

## MODIPON LIMITED

## Statement of Assets &amp; Liabilities as at 31ST DECEMBER,2019

(Rs. In Lacs)

Particulars	Note	Unaudited	Audited
		As at 31/Dec/19 Lacs/Rs.	As at 31/Mar/19 Lacs/Rs.
<b>ASSETS</b>			
(1) <b>Non - current assets</b>			
(a) Property, plant and equipment	4	0.51	5.97
(b) Other intangible assets	4	0.12	0.22
(c) Capital work - in - progress	4	1.73	1.73
(d) Investment Property		-	-
(c) Financial assets			
(i) Investments	5	0.44	0.44
(ii) Trade receivables		-	-
(ii) Loans	6	83.12	83.12
(v) Others		-	-
(d) Deferred tax assets (net)		-	-
(g) Other non - current assets	7	77.79	77.79
		<b>163.71</b>	<b>169.26</b>
(2) <b>Current assets</b>			
(a) Inventories		-	-
(b) Financial assets			
(i) Trade receivables		-	-
(ii) Cash and cash equivalents	8	1.52	2.61
(iii) Bank Balances	9	4.04	4.64
(iv) Loans		-	-
(v) Others	10	335.35	334.40
(c) Current tax assets (net)	11	0.32	0.32
(d) Other current assets	12	89.04	87.96
		<b>430.27</b>	<b>429.92</b>
<b>Total Assets</b>		<b>593.98</b>	<b>599.19</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	13 & 3(A)	1,157.67	1,157.67
(b) Other equity	3 (B)	-10,481.64	-10,186.55
		<b>-9,323.97</b>	<b>-9,028.88</b>
<b>LIABILITIES</b>			
(1) <b>Non - current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	725.15	726.26
(ii) Trade payables	-	-	-
(iii) Other financial liabilities	15	1,845.07	1,845.07
(b) Provisions	16	10.61	10.61
(c) Other non-current liabilities	17	227.11	227.11
		<b>2,807.95</b>	<b>2,809.06</b>
(2) <b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	3,563.69	3,504.80
(ii) Trade payables	19	2,449.96	2,450.79
(iii) Other financial liabilities	20	459.29	227.53
(b) Other current liabilities	21	551.27	550.11
(c) Provisions	22	85.78	85.78
		<b>7,110.00</b>	<b>6,819.01</b>
<b>Total Equity &amp; Liabilities</b>		<b>593.98</b>	<b>599.19</b>

For &amp; on behalf of Board of Directors

Place: New Delhi  
Date: 14-02-2020

(Mamish Kumar Modi)  
Managing Director  
DIN 00030036

## EXTRACT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31st December,2019

Particulars	Note	For the	For the Quarter	For the Quarter	For the Nine	For the Nine	For the Year
		Quarter ended 31-12-2019	Ended 31-12-2018	Ended 30-09-2019	Months Ended 31-12-2019	Months Ended 31-12-2018	ended 31-03-2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations		-	-	-	-	-	-
II Other income	23	0.02	-	-	0.10	-	5.77
III Total income (I + II)		0.02	-	-	0.10	-	5.77
IV Expenses:							
Employee benefits expenses	24	6.19	10.46	7.23	20.80	46.20	56.46
Finance costs	25	77.59	69.71	77.27	230.89	190.61	260.96
Depreciation and amortization expenses	26	0.10	0.37	0.19	0.61	1.11	1.48
Other expenses	27	15.34	36.56	10.98	42.89	103.87	182.22
Total expenses (IV)		99.22	117.11	95.67	295.19	341.80	501.12
V Profit / (loss) before exceptional items and tax (III - IV)		(99.20)	(117.11)	(95.67)	(295.09)	(341.80)	(495.35)
VI Exceptional items	28	-	(165.20)	-	-	(165.20)	(300.20)
VII Profit / (loss) before tax (V - VI)		(99.20)	(282.31)	(95.67)	(295.09)	(507.00)	(795.55)
VIII Tax expense	29						
(1) Current tax		-	-	-	-	-	-
(2) Deferred tax		-	-	-	-	-	-
(3) Income tax pertaining to earlier years		-	-	-	-	-	-
(4) Mat Credit		-	-	-	-	-	-
IX Profit / (loss) from continuing operations (VII - VIII)		(99.20)	(282.31)	(95.67)	(295.09)	(507.00)	(795.55)
X Profit / (loss) from discontinued operations		-	-	-	-	-	-
XI Tax expense of discontinued operations		-	-	-	-	-	-
XII Profit / (loss) from discontinued operations (after tax) (X - XI)		(99.20)	(282.31)	(95.67)	(295.09)	(507.00)	(795.55)
XIII Profit / (loss) for the period (IX + XII)		(99.20)	(282.31)	(95.67)	(295.09)	(507.00)	(795.55)
XIV Other comprehensive income							
A (i) Items that will not be reclassified to profit or loss	30	-	-	-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	3(A) & 3(B)	-	-	-	-	-	-
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)		(99.20)	(282.31)	(95.67)	(295.09)	(507.00)	(795.55)
XVI Earnings per equity share (for continuing operations)							
(1) Basic (Rs)	31	(0.86)	(2.44)	(0.83)	(2.55)	(4.38)	(6.87)
(2) Diluted(Rs)	31	(0.86)	(2.44)	(0.83)	(2.55)	(4.38)	(6.87)
XVIII Earnings per equity share (for discontinued & continuing operations)							
(1) Basic (Rs)	31	(0.86)	(2.44)	(0.83)	(2.55)	(4.38)	(6.87)
(2) Diluted(Rs)		(0.86)	(2.44)	(0.83)	(2.55)	(4.38)	(6.87)

Place: New Delhi  
Date: 14-02-2020



For & on behalf of Board of Directors

(Manish Kumar Modi)  
Managing Director  
DIN 00030036

**MODIPON LIMITED**

**Extract of Standalone Unaudited Financial Results for the Quarter & Nine Months ended 31st December, 2019**

(Rs In Lakhs)

Sr. No.	Particulars	For the Quarter ended on			For The Nine Months Ended		For the Year ended as on 31.03.2019 (Audited)
		31.12.2019 (Unaudited)	31.12.2018 (Unaudited)	30.09.2019 (Unaudited)	31.12.2019 (Unaudited)	31.12.2018 (Unaudited)	
1	Total income from operations (net)	-	-	-	-	-	-
2	Net Profit / (Loss) from ordinary activities before tax and Exceptional items	(99.20)	(117.11)	(95.67)	(295.09)	(341.80)	(495.35)
3	Net Profit / (Loss) from ordinary activities after tax (before Exceptional items)	(99.20)	(117.11)	(95.67)	(295.09)	(341.80)	(495.35)
4	Net Profit / (Loss) for the period after tax (after Exceptional items)	(99.20)	(282.31)	(95.67)	(295.09)	(507.00)	(795.55)
5	Total comprehensive income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	(99.20)	(282.31)	(95.67)	(295.09)	(507.00)	(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	1,157.67
7	Earnings Per Share (before Exceptional items) of Rs 10/- each	(0.86)	(2.44)	(0.83)	(2.55)	(4.38)	(6.87)
	Basic (Rs):	(0.86)	(2.44)	(0.83)	(2.55)	(4.38)	(6.87)
8	Earnings Per Share (after exceptional items) of Rs 10/- each	(0.86)	(2.44)	(0.83)	(2.55)	(4.38)	(6.87)
	Basic (Rs):	(0.86)	(2.44)	(0.83)	(2.55)	(4.38)	(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**

Place: New Delhi  
Date: 14-02-2020



**(Manish K. Modi)**  
Managing Director  
DIN 00030036



## 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 14<sup>th</sup> February, 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 the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("IND AS 34"), specified 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> December, 2019 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> December, 2019 to Small and Micro Enterprise has not been ascertained.
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



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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.

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).





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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.

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.

(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
  - a. Amount of central excise duty of Rs. 44.93 lakhs
  - b. Amount of interest of Rs. 6.56 lakhs
  - c. 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 15% redeemable cumulative preference shares of Rs 100 each. Preference share due for redemption since 31st March 1996.
- 14 Figures for the previous period have been regrouped, wherever necessary to confirm to the current period's classification.
- 15 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.



Place: New Delhi  
Date: 14<sup>th</sup> February, 2020

For and on behalf of the board

  
(Manish K. Modi)  
Managing Director



**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**

1. We have reviewed the accompanying statement of unaudited standalone Financial Results of **Modipon Limited** ('the Company') for the quarter ended 31<sup>st</sup> December, 2019 ('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 read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The preparation of the statement is in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("IND AS 34"), specified under Section 133 of the Companies Act, 2013 read with rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and SEBI circular no. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July 2016 is the responsibility of the Company's Management and has been approved by the Board of Directors of the company. Our responsibility is to express a conclusion on the statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as per paragraph 3 above and subject to note number 5 to 15 of accompanying statement of Unaudited financial results which has been reproduced below, nothing has come to our attention that cause us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("IND AS 34"), specified under Section 133 of the Companies Act, 2013 read with, relevant rules issued thereunder and other recognize accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI(Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatements.
5. 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.





6. 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.
7. (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> December, 2019 has not been ascertained.
8. 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> December, 2019 to Small and Micro Enterprise has not been ascertained.
9. 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.
10. 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.
11. 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 31<sup>st</sup>, 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 31<sup>st</sup> December 2018.
- 12 (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/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.

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 19<sup>th</sup> February, 2020.

(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.

- 13 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
- a. Amount of central excise duty of Rs. 44.93 lakhs
  - b. Amount of interest of Rs. 6.56 lakhs
  - c. 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> December, 2019 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.

- 14 (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.

- 15 The company has 15% redeemable cumulative preference shares of Rs 100 each. Preference share due for redemption since 31st March 1996.
- 16 The Statement includes the results for the Quarter ended 31<sup>st</sup> December, 2019 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the 2<sup>nd</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



**CA. Sunil Kumar Jha**  
Partner  
Membership No.543805

Place: New Delhi  
Date: 14<sup>th</sup> February, 2020

UDIN: 20543805AAAAA H1819