



# Modipon Limited

Hapur Road, Modinagar, Ghaziabad -201 204 (UP)

Phone (01232) 243471

**Dated:** 31<sup>st</sup> July, 2020

To,  
The BSE Limited  
Corporate Relation Department,  
New Trading Wing,  
Rotunda Building, P.J. Tower, Dalal Street,  
Fort, Mumbai-400001.

**Ref: INE 170C01019**

**Scrip Code: 503776**

**Sub: Outcome of Board Meeting in accordance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule III**

Dear Sir/Madam,

The Board of Directors of Modipon Limited ("the Company") in its meeting held today i.e. Friday, 31<sup>st</sup> July, 2020 through video conferencing at 405, 4th floor, Copia Corporate Suites, 9, Jasola Commercial Complex, New Delhi- 110025 approved and adopted the following:

1. Approved & took note of the Audited Financial Results for the quarter & Financial Year ended 31<sup>st</sup> March, 2020. The Audited financial results under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are enclosed as ***Annexure- A.***
2. The Auditors Report on the aforesaid Financial Results of the Company is enclosed as ***Annexure- B.***
3. Declaration with respect to Audit Report on impact of Audit Qualifications for Audit Report with modified opinion is enclosed as ***Annexure- C.***



# Modipon Limited

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4. Take note of resolution passed through circulation today for appointment of Ms. Kavita Rani as Non-Executive Independent Director of the Company w.e.f. 31st July, 2020. Ms. Kavita Rani has not been debarred from holding office of director by virtue of SEBI order or any other authority.

Please find below the details about Ms. Kavita Rani:

S. No.	Particulars	Information
		<b>Ms. Kavita Rani</b>
1.	Reason for change viz. Appointment, resignation, removal, death or otherwise;	Appointed due to resignation of Mr. Vivek Gupta
2.	Date of Appointment/Cessation (as applicable)	Appointment -July 31, 2020
	Term of appointment	For 5 years
3.	Brief Profile (In case of Appointment)	She is a Company Secretary having an experience of 10 year in Listed Company
4.	Disclosures of relationships between directors (in case of appointment of a director).	No relationship with the Directors

The meeting of Board of Directors was commenced at 3.00 P.M. and concluded at 3.18 PM.

The BSE Limited is hereby requested to take note of and disseminate the same.

Thanking you

Yours sincerely,

**For MODIPON LIMITED**

**Vineet Kumar Thareja**  
**(Company Secretary and Compliance Officer)**

**Encl.: as above**

MODIPON LIMITED		
Statement of Assets & Liabilities as at 31st March,2020		
Particulars	(Rs. In Lacs)	(Rs. In Lacs)
	As at 31/Mar/20 Lacs/Rs.	As at 31/Mar/19 Lacs/Rs.
<b>ASSETS</b>		
(1) Non - current assets		
(a) Property, plant and equipment	0.46	5.97
(b) Other intangible assets	0.08	0.22
(c) Capital work - in - progress	1.73	1.73
(d) Investment Property	-	-
(c) Financial assets		
(i) Investments	0.44	0.44
(ii) Trade receivables	-	-
(ii) Loans	83.12	83.12
(v) Others	-	-
(d) Deferred tax assets (net)	-	-
(g) Other non - current assets	77.79	77.79
	<b>163.61</b>	<b>169.26</b>
(2) Current assets		
(a) Inventories	-	-
(b) Financial assets		
(i) Trade receivables	-	-
(ii) Cash and cash equivalents	0.65	2.61
(iii) Bank Balances	4.04	4.64
(iv) Loans	-	-
(v) Others	335.20	334.40
(c) Current tax assets (net)	0.32	0.32
(d) Other current assets	87.96	87.96
	<b>428.16</b>	<b>429.92</b>
<b>Total Assets</b>	<b>591.77</b>	<b>599.19</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share capital	1,157.67	1,157.67
(b) Other equity	-10,271.07	-10,186.55
	<b>-9,113.41</b>	<b>-9,028.88</b>
<b>LIABILITIES</b>		
(1) Non - current liabilities		
(a) Financial liabilities		
(i) Borrowings	725.15	726.26
(ii) Trade payables	-	-
(iii) Other financial liabilities	1,845.07	1,845.07
(b) Provisions	10.61	10.61
(c) Other non-current liabilities	227.11	227.11
	<b>2,807.95</b>	<b>2,809.06</b>
(2) Current liabilities		



(a) Financial liabilities		
(i) Borrowings	3,570.49	3,504.80
(ii) Trade payables	2,450.67	2,450.79
(iii) Other financial liabilities	234.63	227.53
(b) Other current liabilities	555.65	550.11
(c) Provisions	85.78	85.78
	<b>6,897.22</b>	<b>6,819.01</b>
Total Equity & Liabilities	591.77	599.19

For & on behalf of Board of Directors



(Manish Kumar Modi)

Managing Director

DIN 00030036

Place: New Delhi

Date: 31st July 2020





MODIPON LIMITED

EXTRACT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31st March,2020

(Rs. In Lacs)

Particulars	For the Quarter ended 31-03-2020	For the Quarter ended 31-12-2019	For the Quarter Ended 31-03-2019	For the Year ended 31-03-2020	For the Year ended 31-03-2019
	Audited	Unaudited	Audited	Audited	Audited
I Revenue from operations	-	0.02	5.77	0.10	5.77
II Other income	-	0.02	5.77	0.10	5.77
III Total income (I + II)					
IV Expenses	8.58	6.19	10.26	29.38	56.46
Employee benefits expenses	-	77.59	70.35	230.89	260.96
Finance costs	0.10	0.10	0.37	0.71	1.48
Depreciation and amortization expenses	11.46	15.34	78.34	54.35	182.22
Other expenses	20.14	99.22	169.32	315.33	501.12
Total expenses (IV)					
V Profit / (loss) before exceptional items and tax (III - IV)	(20.14)	(99.20)	(153.56)	(315.23)	(495.35)
VI Exceptional items	230.71	-	(135.00)	230.71	(300.20)
VII Profit / (loss) before tax (V - VI)	210.57	(99.20)	(288.56)	(84.52)	(795.55)
VIII Tax expense	-	-	-	-	-
(1) Current tax	-	-	-	-	-
(2) Deferred tax	-	-	-	-	-
(3) Income tax pertaining to earlier years	-	-	-	-	-
(4) Mat Credit	-	-	-	-	-
IX Profit / (loss) from continuing operations (VII - VIII)	210.57	(99.20)	(288.56)	(84.52)	(795.55)
X Profit / (loss) from discontinued operations	-	-	-	-	-
XI Tax expense of discontinued operations	210.57	(99.20)	(288.56)	(84.52)	(795.55)
XII Profit / (loss) from discontinued operations (after tax) (X - XI)	210.57	(99.20)	(288.56)	(84.52)	(795.55)
XIII Profit / (loss) for the period (IX + XII)					
XIV Other comprehensive income					
A (i) Items that will not be reclassified to profit or loss	-	-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
B (i) Items that will be reclassified to profit or loss	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
XV Total comprehensive income for the period (XIII + XIV)	210.57	(99.20)	(288.56)	(84.52)	(795.55)
XVI Earnings per equity share (for continuing operations)					
(1) Basic (Rs)	1.82	(0.86)	(2.49)	(0.73)	(6.87)
(2) Diluted(Rs)	1.82	(0.86)	(2.49)	(0.73)	(6.87)
XVIII Earnings per equity share (for discontinued & continuing operations)					
(1) Basic (Rs)	1.82	(0.86)	(2.49)	(0.73)	(6.87)
(2) Diluted(Rs)	1.82	(0.86)	(2.49)	(0.73)	(6.87)

For & on behalf of Board of Directors

(Manish Kumar Modi)  
Managing Director

DIN 00030036

Place: New Delhi  
Date: 31st July 2020



**MODIPON LIMITED**  
Cash flow statement for the year ended 31 March, 2020

Particulars	(Rs. In Lacs)	(Rs. In Lacs)
	For the year ended on March 31,2020	For the year ended on March 31,2019
<b>A. Cash Flow from operating activities</b>		
Net Profit before tax	(84.52)	(795.55)
<b>Adjustments for :</b>	0.71	1.48
Depreciation (Net)	-	(135.00)
Exceptional Item	2.54	-
(Profit)/Loss on sale of Fixed Assets	-	(0.88)
Interest Received	230.89	260.96
Interest Expenses	-	0.41
Prior Period Error	(0.10)	(4.06)
Miscellaneous Income	149.52	(672.64)
Operation profit before working capital changes		
<b>Working Capital Adjustment:</b>	(0.80)	21.24
Increase/(Decrease) in Financial Assets (others)	-	(0.09)
Increase/(Decrease) in Current Tax Asset	-	(3.17)
Increase/(Decrease) in Other current assets	65.70	686.64
Increase/(Decrease) in Borrowings	(0.12)	2.26
Increase/(Decrease) in Trade payables	7.10	20.49
Increase/(Decrease) in Other financial liabilities	5.54	52.68
Increase/(Decrease) in Other current liabilities	-	6.91
Increase/ (Decrease) in Provisions	226.94	114.32
<b>Net Cash generated from operations</b>		
Direct taxes paid	(A)	226.94
<b>Net cash from operating activities</b>		114.32
<b>B. Cash flow from investing activities</b>		
Purchase of Intangible Asset	-	-
Capital WIP	-	-
Other non - current assets	-	0.88
Interest Income	-	-
Compensation Received	2.40	-
Sale of Fixed Assets	0.10	4.06
Miscellaneous Income	2.50	4.94
<b>Net cash used in investing activities</b>	(B)	
<b>C. Cash flow from financing activities</b>		
Repayment from long-term borrowings	(1.11)	(1.53)
Loans and Advances	-	-
Payment for OTS	-	135.00
Proceeds from Issue of Equity Shares	-	-



Interest paid	(230.89)	(260.96)
Net cash used in financing activities	(232.00)	(127.48)
Net increase in cash & cash equivalent (A+B+C)	(2.56)	(8.22)
Cash and Cash equivalents as at 01.04.2019 (Opening Balance)	7.25	15.48
Cash and Cash equivalents as at 31.03.2020 (Closing balance)	4.69	7.25

For & on behalf of Board of Directors



(Manish Kumar Modi)  
Managing Director  
DIN 00030036

Place: New Delhi  
Date: 31st July 2020





**MODIPON LIMITED**  
**Extract of Standalone Unaudited Financial Results for the Quarter & Year ended 31st March, 2020** (Rs. In Lacs)

Sr. No.	Particulars	For the Quarter ended on			For the Year ended	
		31.03.2020 (Audited)	31.12.2019 (Unaudited)	31.03.2019 (Audited)	31.03.2020 (Audited)	31.03.2019 (Audited)
1	Total income from operations (net)	-	0.02	5.77	0.10	5.77
2	Net Profit / (Loss) from ordinary activities before tax and Exceptional items	(20.14)	(99.20)	(153.56)	(315.23)	(495.35)
3	Net Profit / (Loss) from ordinary activities after tax (before Exceptional items)	(20.14)	(99.20)	(153.56)	(315.23)	(495.35)
4	Net Profit / (Loss) for the period after tax (after Exceptional items)	210.57	(99.20)	(288.56)	(84.52)	(795.55)
5	Total comprehensive income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	210.57	(99.20)	(288.56)	(84.52)	(795.55)
6	Paid up Equity Share Capital (Face value of Rs 10/- each)	1157.67	1,157.67	1,157.67	1,157.67	1,157.67
7	Earnings Per Share (before Exceptional items) of Rs 10/- each Basic (Rs) Diluted (Rs)	1.82	(0.86)	(2.49)	(0.73)	(6.87)
		1.82	(0.86)	(2.49)	(0.73)	(6.87)
8	Earnings Per Share (after exceptional items) of Rs 10/- each Basic (Rs) Diluted (Rs)	1.82	(0.86)	(2.49)	(0.73)	(6.87)
		1.82	(0.86)	(2.49)	(0.73)	(6.87)

Note 1: The above is an extract of the detailed format of Quarterly / Yearly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly / Yearly Financial Results are available on the Company's Website at [www.modipon.in](http://www.modipon.in) and also be accessed on the website of Stock Exchange at [www.bseindia.com](http://www.bseindia.com).

For & on behalf of Board of Directors

  
(Manish K. Modi)  
Managing Director  
DIN 00030036

Place: New Delhi  
Date: 31st July 2020



## MODIPON LIMITED

### Notes

1. The above financial results have been reviewed by the audit committee and approved by the Board of Directors at its meeting held on 31<sup>st</sup> July, 2020 and the same have been reviewed by the statutory auditors of the company.
2. The preparation of the above financial results is in accordance with Indian Accounting Standard, as prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.
3. The Company discontinued its manufacturing operations permanently w.e.f. 19th May 2007 and all movable assets were disposed of during the year 2009-10.
4. Balance confirmation certificates were not obtained by the Company from creditors, loans and advances given/received, house/shop security depositors, in-operative current accounts with banks and loan account with Punjab National Bank (PNB). Consequent adjustments required, if any, has not been carried out in the financial results.
5. During the quarter ended 30th June 2019, the Company has transferred amount of Rs.8.85 Lakhs to Statement of Profit or Loss, which represents administration & consultancy expenses pertaining to the financial year ended as on 31<sup>st</sup> March 2019. The Company has not re-stated the comparative figures for prior periods items to correct the materiality of prior period errors retrospectively as required as per IND AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Due to the same, Loss of current financial year is being overstated by Rs 8.85/- Lakhs.
6. (a) The Company has not provided interest of Rs. 1000.54 Lakhs up to March 31, 2008 on overdue amounts payable to a supplier resulting in understatement of liabilities and debit balance of reserve and surplus by Rs. 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 31<sup>st</sup> March, 2020 has not been ascertained.
7. The amount of interest to be provided for in the books of account, if any, for the period April 1, 2007 to 31<sup>st</sup> March 2020 to Small and Micro Enterprise has not been ascertained.





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8. During the year ended March 31, 2009, the Company has sold 65,743 sq.yds of its vacant land at Modinagar for Rs. 1021.15 Lakhs (original cost Rs. 1.95 Lakhs) for which the approval of bank is pending.
9. During the year 2011-12, the Company has given physical possession of its vacant 59 (46 as on March 31, 2015) 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, 2015 as per books of account: secured loan Rs. 882.29 Lakhs and unsecured loan Rs. 1125.57 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 security only as the Company was unable to repay the loans taken from AML.
10. The Punjab National Bank (PNB) had approved one-time settlement of its outstanding dues of Rs. 1900 lakhs vide its approval letters dated April 02, 2014 and April 12, 2014 respectively. In terms of the settlement, OTS amount of Rs. 1710 lakhs (Net of upfront payment of Rs. 190 lakhs) was to be paid by the company in four quarterly instalments with interest during financial year 2014-15. However, the company was able to manage the payment of Rs. 630 lakhs up to March 31, 2015 and at the request of the Company, PNB condone the delay and revived the OTS vide its letter dated July 02, 2015 requiring the Company to make payment of residual OTS amount of Rs. 1270 lakhs by March 31, 2016 and total interest on OTS payment @ 10.25% (simple) by June 30, 2016. The Company has paid Rs. 1270 lakhs upto December 31st, 2018 along with interest of Rs 259.62 lakhs. The company has already made provision of interest on account of delayed payment of OTS of Rs 94.43 lakhs in their books upto 30th September 2018 and booked balance amount of interest in the quarter ending 31st December 2018.
11. (a) The Punjab National Bank has initiated the proceeding against the company under section 7 of the Insolvency and Bankruptcy Code, 2016 before the NCLT, Allahabad Bench and other Proceeding before DRT-II and recovery Officer, DRT- II, New Delhi due to non-fulfilment of OTS Terms/conditions vide OTS letter dated July 02, 2015 issued by PNB.

Further as per Debts Recovery Tribunal-II, Delhi an order dated 30 July, 2018, has been passed in favour of the company and directed PNB to accept Rs. 65 lakhs as outstanding principal of OTS plus Rs 259.62 lakhs as interest @10.25% as per revived OTS vide its letter dated July 02, 2015 on delayed payment upto 15 March, 2018 which was later on accepted and paid by the company in terms of the DRAT order.



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## MODIPON LIMITED

During the pendency of the appeal, PNB has encashed the said amount of Rs. 65 Lakhs towards principal OTS and Rs 259.62 lakhs towards interest in term of the order of Debts Recovery Appellate Tribunal (DRAT), New Delhi. Further, the DRAT has reserved the order on 27.12.2018 in the said matter and not pronounced till the date of our reporting, as a result the company has not considered any liability in its books in addition to the dues already settled as per DRT order dated 30th July, 2018.

During the pendency of order before DRAT, the PNB has revived OTS vide letter dated 25.03.2019 against payment of Rs. 459.62 lakhs on the following terms & conditions:

Terms & conditions:

- 1) The proceeds of FDRs amounting to Rs. 65 lakhs and Rs. 259.62 lakhs kept with us will be appropriated simultaneously on conveying approval of revival of OTS.
- 2) Rs. 135 lakhs will be deposited within one week of receipt of this sanction letter.
- 3) The party to undertake to pay commercial tax liability as demanded by the Commercial Tax Authority.
- 4) No Dues Certificate will be issued, Bank's charge on the security/title deeds will be released only after receipt of OTS amount in full and on clearance of commercial tax liability as stated above. (Satisfactory proof/letter from the competent authority in this regard to be submitted).

The company has already deposited balance of OTS amount of Rs.65 lakhs plus delayed period interest of Rs. 259.62 lakhs with the bank in terms of DRT & DRAT orders and further Rs.135 lakhs over and above original OTS amount deposited by the company in terms of revived OTS vide letter dated 25.03.2019 within one week of receipt of letter. Further PNB vide letter dated 02.04.2019 acknowledged the payment under revived OTS vide letter dated 25.03.2019 for Rs. 459.62 lakhs.

In respect of commercial tax liability the company has filed an appeal against the order of Commissioner of Commercial Tax before Hon'ble High Court of Allahabad through Punjab National Bank and the Court has directed vide order dated 26.11.2018 that the operation and effect of the impugned order dated 08.08.2018 passed by the Commercial Tax Tribunal, Ghaziabad in Appeal no 1353 of 2013, shall remain stayed subject to the applicant depositing 50% of the commercial tax liability imposed on it and furnish security for the balance amount other than cash or bank guarantee to the satisfaction of the tribunal within a period of three weeks from the date of direction.





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The company deposited Commercial Tax of Rs 54.94 lakhs out of Commercial Tax liability of Rs 183.90 lakhs along with interest of Rs 3.07 lakhs for the period starting from 18.12.2018 to 02.05.2019 as on 03.05.2019 in compliance with order dated 26.11.2018 of the Hon'ble High Court of Allahabad and communicated the same to PNB vide letter dated 03.05.19.

Further, PNB vide letter dated 04.05.2019 requested the company to submit No Dues Certificate from tax authorities after paying the commercial tax liability to bank for compliance of OTS Sanction within 3 days else OTS will be declared as failed. Since the company failed to reply to the same, PNB vide letter dated 04.07.2019 informed that the tax authorities have declared OTS revival as failed and PNB is resuming all recoveries as usual. Further, DRAT allowed appeal of PNB on 20.08.2019. The Company filed Writ Petition in the Delhi High Court against order of the DRAT. The Hon'ble Delhi High Court vide its order dated 24.10.2019, stayed the DRAT and NCLT proceedings filed by the PNB till the next date of hearing which is listed on 19th February, 2020. On 19th February, 2020 interim order dated 24th October, 2019 was made absolute during the pendency of the writ petition. The matter was again listed for 30th March 2020 but the hearing could not take place due to covid-19 and is still pending before the court.

(b) The outstanding liability in the books of the company is higher than the OTS amount by Rs. 183.90 lakhs and in the absence of any documentary evidences from the management as well as PNB, we are unable to quantify the amount of interest on the amount of Rs.183.90 lakhs; the amount of Rs.183.90 lakhs is over and above the loan amount on account of the sales tax liability on PNB on account of the auction held by the bank for old plant and machinery of the company.

The above matter is subjudice before Hon'ble High Court of Allahabad for further hearing.

- 11 The Commissioner Central Excise & Service Tax .Kamla Neheru Nagar CGO, Complex 2 Ghaziabad vide its memorandum order No.31/COMM/CX/GZB/2017-18 dated 31.01.2018 had ordered for payment of
- Amount of central excise duty of Rs. 44.93 lakhs
  - Amount of interest of Rs. 6.56 lakhs
  - Amount of penalty of Rs. 6.56 lakhs for the period from 1994 to 1997.

The company has not made provision of the said amount & further interest thereon in its books till 31st December, 2019 due to which profit is understated by Rs. 58.05 lakhs plus interest.



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Further the company has filed appeal against the order of Commissioner Central Excise & Service Tax, Kamla Neheru Nagar CGO, Complex 2 Ghaziabad before custom excise & service tax appellate tribunal, Allahabad.

12 (a). The amounts paid by the 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 Rs. 153.92 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of assigned dues with AML is linked to the OTS of dues with PNB.

(b) The amount 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 Rs. 339.20 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.

(c) 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 Rs. 232.04 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.  
The effect if any, on the income/expenditure of the company on final OTS with PNB cannot be ascertained.

13 The company has elected to exercise the options permitted under section 115BAA of the Income Tax Act 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. 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. The recognition of Deferred Tax Assets (Net) has been postponed on consideration of prudence.

14 On 11th Mar'2020, the world health organisation (WHO) officially declared COVID-19, disease caused by novel coronavirus, a pandemic. Management is confirming that no case of COVID19 infection among its staff/officers and the outbreak has not had a significant impact to the company. Management will continue to monitor and assess the ongoing development and respond accordingly.



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- 15 The Company has adopted IND AS 116 W.e.f. 1st April 2019. IND AS 116 requires lessees to determine lease term as Non-cancellable period of lease adjusted with an option to extend or terminate the lease, if the use of such option is reasonably certain. The company makes an assessment on the expected lease term on lease-by-lease basis and thereby assess whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, company consider factors such as any significant leasehold improvement undertaken over the lease term, costs relating to termination of the lease and importance of the underlying assets to company operations. The company do not have any applicable lease and has no impact on financial statement.
- 16 The company has 15% redeemable cumulative preference shares of Rs 100 each. Preference share due for redemption since 31st March 1996.
- 17 The Company has been charging Interest on Loans taken from related parties i.e. Ashoka Mercantile Limited and Status Mark Finvest Limited upto 31st December 2019. During the Current quarter the lender has waived interest on loans for full FY 2019-20 including Rs. 230.71 Lakhs charged in Profit and Loss Account Upto Quarter 3 FY 2019-20.
- 18 Figures for the previous period have been regrouped, wherever necessary to confirm to the current period's classification.
- 19 The above financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make financial statement of figures contain therein misleading.

For and on behalf of the board



(Manish K. Modi)  
Managing Director

Place: New Delhi  
Date: 31<sup>st</sup> July, 2020



# B M CHATRATH & CO LLP

(Formerly B.M. Chatrath & Co.)  
Chartered Accountants  
LLPIN : AAJ-0682

D-26, 2<sup>nd</sup> Floor, Sector-3,  
Noida – 201301. U.P. India  
Tel: 0120-4593360 to 4593366  
Web : [www.bmchatrath.com](http://www.bmchatrath.com)

## Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

To  
The Board of Directors of  
Modipon Limited

### Report on the Audit of the Financial Results

#### Qualified Opinion

We have audited the accompanying statement of quarterly and year to date standalone financial results of **Modipon Limited** ('the Company'), for the quarter ended 31st March, 2020 and year ended 31st March, 2020 ('the statement'), attached herewith, being submitted by the company pursuant to requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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 the Basis for Qualified Opinion section of our report, the aforesaid standalone financial results:

- i. Is presented in accordance with the requirements of the Listing Regulations in this regard
- ii. Gives a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.





We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements except for the effects of the matter described hereunder:-

1. Balance confirmation certificates were not obtained by the Company from creditors, loans and advances given received, house/shop security depositors, in-operative current accounts with banks and loan account with Punjab National Bank (PNB). Consequent adjustments required, if any, has not been carried out in the financial results.
2. During the quarter ended 30th June 2019, the Company has transferred amount of Rs.8.85/- Lakhs to Statement of Profit or Loss, which represents administration & consultancy expenses pertaining to the financial year ended as on 31<sup>st</sup> March 2019. The Company has not re-stated the comparative figures for prior periods items to correct the materiality of prior period errors retrospectively as required as per IND AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Due to the same, Loss of current financial year is being overstated by Rs 8.85/- Lakhs.
3. (a) The Company has not provided interest of Rs. 1000.54 Lakhs up to March 31, 2008 on overdue amounts payable to a supplier resulting in understatement of liabilities and debit balance of reserve and surplus by Rs. 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<sup>st</sup>, 2020 has not been ascertained.
4. The amount of interest to be provided for in the books of account, if any, for the period April 1, 2007 to March 31<sup>st</sup>, 2020 to Small and Micro Enterprise has not been ascertained.
5. During the year ended March 31, 2009, the Company has sold 65,743 sq.yds of its vacant land at Modinagar for Rs. 1021.15 Lakhs (original cost Rs. 1.95 Lakhs) for which the approval of bank is pending.
6. During the year 2011-12, the Company has given physical possession of its vacant 59 (46 as on March 31, 2015) 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, 2015 as per books of account: secured loan Rs. 882.29 Lakhs and unsecured loan Rs. 1125.57 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 security only as the Company was unable to repay the loans taken from AML.
7. The Punjab National Bank (PNB) had approved one-time settlement of its outstanding dues of Rs. 1900 lakhs vide its approval letters dated April 02, 2014 and April 12, 2014 respectively. In terms of the settlement, OTS amount of Rs. 1710 lakhs (Net of upfront payment of Rs. 190 lakhs) was to be paid by the company in four quarterly installments with interest during financial year 2014-15. However, the company was able to manage the payment of Rs. 630 lakhs up to March 31, 2015 and at the request of the Company, PNB condone the delay and revived the OTS vide its letter dated July 02, 2015 requiring the Company to make payment of residual OTS amount of Rs. 1270 lakhs by March 31, 2016 and total interest on OTS payment @ 10.25% (simple) by June 30, 2016. The Company has paid Rs. 1270 lakhs upto December 31st, 2018 along with interest of Rs 2,59,62,100/-. The company has already made provision of interest on account of delayed payment of OTS of Rs 94,43,358/- in their books upto 30<sup>th</sup> September 2018 and booked balance amount of interest in the quarter ending 31<sup>st</sup> December 2018.



8. (a) The Punjab National Bank has initiated the proceeding against the company under section 7 of the Insolvency and Bankruptcy Code, 2016 before the NCLT, Allahabad Bench and other Proceeding before DRT-II and recovery Officer, DRT- II, New Delhi due to non-fulfillment of OTS Terms/conditions vide OTS letter dated July 02, 2015 issued by PNB.

Further as per Debts Recovery Tribunal-II, Delhi an order dated 30 July, 2018, has been passed in favor of the company and directed PNB to accept Rs. 65 lakhs as outstanding principal of OTS plus Rs. 259.62 lakhs as interest @10.25% as per revived OTS vide its letter dated July 02, 2015 on delayed payment upto 15 March, 2018 which was later on accepted and paid by the company in terms of the DRAT order.

During the pendency of the appeal, PNB has encashed the said amount of Rs. 65 Lakhs towards principal OTS and Rs. 259.62 Lakhs towards interest in term of the order of Debts Recovery Appellate Tribunal (DRAT), New Delhi. Further, the DRAT has reserved the order on 27.12.2018 in the said matter and not pronounced till the date of our reporting, as a result the company has not considered any liability in its books in addition to the dues already settled as per DRT order dated 30th July, 2018.

During the pendency of order before DRAT, the PNB has revived OTS vide letter dated 25.03.2019 against payment of Rs. 459.62 lakhs on the following terms & conditions:

Terms & conditions:

- 1) The proceeds of FDRs amounting to Rs. 65 lakhs and Rs. 259.62 lakhs kept with us will be appropriated simultaneously on conveying approval of revival of OTS.
- 2) Rs. 135 lakhs will be deposited within one week of receipt of this sanction letter.
- 3) The party to undertake to pay commercial tax liability as demanded by the Commercial Tax Authority.
- 4) No Dues Certificate will be issued. Bank's charge on the security/tittle deeds will be released only after receipt of OTS amount in full and on clearance of commercial tax liability as stated above. (Satisfactory proof/letter from the competent authority in this regard to be submitted).

The company has already deposited balance of OTS amount of Rs.65 lakhs plus delayed period interest of Rs. 259.62 lakhs with the bank in terms of DRT & DRAT orders and further Rs.135 lakhs over and above original OTS amount deposited by the company in terms of revived OTS vide letter dated 25.03.2019 within one week of receipt of letter.

In respect of commercial tax liability the company has filed an appeal against the order of Commissioner of Commercial Tax before Hon'ble High Court of Allahabad through Punjab National Bank and the Court has directed vide order dated 26.11.2018 that the operation and effect of the impugned order dated 08.08.2018 passed by the Commercial Tax Tribunal, Ghaziabad in Appeal no 1353 of 2013, shall remain stayed subject to the applicant depositing 50% of the commercial tax liability imposed on it and furnish security for the balance amount other than cash or bank guarantee to the satisfaction of the tribunal within a period of three weeks from the date of direction.

The company deposited Commercial Tax of Rs 54.94 lakhs out of Commercial Tax liability of Rs 183.90 lakhs along with interest of Rs 3.07 lakhs for the period starting from 18.12.2018 to 02.05.2019 as on 03.05.2019 in compliance with order dated 26.11.2018 of the Hon'ble High Court of Allahabad and communicated the same to PNB vide letter dated 03.05.19.

Further, PNB vide letter dated 04.05.2019 requested the company to submit No Dues Certificate from tax authorities after paying the commercial tax liability to bank for compliance of OTS Sanction within 3 days else OTS will be declared as failed. Since the company failed to reply to the same, PNB vide letter dated 04.07.2019 informed that the tax authorities have declared OTS revival as failed and PNB is resuming all recoveries as usual. Further, DRAT allowed appeal of PNB on 20.08.2019. The Company filed Writ Petition in the Delhi





High Court against order of the DRAT. The Hon'ble Delhi High Court vide its order dated 24.10.2019, stayed the DRAT and NCLT proceedings filed by the PNB till the next date of hearing which was listed on 19<sup>th</sup> February, 2020. On 19<sup>th</sup> February, 2020 interim order dated 24th October, 2019 was made absolute during the pendency of the writ petition. The matter was again listed for 30<sup>th</sup> March 2020 but the hearing could not take place due to covid-19 and is still pending before the court.

(b) The outstanding liability in the books of the company is higher than the OTS amount by Rs. 183.90 lakhs and in the absence of any documentary evidences from the management as well as PNB, we are unable to quantify the amount of interest on the amount of Rs.183.90 lakhs; the amount of Rs.183.90 lakhs is over and above the loan amount on account of the sales tax liability on PNB on account of the auction held by the bank for old plant and machinery of the company.

The above matter is subjudice before Hon'ble High Court of Allahabad for further hearing.

- 9 The Commissioner Central Excise & Service Tax, Kamla Nehru Nagar CGO, Complex 2 Ghaziabad vide its memorandum order No.31/COMM/CX/GZB/2017-18 dated 31.01.2018 had ordered for payment of
- Amount of central excise duty of Rs. 44.93 lakhs
  - Amount of interest of Rs. 6.56 lakhs
  - Amount of penalty of Rs. 6.56 lakhs for the period from 1994 to 1997.

The company has not made provision of the said amount & further interest thereon in its books till 31<sup>st</sup> March, 2020 due to which profit is understated by Rs. 58.05 lakhs plus interest.

Further the company has filed appeal against the order of Commissioner Central Excise & Service Tax Kamla Nehru Nagar CGO, Complex 2 Ghaziabad before custom excise & service tax appellate tribunal, Allahabad.

10. (a). The amounts paid by the 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 Rs. 153.92 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of assigned dues with AML is linked to the OTS of dues with PNB.

(b) The amount 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 Rs. 339.20 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.

(c) 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 Rs. 232.04 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.

The effect if any, on the income/expenditure of the company on final OTS with PNB cannot be ascertained.

11. The company has 15% redeemable cumulative preference shares of Rs 100 each. Preference share due for redemption since 31st March 1996.

**Emphasis of Matter**





1. We draw attention to Note 14 to the financial results, which describes the management's assessment of the impact of uncertainties related to COVID 19 and its consequential effects on the Company.
2. The Company has been charging Interest on Loans taken from related parties i.e. Ashoka Mercantile Limited and Status Mark Finvest Limited upto 31st December 2019. During the Current quarter the lender has waived interest on loans for full FY 2019-20 including Rs. 230.71 Lakhs charged in Profit and Loss Account Upto Quarter 3 FY 2019-20.

Our opinion is not modified in respect of this matter.

### **Management's Responsibilities for the Standalone Financial Results**

The statement has been prepared on the basis of the annual financial statements. The Company's Board of Directors is responsible for the preparation and presentation of these standalone financial results that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Results**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible



for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

#### Other Matter

The Statement includes the results for the Quarter ended 31st March, 2020 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the 3<sup>rd</sup> quarter of the current financial year which were subject to limited review by us.

For B.M. Chatrath & Co. LLP  
Chartered Accountants,  
FRN: E300025

*Sunil Kumar Jha*

CA. Sunil Kumar Jha  
Partner  
Membership No.543805

Place: New Delhi  
Date: 31<sup>st</sup> July, 2020

UDIN: 20543805AAAAA011AL





# B M CHATRATH & CO LLP

(Formerly B.M. Chatrath & Co.)  
Chartered Accountants  
LLPIN : AAJ-0682

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## Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Standalone Audited Financial Results -

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [Under Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (In Lacs)	Adjusted Figures (audited figures after adjusting for qualifications) (In Lacs)
	1	Turnover / Total Income	0.10	0.10
	2	Total Expenditure	84.62	133.82
	3	Net Profit/ (Loss)	(84.52)	(133.72)
	4	Earnings Per Share	(0.73)	(1.16)
	5	Total Assets	591.77	591.77
	6	Total Liabilities	9705.18	9705.18
	7	Net Worth	(9113.41)	(9113.41)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	<b>Audit Qualification (each audit qualification separately):</b>			
	a. Details of Audit Qualification: <b>As per Annexure – I attached.</b>			
	b. <b>Type of Audit Qualification:</b> Qualified Opinion / <del>Disclaimer of Opinion / Adverse Opinion</del> As per Annexure – I attached.			
	c. <b>Frequency of qualification:</b> <del>Whether appeared first time / repetitive / since how long continuing</del> <b>As per Annexure – I Attached.</b>			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: <b>As per Annexure – I Attached.</b>			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor: <b>As per Annexure – I Attached</b>			
	(i) Management's estimation on the impact of audit qualification: <b>As Per Annexure – I Attached</b>			
	(ii) If management is unable to estimate the impact, reasons for the same: <b>As per Annexure – I Attached.</b>			



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JAIPUR : B-269, Janta Colony, Jaipur-302004 Tel: 0141-2601727



(iii) Auditors' Comments on (i) or (ii) above: **As per Annexure – I Attached.**

III. Signatories

CEO/Managing Director



Audit Committee Chairman



Statutory Auditor



Place: New Delhi

Date: 31<sup>st</sup> July 2020





MODIPON LIMITED

ANNEXURE I

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	(a) The Company has not provided interest of ` 1000.54 Lakhs up to 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, 2017 has not been ascertained.	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.
2	The amount of interest to be provided for in the books of account, if any, for the period April 1, 2007 to March 31, 2020 to Small and Micro Enterprise has not been ascertained.	2007-09	In view of the closure of manufacturing operations, this information is not available.
3	During the year ended March 31, 2009, the Company has sold 65,743 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.	2007-09	Settlement of dues of all the banks has been made except Punjab National Bank whose case is pending before Hon'ble Delhi High Court

*S. Ranjan*

*[Signature]*

*[Signature]*





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
4	<p><i>During the year 2011-12, the Company has given physical possession of its vacant 59 (46 as on March 31, 2015) 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, 2015 as per books of account: secured loan ₹ 882.29 Lakhs and unsecured loan ₹ 1125.57 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 security only as the Company was unable to repay the loans taken from AML.</i></p>	2011-12	<p>As stated in foot-note in Annual Accounts, the Company has not been able to repay the loans taken from AML and temporary possession was allowed to it and most of the houses were repossessed during the year.</p>

*S. Karan*

*Ammini*





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
5	<p>The Punjab National Bank (PNB) had approved one-time settlement of its outstanding dues of Rs. 1900 lakhs vide its approval letters dated April 02, 2014 and April 12, 2014 respectively. In terms of the settlement, OTS amount of Rs. 1710 lakhs (Net of upfront payment of Rs. 190 lakhs) was to be paid by the company in four quarterly installments with interest during financial year 2014-15. However, the company was able to manage the payment of Rs. 630 lakhs up to March 31, 2015 and at the request of the Company, PNB condone the delay and revived the OTS vide its letter dated July 02, 2015 requiring the Company to make payment of residual OTS amount of Rs. 1270 lakhs by March 31, 2016 and total interest on OTS payment @ 10.25% (simple) by June 30, 2016. The Company has paid Rs. 1270 lakhs upto December 31st, 2018 along with interest of Rs 2,59,62,100/-. The company has already made provision of interest on account of delayed payment of OTS of Rs 94,43,358/- in their books upto 30<sup>th</sup> September 2018 and booked balance amount of interest in the quarter ending 31<sup>st</sup> December 2018.</p> <p>The Punjab National Bank has initiated the proceeding against the company under section 7 of the Insolvency and Bankruptcy Code, 2016 before the NCLT, Allahabad Bench and other Proceeding before DRT-II and recovery Officer, DRT- II, New Delhi due to non-fulfillment of OTS Terms/conditions vide OTS letter dated July 02, 2015 issued by PNB.</p> <p>Further as per Debts Recovery Tribunal-II, Delhi an order dated 30 July, 2018, has been passed in favor of the company and directed PNB to accept Rs. 65 lakhs as outstanding principal of OTS plus Rs. 259.62 lakhs as interest @10.25% as per revived OTS vide its letter dated July 02, 2015 on delayed payment upto 15 March, 2018 which was later on accepted and paid by the company in terms of the DRAT order.</p> <p>(a) During the pendency of the appeal, PNB has encashed the said amount of Rs. 65 Lakhs Towards principal OTS and Rs. 259.62 Lakhs towards interest in term of the order of Debts Recovery Appellate Tribunal (DRAT), New Delhi. Further, the DRAT has reserved the order on 27.12.2018 in the said matter and not pronounced till the date of our reporting, as a result the company has not considered any liability in its books in addition to the dues already settled as</p>	2011-12	<p>The company has already deposited balance of OTS amount of Rs. 65 Lacs plus delayed period interest of Rs. 259.62 Lacs with the bank in terms of DRT &amp; DRAT orders and further Rs. 135 Lacs over and above original OTS amount deposited by the company in terms of revived OTS letter dated 25.03.2019 within one week of receipt of letter.</p> <p>PNB vide letter dated 04.07.2019 informed that the tax authorities have declared OTS revival as failed and PNB is resuming all recoveries as usual. Further, DRAT allowed appeal of PNB on 20.08.2019. The Company filed Writ Petition in the Delhi High Court against order of the DRAT. The matter is now sub-judice before the Hon'ble High</p>

*S. K. Ranjan*

*[Signature]*





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
	<p>per DRT order dated 30th July, 2018.</p> <p>During the pendency of order before DRAT, the PNB has revived OTS vide letter dated 25.03.2019 against payment of Rs. 459.62 lakhs on the following terms &amp; conditions:</p> <p>Terms &amp; conditions:</p> <ol style="list-style-type: none"> <li>1) The proceeds of FDRs amounting to Rs. 65 lakhs and Rs. 259.62 lakhs kept with us will be appropriated simultaneously on conveying approval of revival of OTS.</li> <li>2) Rs. 135 lakhs will be deposited within one week of receipt of this sanction letter.</li> <li>3) The party to undertake to pay commercial tax liability as demanded by the Commercial Tax Authority.</li> <li>4) No Dues Certificate will be issued, Bank's charge on the security/tittle deeds will be released only after receipt of OTS amount in full and on clearance of commercial tax liability as stated above. (Satisfactory proof/letter from the competent authority in this regard to be submitted).</li> </ol> <p>The company has already deposited balance of OTS amount of Rs.65 lakhs plus delayed period interest of Rs. 259.62 lakhs with the bank in terms of DRT &amp; DRAT orders and further Rs.135 lakhs over and above original OTS amount deposited by the company in terms of revived OTS vide letter dated 25.03.2019 within one week of receipt of letter.</p> <p>In respect of commercial tax liability, the company has filed an appeal against the order of Commissioner of Commercial Tax before Hon'ble High Court of Allahabad through Punjab National Bank and the Court has directed vide order dated 26.11.2018 that the operation and effect of the impugned order dated 08.08.2018 passed by the Commercial Tax Tribunal, Ghaziabad in Appeal no 1353 of 2013, shall remain stayed subject to the applicant depositing 50% of the commercial tax liability imposed on it and furnish security for the balance amount other than cash or bank guarantee to the satisfaction of the tribunal within a period of three</p>		<p>Court of Delhi</p> <p>The company is in the process of taking NOC from Commercial Tax Department and the matter of commercial tax is also sub-judice before the Hon'ble High Court of Allahabad</p>

*S. K. Ranjan*

*Ammi*





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
	<p>weeks from the date of direction.</p> <p>The company deposited Commercial Tax of Rs 54.94 lakhs out of Commercial Tax liability of Rs 183.90 lakhs along with interest of Rs 3.07 lakhs for the period starting from 18.12.2018 to 02.05.2019 as on 03.05.2019 in compliance with order dated 26.11.2018 of the Hon'ble High Court of Allahabad and communicated the same to PNB vide letter dated 03.05.19.</p> <p>Further, PNB vide letter dated 04.05.2019 requested the company to submit No Dues Certificate from tax authorities after paying the commercial tax liability to bank for compliance of OTS Sanction within 3 days else OTS will be declared as failed. Since the company failed to reply to the same, PNB vide letter dated 04.07.2019 informed that the tax authorities have declared OTS revival as failed and PNB is resuming all recoveries as usual. Further, DRAT allowed appeal of PNB on 20.08.2019. The Company filed Writ Petition in the Delhi High Court against order of the DRAT. The Hon'ble Delhi High Court vide its order dated 24.10.2019, stayed the DRAT and NCLT proceedings filed by the PNB till the next date of hearing which was listed on 19<sup>th</sup> February, 2020. On 19<sup>th</sup> February, 2020 interim order dated 24<sup>th</sup> October, 2019 was made absolute during the pendency of the writ petition. The matter was again listed for 30<sup>th</sup> March 2020 but the hearing could not take place due to covid-19 and is still pending before the court.</p> <p>(b) The outstanding liability in the books of the company is higher than the OTS amount by Rs. 183.90 lakhs and in the absence of any documentary evidences from the management as well as PNB, we are unable to quantify the amount of interest on the amount of Rs.183.90 lakhs; the amount of Rs.183.90 lakhs is over and above the loan amount on account of the sales tax liability on PNB on account of the auction held by the bank for old plant and machinery of the company.</p> <p>The above matter is sub-judice before Hon'ble High Court of Allahabad for further hearing.</p>		

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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
6	Balance confirmation certificates were not obtained by the Company from creditors, loans and advances given/receives, house/shop security depositors, in-operative current accounts with banks and loan account with Punjab National Bank (PNB). Consequent adjustments required, if any, has not been carried out in the financial results.	2007-09	After the closure of manufacturing operations, the Company has not obtained balance confirmations as most of the balances are in-operative.
7	<p>(a) The amounts paid by the 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 Rs. 153.92 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of assigned dues with AML is linked to the OTS of dues with PNB.</p> <p>(b) The amount 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 Rs. 339.20 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.</p> <p>(c) 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 Rs. 232.04 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.</p> <p>The effect if any, on the income/expenditure of the company on final OTS with PNB cannot be ascertained.</p>	2011-12	One Time Settlement of the dues of Punjab National Bank is in Progress and the matter is sub-judice before the Hon'ble High Court of Delhi

*S. K. Ranjan*

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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																											
8.	<p>(a) Amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income tax, Sales tax, Service tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. Following undisputed amounts payable in respect of Income tax, Sales tax, Goods and Services Tax, Service tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues were in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable:</p> <table border="1"> <thead> <tr> <th>Name of the Statute</th> <th>Nature of Dues</th> <th>Amount ( ` in Lakhs)</th> </tr> </thead> <tbody> <tr> <td>Sales Tax Laws</td> <td>Sales Tax Payable-Branch</td> <td>1.49</td> </tr> <tr> <td>Sales Tax Laws</td> <td>1% State Development Tax</td> <td>.01</td> </tr> <tr> <td>Sales Tax Laws</td> <td>12%U.P.Trade Tax</td> <td>2.83</td> </tr> <tr> <td>Sales Tax Laws</td> <td>2.5%U.P.Trade Tax</td> <td>.01</td> </tr> <tr> <td>Sales Tax Laws</td> <td>3% Central Sales Tax</td> <td>.06</td> </tr> <tr> <td>Sales Tax Laws</td> <td>Sales Tax</td> <td>.01</td> </tr> <tr> <td>Sales Tax Laws</td> <td>8% U.P.Trade Tax</td> <td>.01</td> </tr> <tr> <td>Sales Tax Laws</td> <td>Turnover Tax</td> <td>.01</td> </tr> </tbody> </table>	Name of the Statute	Nature of Dues	Amount ( ` in Lakhs)	Sales Tax Laws	Sales Tax Payable-Branch	1.49	Sales Tax Laws	1% State Development Tax	.01	Sales Tax Laws	12%U.P.Trade Tax	2.83	Sales Tax Laws	2.5%U.P.Trade Tax	.01	Sales Tax Laws	3% Central Sales Tax	.06	Sales Tax Laws	Sales Tax	.01	Sales Tax Laws	8% U.P.Trade Tax	.01	Sales Tax Laws	Turnover Tax	.01		<p>8(a) Company is in negotiation with the Various Statutory Authorities for settlement of these dues and the matter is progressing well and management is confidence that the settlement of dues will take place in the near future. Few of these dues are negligible in nature except Payable under Excise and TDS.</p>
Name of the Statute	Nature of Dues	Amount ( ` in Lakhs)																												
Sales Tax Laws	Sales Tax Payable-Branch	1.49																												
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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
			1428.88	2005-06	(Appeal)		
			1010.75	2006-07			
	Sales Tax Laws	Sales Tax	1.41	1991-92	High Court		
	Sales Tax Laws	Sales Tax	12.43	2007-08	Addl. Commissioner		
	Customs Law	Custom Duty	74.66	1982-83	Asst. Commissioner		
		Custom Duty	19.39	2002-03	Appellate Tribunal		
	The Uttar Pradesh Water Supply and Sewerage (Amendment) Act, 1999	Water Tax	7.11	1997-98 & 1998-99	Additional Civil Judge		
	Central Excise Law	Excise Duty	115.75	1983-84	High Court		
		Excise Duty	44.93	1994-97			
		Interest	6.56				

*S. K. Ranjan*

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