12	8.12
Advanced Receivable from:		
AML	-	1.64
MIL	3.90	3.90
WEIL	0.89	-
Managerial Remuneration {Note 18(B) (5)}	13.95	-
Other Current Liabilities:		
MIL	13.44	-

### Foot note:

The Company has not been able to repay the loans as shown above given by Ashoka Mercantile Limited (AML), a related party. During the month of May 2011, the Company has given temporary physical possession with right of user of 53 (Previous year 59) residential houses owned by it at Modinagar to AML and the same is still continuing.

As per our Report of even date attached  
For P.R. Mehra & Co.  
(Regn. No. 000051N)  
Chartered Accountants  
(Ramesh chand Goyal)  
Partner  
M.No. 012628

(Manish.K.Modi)  
Managing Director

(M.K. Modi)  
Chairman

Place: New Delhi  
Date: 19th May, 2014

(A.K. Goel)  
Company Secretary

**ATTENDANCE SLIP****MODIPON LIMITED**

Regd. Office : Modinagar - 201 204  
District Ghaziabad (U. P.)

DP ID No.*	
Client ID No.*	

Master Folio No.	
No. of Shares held	

Name and Address of the Shareholder.....  
.....

I hereby record my presence at the 47th ANNUAL GENERAL MEETING of the Company held on Tuesday, the 30th September, 2014 at 1.00 P.M. at  
Alok Park Club, Alok Park, Modinagar - 201 204.

Signature of the Shareholder/Proxy .....

\* Applicable for Members holding Shares in Demat Form.

Note : Shareholder/Proxy holder desiring to attend the Meeting should bring his Copy of the Annual Report for reference at the Meeting.

**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 : **MODIPON LIMITED**  
CIN : L65993UP1965PLC003082  
Registered Office : Hapur Road, Modi Nagar, 201 204 (U.P.)  
Email : modipon@groupmkm.in  
Website : www.modipon.net

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

I/We being the holder(s) of ..... shares of the above named company, hereby appoint:

	(1)	(2)	(3)
Name			
Address			
E-mail ID			
Signature			
	or failing him	or failing him	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **47th Annual General Meeting** of the Company, to be held on **Tuesday, the 30th September, 2014 at 1 P.M. at Alok Park Club, Alok Park, Modinagar, 201 204 (U.P.)** and at any adjournment thereof in respect of such resolution as are indicated below:

Resolution No.

- 1.....
- 2.....
- 3.....
- 4.....
- 5.....
- 6.....

Signature of shareholder

Signature of Proxy holder(s)

Affix  
One Rupee  
Revenue  
Stamp

**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.



**THROUGH COURIER SERVICE**

If undelivered, please return to:

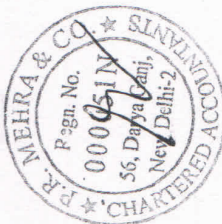
**modipon**   
**limited**


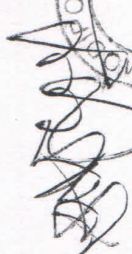
Hapur Road,  
Modinagar-201 204

**FORM 'B'**

1	Name of the Company	Modipon Limited
2	Annual Financial Statements for the year ended	31 <sup>st</sup> March 2014
3	Type of Audit Qualification	Refer Annexure attached
4	Frequency of qualification	Refer Annexure attached
5	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report.	Refer Annexure attached
6	Additional comments from the Board/Audit Committee Chair.	Nil

  
**MANAGING DIRECTOR**  
  
 (Ramesh Chandra Goyal)  
**STATUTORY AUDITORS**



  
**AUDIT COMMITTEE CHAIRMAN**  
  
**CHIEF FINANCIAL OFFICER**



Place: New Delhi

Dated: 14th August, 2014

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**For Modipon Limited**

  
**Company Secretary**

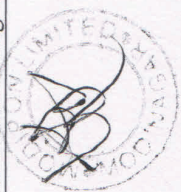
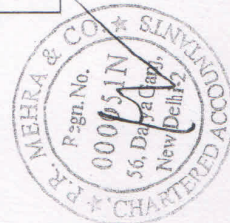


**ANNEXURE TO FORM 'B' – MODIPON LIMITED**

Sl. No.	Audit Qualification	Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
1	Balance confirmation certificates were not obtained by the company from creditors, house/shop security depositors and fixed deposits with bank including interest accrued on these deposits and of inoperative current accounts with banks etc. since September 30, 2007 and consequently adjustment required, if any, has not been carried out in the financial results. {Note no. 18(B)(2)}	2007-09	Refer note no. 18(B)(2) of Annual Accounts. After the closure of manufacturing operations, the Company has not obtained balance confirmations from parties as most of the balances are inoperative.
2	The Company has not provided interest of ₹ 1000.54 Lakhs upto March 31, 2008 on overdue amounts payable to a supplier resulting in Understatement of liabilities and debit balance of reserve and surplus by ₹ 1000.54 Lakhs each and (b) the amount of interest to be provided for in the books of account for the period April 1, 2008 to March 31, 2014 has not been ascertained. {Note no. 18(B)(4)}	2006-07	Company is in negotiation with the supplier for one-time settlement of its dues and the matter is progressing well and management is confident that the settlement of dues with the supplier below the principal amount may take place in the near future and consequently, there is no need to provide for the interest liability at this stage. Refer Note no. 18(B)(4) of Annual Accounts.
3	The amount of interest to be provided for in the books of account, if any, for the period April 1, 2007 to March 31, 2014 to small and micro enterprises has not been ascertained. {Note no. 18(B)(7)}	2007-09	In view of the closure of manufacturing operations, this information regarding inoperative credit balances is not available. Refer Note no. 18(B)(7) of the Annual Accounts.
4	During the year ended March 31, 2009, the Company has sold 68,042 sq. yds. of its vacant land at Modinagar for ₹ 1021.15 Lakhs (original cost ₹ 1.95 Lakhs) for which the approval of bank is pending. {Note no. 18B(11B)}	2007-09	As stated in Note no. 18(B)(11b) of Annual Accounts, Settlement as well as payment of dues of all the banks has been made except for one bank which is under process of payment of OTS of dues.
5	During the year 2011-12, the Company has given physical possession of its vacant 59 (53 as on March 31, 2014) houses located at Modingar, Uttar Pradesh to a lender i.e. Ashoka Mercantile Limited (AML), a related party, (balance outstanding of loan taken from AML as on March 31, 2014 as per books of account: Secured loan ₹ 157.13 Lakhs and	2011-12	As stated in foot-note to note no. 18B(16) of Annual Accounts, the company has not been able to repay the loans taken from AML and temporary possession was allowed to it and 6 such houses were repossessed during the year.

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For Modipon Limited**

Company Secretary





	Unsecured loan ₹ 1251.85 Lakhs) for use without any charges/rent/security deposit and no lease rent agreement has been entered into with AML. The Company contends that the temporary possession of houses for use without charges was given to AML as the Company was unable to pay the loans taken from AML. {Refer foot-note to note no. 18B(16)}.		
6	<p>We are informed by the Company that the factory buildings at Modinagar mortgaged to banks have been demolished and disposed of during the year 2011-12 by Ashoka Mercantile Limited (AML), a related party, and the book value of factory building amounting to ₹ 50 Lakhs has been charged to Statement of Profit and Loss as an exceptional item during the year 2011-12. The management, based upon its assessment and legal advice received, contends that the sale of movable assets to AML approved by the Debt Recovery Tribunal (DRT) on 23.11.2009 also included factory buildings whereas the DRT vide its order dated 23.11.2009 gave direction that AML shall be entitled to possession of the movable assets, dismantling and removable thereof and it is clarified that AML shall not be entitled to demolish the building except to the extent of taking out the fixtures and structure.</p> <p>In view of the above, we are of the opinion that the Company should obtain post-facto approval/clarification again from DRT and /or bank in this matter.</p>	2011-12	The management, based upon its assessment and the legal advice received, contends that the sale of movable assets to AML approved by the Debt Recovery Tribunal (DRT) on 23.11.2009 also included factory buildings.

MANAGING DIRECTOR

AUDIT COMMITTEE CHAIRMAN



(Ramesh Chand Goyal)

STATUTORY AUDITORS

Place: New Delhi

Dated: 14th August, 2014

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For Modipon Limited

Company Secretary