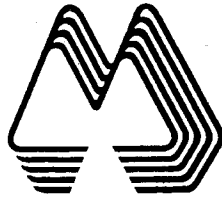
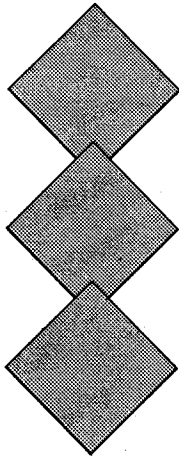


**ANNUAL REPORT
2011-2012**



Modern
INSULATORS LIMITED

BOARD OF DIRECTORS

Shri Sachin Ranka	– Chairman
Shri S.B.L. Jain	– Director
Shri R.N. Goyal	– Director
Shri R. Raniwala	– Additional Director
Shri R.K. Ladia	– Executive Director
Shri R.R. Maheshwari	– Executive Director
Shri H.L. Sharma	– Executive Director

COMPANY SECRETARY

Shri Anil Kumar Sharma

AUDITORS

M/s S.S. Kothari & Co.,
Chartered Accountants,
Jaipur - 302 001

REGISTERED OFFICE

A-4, Vijay Path,
Tilak Nagar,
Jaipur - 302 004 (Rajasthan)

CORPORATE HEADQUARTER

68/69, Godavari,
Poachkhanwala Road,
Worli, Mumbai - 400 030

PLANT

Abu Road - 307 026
Distt. Sirohi
(Rajasthan)

NOTICE

Notice is hereby given that the 27th Annual General Meeting of **Modern Insulators Limited** will be held on Friday the 21st September, 2012 at 11.00 A.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302004 to transact the following business.

A. ORDINARY BUSINESS:

- (1) To consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Audited Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- (2) To re-appoint Shri R.K.Ladia as Director who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To re-appoint Shri R.N.Goyal as Director who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To appoint Auditors and to fix their remuneration and in connection therewith to pass the following resolution with or without modifications, as an Ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 224(1) of the Companies Act, 1956, M/s. S.S.Kothari & Co., Chartered Accountants, Jaipur be and are hereby reappointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company."

B. SPECIAL BUSINESS:

- (5) To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 269, 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and further subject to approval of Central Government, if necessary and the provisions of Schedule XIII to the said Act, Company hereby accords its approval and consent to the re-appointment of Shri R. R. Maheshwari as an Executive Director of the Company from 01/01/2012 for a further period of three years on the terms & Conditions of remuneration as specified in the explanatory statement annexed hereto."
- (6) To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 269, 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and further subject to approval of Central Government, if necessary and the provisions of Schedule XIII to the said Act, Company hereby accords its approval and consent to the payment of revised remuneration to Shri R. K. Ladia, Executive Director of the Company for a period of one year with effect from 01/04/2012 to 31/03/2013 on the terms & Conditions of remuneration as specified in the explanatory statement annexed hereto."
- (7) To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 269, 198,

309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and further subject to approval of Central Government, if necessary and the provisions of Schedule XIII to the said Act, Company hereby accords its approval and consent to the re-appointment of Shri H. L. Sharma as an Executive Director of the Company from 01/07/2012 for a further period of three years on the terms & Conditions of remuneration as specified in the explanatory statement annexed hereto."

8) To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Ravindra Raniwala, who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 29/06/2012 and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

(9) To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provision of Section 293 (1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company, be and is hereby accorded to the Board of Directors of the Company for already mortgaged/to be mortgaged and/or charged/to be charged present and/or future properties, which is situated at Abu Road, Rajasthan whether movable or immovable on first charge basis in favour of:

1. Central Bank of India for its working capital assistance of upto ₹ 4025 lacs (Fund based) & upto ₹ 2250 lacs (Non-fund based) and forward exchange contract limit upto ₹ 25 Crore respectively.
2. Punjab National Bank for its working capital assistance of upto ₹ 1175 lacs (Fund based) & upto ₹ 750 lacs (Non-fund based) respectively.

In connection with the working capital facilities already sanctioned /to be sanctioned by the working capital bankers to the Company to secure the said working capital facilities together with interest thereon, commitment charges, liquidated damages, costs, charges, expenses and other moneys payable by the Company in terms of letter of sanction(s)/ memorandum of the terms and conditions entered into by the Company in respect of working capital facilities, such security, to rank as the case may be to mortgage and/or charges already created or to be created in future by the Company or in such manner as may be agreed to by the banks and as may be thought expedient by the Board of Directors of the Company."

By Order of the Board

Place : MUMBAI
 Date : 29th June, 2012

(ANIL KUMAR SHARMA)
 Company Secretary

NOTES :

1. The Explanatory statement pursuant to Section 173(2) and/or any other applicable provisions of the Companies Act, 1956 in respect of Special Business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT TO BE A MEMBER.
3. The proxy should be deposited at the Registered Office of the Company not less than FORTY EIGHT hours before the commencement of the meeting.
4. The Ministry of Corporate affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notices/documents including Annual Report can be sent by e-mail to its members. To support this objective of the Government, members are requested to register their e-mail addresses with the registered office of the Company.
5. The Share transfer books and Register of members shall remain closed from 18.09.2012 to 21.09.2012 (both days inclusive).

**ANNEXURE TO NOTICE
EXPLANATORY STATEMENT
(Pursuant to Section 173(2) of The Companies Act, 1956)**

Item No. 5

Shri R.R. Maheshwari was appointed as Director & Company Secretary of the Company with remuneration of ₹ 50,000/- per month with effect from 01/01/2009 for a period of 3 years. Shri R.R. Maheshwari has resigned from the post of Company Secretary with effect from 07/02/2011 and was redesignated/appointed as an Executive Director of the Company with effect from 08/02/2011 on the same terms and conditions of Remuneration payable to him as Director and Company Secretary of the Company till expiry of his term of office which expired on 31/12/2011. Therefore the Board considers that it is in the interest of the Company to re-appoint Shri R.R. Maheshwari as an Executive Director of the Company with remuneration with effect from 01/01/2012 for a further period of 3 years. The terms & conditions of payment of remuneration to Shri R.R. Maheshwari as an Executive Director has been approved by the Board as well as by the Remuneration Committee.

The terms and conditions of remuneration referred to above are as under:-

(A) Salary:-

- ₹ 50,000/- Per Month for 3 months from 01/01/2012 to 31/03/2012.
- ₹ 80,000/- Per Month from 01/04/2012 to 31/03/2013.
- ₹ 90,000/- Per Month from 01/04/2013 to 31/03/2014.
- ₹ 1,00,000/- Per Month from 01/04/2014 to 31/12/2014.

(B) Perquisites and Allowances:-

- (i) Medical benefits for self and family, reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed one month's salary of every year of service.
- (ii) Leave travel concession for self, wife and minor children once a year to and from any place in India subject to the condition that only actual fare and no hotel expenses etc. will be allowed as per Company's Rules.
- (iii) Company's contribution towards Provident Fund as per Company's rules but not exceeding 12% of the salary.
- (iv) Gratuity not exceeding half month's salary for each completed year of service, subject to a ceiling of ₹ 10,00,000/-.
- (v) Free use of car with driver, for Company's business.
- (vi) Free Telephone facility at residence. All personal long distance calls shall be billed by the Company.
- (vii) Encashment of leaves as per Company's Rules.

(C) He shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

None of the Directors, except Shri R.R. Maheshwari, is concerned or interested in the said resolution in item No. 5. The details set out herein above may be treated as an abstract under section 302 of the Companies Act, 1956.

Item No. 6

The Board was informed that Shri R. K. Ladia was re-appointed as an Executive Director of the Company with remuneration of ₹ 2,50,000/- per month with effect from 01/04/2010 for a period of 3 years. The Board considers for payment of revised remuneration to Shri R.K. Ladia for the remaining period of one year with effect from 01/04/2012 to 31/03/2013. The terms and conditions of payment of revised remuneration to Shri R.K. Ladia as an Executive Director has been approved by the Board as well as by the Remuneration Committee.

The terms and conditions of revised remuneration referred to above are as under:-

(A) Salary:- ₹ 5,00,000/- (Rupees Five Lacs Only) Per Month for a period of 1 year with effect from 01/04/2012 to 31/03/2013.**(B) Perquisites and allowances:**

- (i) Furnished residential accommodation with water, gas, electricity etc. monetary value of which will be evaluated as per rule 3(a) of the Income Tax Rules, 1962. The above is subject to the following:
 - (a) An amount equivalent to 10% of salary will be deductible every month towards rent for said furnished accommodation.
 - (b) The expenditure incurred by the Company on gas, electricity, water and furnishing will be evaluated as per the Income Tax Rules, 1962. This will however, be subject to a ceiling of 10% of the salary paid to him.
- (ii) Medical benefits for self and family, reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed one month's salary of every year of service.
- (iii) Leave travel concession for self and family as allowed under Income Tax Act subject to the condition that only actual fare and no hotel expenses etc. will be allowed as per Company's Rules.
- (iv) Company's contribution towards Provident Fund as per Company's rules

but not exceeding 12% of the salary.

- (v) Gratuity not exceeding half month's salary for each completed year of service as provided in the Gratuity Act.
 - (vi) Company's contribution towards superannuation fund as per Company's policy but not exceeding 15% of the basic salary.
 - (vii) Free use of car with driver, for Company's business.
 - (viii) Free Telephone facility at residence. All personal long distance calls shall be billed by the Company.
 - (ix) Encashment of leaves as per Company's Rules.
- (C) He shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

None of the Directors, except Shri R.K. Ladia is concerned or interested in the said resolution in item No. 6. The details set out herein above may be treated as an abstract under section 302 of the Companies Act, 1956.

Item No. 7

Shri H. L. Sharma was re-appointed as an Executive Director of the Company with remuneration with effect from 01/07/2009 for a period of 3 years. As such his term of Office expires on 30/06/2012, therefore, the Board considers that it is in the interest of the Company to reappoint Shri H.L. Sharma as an Executive Director of the Company with remuneration with effect from 01/07/2012 for a further period of 3 years. The terms and conditions of payment of remuneration to Shri H.L. Sharma as an Executive Director has been approved by the Board as well as by the Remuneration Committee.

The terms and conditions of remuneration referred to above are as under:-

(A) Salary:- ₹ 90,000/- (Rupees Ninety Thousand Only) per month for first year and thereafter increase of ₹ 10,000/- every year for next 2 years.**(B) Perquisites and allowances:**

- (i) Reimbursement of expenses on account of medical benefits and leave travel concession for self and family, the total cost of which to the Company shall not exceed 8% of the basic salary.
- (ii) Company's contribution towards Provident Fund as per Company's rules but not exceeding 12% of the salary.
- (iii) Gratuity not exceeding half month's salary for each completed year of service as provided in the Gratuity Act.
- (iv) Free use of car with driver, for Company's business.
- (v) Free Telephone facility at residence. All personal long distance calls shall be billed by the Company.
- (vi) Encashment of leaves as per Company's Rules.

(C) He shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

None of the Directors, except Shri H.L. Sharma is concerned or interested in the said resolution in item No. 7. The details set out herein above may be treated as an abstract under section 302 of the Companies Act, 1956.

Item No. 8

Shri Ravindra Raniwala was appointed as an Additional Director of the Company with effect from 29/06/2012 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as a Director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a member signifying his intention to the proposed appointment of Shri Ravindra Raniwala as a Director liable to retire by rotation. The Board considers it desirable that the Company should continue to avail of his services.

None of Directors, except Shri Ravindra Raniwala, is concerned or interested in the resolution.

Item No. 9

Working capital bankers have sanctioned enhanced limits on the basis of creation of first charge on the fixed assets of the Insulator division of the Company.

As the mortgage or charge on properties to secure the working capital facilities on first charge basis may be regarded as disposal of the whole or substantially the whole of the Insulators division of the Company, it is considered necessary to seek members approval pursuant to the provisions of section 293(1)(a) of the Companies Act, 1956 for mortgage or charge already created/to be created.

None of the Directors of the Company is any way concerned or interested in the resolution.

DIRECTORS' REPORT

The Members,
 Your Directors have pleasure in presenting Annual Report and audited accounts for the year ended on 31st March, 2012.

1. FINANCIAL RESULTS

	(₹ in crores)	
	Year ended 31.03.2012 (12 months)	Period ended 31.03.2011 (18 months)
Net Profit	22.42	34.10
Less : Taxes in respect of earlier years	0.02	0.08
Profit for the year after tax	22.40	34.02

2. OPERATIONS

The performance of the Company has been satisfactory. The net turnover for the year under review has been about ₹ 216 crores of Insulator Division & about ₹ 167 crores of Yarn Division and the net profit after tax for the year is about ₹ 22 crores as against about ₹ 23 crores in previous year on annualized basis. Various factors like optimization of production process, reduction in selling cost, favourable exchange rate etc. have contributed to sustain the satisfactory performance of your company. Keeping in view the need to conserve the Company's resources for meeting the enhanced working capital requirement and balancing the manufacturing equipments, your directors deemed it prudent not to recommend any dividend for the year.

INSULATORS DIVISION

The operations of Insulator division have resulted in a profit before interest & depreciation of about ₹ 33.50 crores, inspite of unprecedented price rise experienced in fuel, key raw materials and various other inputs. Company's vision to broaden the scope of manufacturing of all kinds of extra high voltage insulators for electrical equipments has borne the fruits witnessed by the performance of the company during the year under review.

YARN DIVISION

This division has achieved a net turnover of about ₹ 167 crores during the year under review. The operations have resulted in a profit before interest & depreciation of about ₹ 9.25 crores inspite of weak domestic as well as international market, oversupply of finished goods compared to overall demand and abnormal hike in the prices of inputs like raw material, power etc.

3. EXPORTS

The Company's sustained efforts in exporting its products inspite of stiff competition with the globally giant players, particularly from China, in Insulator Industry resulted in achieving export turnover of ₹ 66 crores during the year under review as compared to ₹ 76 crores in previous year on annualized basis. The company possesses ability to cater to diverse needs of global customers and further concentrating to strengthen its presence in all corners of global markets. This would help the company in getting optimum utilization of its productive resources. The Company also continues to have Trading House status. Repeated order from global electrical equipment manufacturers and efforts for entry in many new countries would further increase the Company's presence in the export market.

4. FUTURE PROSPECTS OF INSULATOR DIVISION

Your Company continuous to be leader in manufacturer of Extra High Voltage Insulators in the Country which is a testimony of Company's efforts and performance. Despite stiff competition from other countries, international buyers show preference to your company's product for its quality & timely delivery and hence your directors are confident of achieving better working results in the coming years. Your Company is having well equipped R & D laboratory which takes care of the stringent quality requirements of customers and ensure quality and reliability in each and every product manufactured. In-house R&D activities have a thrust on development to replace expensive input raw material & to further bring consistency in quality of the products under manufacture. Looking to the present scenario in power sector, the business prospects for Insulator Industry in general and for your Company in particular are encouraging.

5. AMALGAMATION OF MODERN TERRY TOWELS LIMITED WITH THE COMPANY

Modern Terry Towels Limited had filed Draft Rehabilitation Scheme with Hon'ble BIFR for its amalgamation with your company by taking deemed date of amalgamation as 1.1.2008 and same is still under consideration for circulation and thereafter for sanction by Hon'ble BIFR.

6. DEMERGER OF YARN DIVISION OF THE COMPANY

As reported in the last report, it has been decided by the Board of Directors of the Company to de-merge the Yarn division into a separate corporate entity by a Scheme of Arrangement under section 391 to 394 of the Companies Act, 1956 with effect from 1st April, 2011. Requisite application has been filed for sanction of the scheme before the Hon'ble High Court of Rajasthan at Jaipur.

In the meantime, Company has received in principal approval from the Term lenders / Debenture holders for demerger of Yarn division of the Company and has approached to working capital bankers for their approval. The Company is now in process of completing other statutory formalities under the Companies Act, 1956. The demerger would result in benefit to the shareholders, creditors, employees and general public.

7. SUBSIDIARY COMPANY

The statement under Section 212 of the Companies Act, 1956 in respect of Motile Power Trade Pvt. Ltd. and Gujarat Polyfils (India) Ltd., subsidiaries of the Company along with audited accounts are attached.

8. DIRECTORS

During the year under review Shri H.S Ranka and Shri S.S. Karnavat have resigned from the directorship of the Company. The Board places on record its appreciation for the valuable contribution made by Shri H.S. Ranka and Shri S.S. Karnavat during their tenure as Director of the Company. Shri R.K. Ladia and Shri R.N. Goyal are liable to retire by rotation and being eligible, offer themselves for reappointment. Appropriate resolutions for the reappointment of the aforesaid Directors are being moved at the ensuing Annual General Meeting, which the Board recommends for your approval.

9. AUDITORS

M/s. S.S. Kothari & Co., Chartered Accountants, Jaipur retire at the forthcoming Annual General Meeting. Your Directors recommend their appointment as Auditors of the Company for the year 2012-13. The observations made by Auditors are self explanatory and have been dealt with in the notes forming part of the financial statements and hence need no further clarifications.

10. INDSUTRIAL RELATIONS & PARTICULARS OF EMPLOYEES

Your Directors sincerely appreciate the workers, staff and officers for putting in their best efforts. The Company has enjoyed healthy and cordial industrial relations throughout the period under review. There is no employee getting remuneration as prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

11. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that:-

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
- the Directors have prepared the annual accounts on a going concern basis.

12. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The statement of particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo as required in accordance with Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2(A), 2(B) and 2(C) of the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

13. CONSTITUTION OF AUDIT COMMITTEE

The Board of Directors has constituted the Audit Committee of Directors to exercise powers and discharge functions as stipulated in section 292A of the Companies Act, 1956. The present Audit Committee consists of member directors as follows:-

Shri S.S.Karnavat (Upto 20.12.2011)
 Shri R.N.Goyal (From 20.12.2011)
 Shri S.B.L.Jain
 Shri H.L.Sharma
 Shri R.Raniwala (From 29.6.2012)

14. ACKNOWLEDGEMENTS

The Board places on record its sincere thanks and gratitude for the assistance and continued co-operation that the Company has been receiving from the executives, staff, workers, financial Institutions, working capital bankers and Central as well as State Government.

ON BEHALF OF THE BOARD

Place : Mumbai
 Dated : 29th June, 2012

(SACHIN RANKA)
 Chairman

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. TECHNOLOGY ABSORPTION:

1. Research and Development (R&D):

- a) Specific area in which R & D carried out by the Company:
- Exploring various high grades of alternate indigenous raw materials to replace existing raw materials in short supply, resulting in uninterrupted plant operation at desired yield.
 - Weight reduction in the existing design of solidcore & longrod insulators for cost optimization.
 - Process optimization & improvement to conserve natural resources; in particular energy, fuels, water & key input materials by minimized process loss, reusing & recycling.
 - Development of Low Feldspar Bauxite body with alternate sources of china clay & cheaper imported ball clays.
 - Development of a standby recipe for the existing body by using alternate clays.
 - Process & product improvement through innovative techniques.
- b) Benefits as a result of the above R&D:
- Uninterrupted plant operation at the desired yield in the event of key raw materials in short supply.
 - Development of alternate/ low cost raw material source.
 - Improvement in quality & reliability of product.
- c) Future plan of action:
- Automation in material handling.
 - Weight reduction in the existing designs of solidcore & longrod insulators for cost optimization.
 - Further development of alternate sources of china clays for smoother & cost effective operation.
 - Development of suitable domestic source of ball clays as a replacement of costly imported clays.
 - Development of low temp. Bauxite body & glaze with an improved yield.
 - Development of 800 KV HVDC longrod insulators.
 - Development of longrod & Railway insulators in composite body.
- d) Expenditure on R&D:
- | | |
|--|---------------|
| - Capital | - |
| - Recurring | ₹ 288.86 lacs |
| - Total | ₹ 288.86 lacs |
| - Total R&D expenditure, as %age of total turnover | 0.70% |

2. Technology Absorption, Adoption and Innovation:

- a) Efforts, in brief made towards technology absorption, adoption and innovation: -
- Dryer automation implemented for 5 dryers with encouraging results. Further work is in progress for the balance dryers.
 - High capacity roto pumps have been installed in Slip House for faster slurry pumping.
 - Footer cutting machine developed in-house for direct feeding of scrap into SBS Conveyor.
 - Developed Glaze jointed Hollow insulators as per specific need of key customers.
 - Kiln loading programmes developed for improvement of kiln efficiency.
 - Multistage epoxy joint developed for Hollow insulators.
 - Auto cake feeding system under implementation.
- b) Benefits derived as a result of above efforts:
- Improvement in efficiency & productivity.
 - Reduction in firing cycle time & cost saving with increased productivity.
 - Development of new products.
 - Reduction in overall product cost.
 - Reduction in workers requirement.

B. FOREIGN EXCHANGE EARNING & OUTGO:

The company has earned during the period foreign exchange of ₹ 6631.19 lacs at F.O.B. price against an outgo of ₹ 1197.72 lacs.

AUDITORS' REPORT

To,
The Members of

1. We have audited the attached Balance Sheet of **MODERN INSULATORS LIMITED** as at 31st March, 2012, the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report, comply with the applicable Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) (a) *Balances of Trade Receivables and Trade Payables are subject to reconciliations/ confirmations. (Note Nos. 8 & 14)*
 - (b) *The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given. (Note No.8)*

(c) *Provision for taxation (including interest etc.) estimated at ₹ 680.16 lacs for current year (upto the year ₹ 4640.13 lacs) has not been made and Debenture Redemption Reserve amounting to ₹ 5.80 lacs has not been created, in view of proposed amalgamation proceedings awaiting approvals. Meanwhile Income Tax Department has completed assessment for Assessment Years 2008-09 & 2009-10 and demand of ₹ 1611.16 lacs has been raised in respect of disallowance of losses pertaining to proposed amalgamation pending approval from concerned authorities. However, the Company filed appeals against the said demand and CIT (Appeals) has directed the Assessing Officer to make substantive assessment order (allowing losses pertaining to proposed amalgamation) as well as protective assessment order (presuming that no amalgamation had taken place) and further held that in case if the amalgamation scheme is not sanctioned then the protective assessment order shall prevail over the substantive order. Order of Assessing Officer giving appeal effect is awaited. (Note No.29)*

- (vi) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of Companies Act, 1956.
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies, notes thereon and subject to our comments in para (v) above, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - (b) In the case of Statement of Profit and Loss of the profit of the Company for the year ended on that date.
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.S. KOTHARI & CO.**
Chartered Accountants
(Firm Registration No. 001064C)

(**B.L. VERMA**)

PARTNER

Place : Jaipur

Date : 30th June, 2012

(Membership No. 10900)

ANNEXURE FORMING PART OF THE AUDITORS' REPORT

Referred to in the report of even date of the Auditors to members of **MODERN INSULATORS LIMITED.**

tax, excise duty and cess etc. as at 31st March, 2012 which have not been deposited on account of dispute, are as follows

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except furniture & fixtures for which detailed records are not maintained.
- (b) As per information and explanations given to us, most of the fixed assets have been physically verified during the year by management in accordance with a phased programme of verification at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off substantial part of the fixed assets.
- (ii) (a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on physical verification between the physical stocks and the book records were not material.
- (iii) (a) The company had given loans to two subsidiaries. In respect of the said loans, the maximum amount outstanding at any time during the year was ₹ 4500 lacs and the year end balance is ₹ 4200 lacs (Previous year ₹ 4750 lacs & ₹ 4500 lacs respectively). The said loans are without interest and principal amounts are repayable on demand.
- (b) The company has given interest-free loan/advance of ₹ 2245.15 lacs to a company covered under section 301 of Companies Act, 1956 in view of proposed amalgamation awaiting approvals. Maximum amount outstanding during the year was ₹ 2245.15 lacs and the year end balance was ₹ 2245.15 lacs (previous period ₹ 1945.61 lacs & ₹ 1945.61 lacs respectively).
- (c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
- (v) (a) Based on audit procedures applied by us and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements, referred to in section 301 of Companies Act 1956, exceeding Rupees Five lacs in respect of each party during the year.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the internal audit carried out during the year commensurates with the size of the company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, service tax, sales tax, wealth tax, custom duty, excise duty and other statutory dues applicable to it and no undisputed statutory dues as noted above is outstanding for a period of more than six months from the date it became payable. The company has not paid/provided income tax (refer clause 4(v)(c) of Auditors' Report).
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income tax, sales

Name of the Statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act 1956 and RV Act 2003	CST and VAT	314.66	2007-08	Rajasthan Tax Board, Ajmer
		133.28	2008-09	Deputy Commissioner Commercial Taxes (Appeals), Jodhpur
		9.42	2009-10	Assistant Commissioner Commercial Taxes, Pali
Income Tax Act 1961	Income Tax	1611.16	2007-08 & 2008-09	Deputy Commissioner (I. Tax), Jaipur
Central Excise Act 1944	Excise Duty & Service Tax	72.34	Various years from 2003-04 to 2010-11	Central Excise and Service Tax Appellate Tribunal, Delhi
		16.91	2009-10 & 2010-11	Commissioner Central Excise (Appeals), Jaipur
		69.47	2009-10 & 2010-11	Additional Commissioner, Central Excise, Jaipur / Deputy Commissioner Central Excise, Jodhpur

- (x) The Company does not have accumulated losses as at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit and as per information and explanations given by the management, there has been no default in repayment of dues to any financial institution or bank or debenture holders during the year.
- (xii) Based on our examination of books of account and information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statutes applicable to chit fund, nidhi or mutual benefit fund/society are not applicable to the company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments and hence requirement of para 4(xiv) is not applicable.
- (xv) As per information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) On the basis of records examined by us, we have to state that the company has prima facie, applied the term loan for the purpose for which it was obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) No allotment of shares has been made by the company during the year.
- (xix) The company has not issued any debenture during the year covered by audit.
- (xx) During the year the company has not raised any money by way of public issue.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, no fraud on or by the company has been noticed or reported during the year.

For **S.S. KOTHARI & CO.**
 Chartered Accountants
 (Firm Registration No. 001064C)

(B.L. VERMA)
 PARTNER
 (Membership No. 10900)

Place : Jaipur
 Date : 30th June, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in lacs)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	1	2174.35	2174.35
Reserves & Surplus	2	16198.24	13958.23
		<u>18372.59</u>	<u>16132.58</u>
Non-Current Liabilities			
Long-term borrowings	3	3042.26	5328.72
Deferred Tax Liability (Net)	4	1352.16	1382.28
Other long term liabilities	5	672.50	544.45
Long term provisions	6	634.24	549.80
		<u>5701.16</u>	<u>7805.25</u>
Current Liabilities			
Short term borrowings	7	3802.94	3763.75
Trade payables	8	2169.94	2358.32
Other current liabilities	9	3930.81	3034.99
Short term provisions	6	235.37	178.14
		<u>10139.06</u>	<u>9335.20</u>
		<u>34212.81</u>	<u>33273.03</u>
ASSETS			
Non-Current Assets			
Fixed assets			
Tangible assets	10	13366.36	13718.57
Intangible assets	10	15.78	11.97
Capital work-in-progress		210.77	139.70
		<u>13592.91</u>	<u>13870.24</u>
Non-current investments	11	972.05	122.05
Long term loans and advances	12	6055.62	6902.64
		<u>20620.58</u>	<u>20894.93</u>
Current assets			
Inventories	13	5223.05	5383.01
Trade receivables	14	4833.80	4593.47
Cash and bank balances	15	1067.14	709.24
Short term loans and advances	12	2344.86	1433.92
Other current assets	16	123.38	258.46
		<u>13592.23</u>	<u>12378.10</u>
		<u>34212.81</u>	<u>33273.03</u>
Significant Accounting Policies			
Notes on Financial Statements			
	1 to 36		

As per our report of even date attached

For **S.S. KOTHARI & CO.**
 Chartered Accountants
 (Firm Registration No. 001064C)

(B.L. VERMA)
 Partner
 (Membership No. 10900)

Place : Jaipur
 Date : 30th June, 2012

For and on behalf of the Board

Sachin Ranka – *Chairman*
 S.B.L. Jain
 R.N. Goyal
 R. Raniwala
 R.K. Ladia
 R.R. Maheshwari
 H.L. Sharma

Directors

Anil Kumar Sharma – *Company Secretary*

Place : Mumbai
 Date : 29th June, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

Particulars	Note No.	Year ended 31.03.2012 (12 Months)	Period ended 31.03.2011 (18 Months)
INCOME			
Revenue from Operations	17	38275.72	54109.52
Other Income	18	553.06	91.44
Total Revenue		<u>38828.78</u>	<u>54200.96</u>
EXPENSES			
Cost of materials consumed	19	18290.87	25392.71
Changes in inventories of finished goods & stock in process	20	231.51	(1,256.38)
Employees benefits expense	21	2715.11	3305.20
Finance cost	22	1283.63	1746.48
Depreciation and amortization expenses	10	777.36	1,091.54
Other expenses	23	13318.17	20317.67
Total Expenses		<u>36616.65</u>	<u>50597.22</u>
Profit before tax		2212.13	3603.74
Tax Expense			
Current tax	29	-	-
Deferred tax		(30.12)	193.68
Profit after tax		2242.25	3410.06
Tax in respect of earlier years		2.24	7.99
Profit for the year		<u>2240.01</u>	<u>3402.07</u>
Earning per equity share (₹)			
Basic/Diluted (Annualized)	33	10.31	10.46
Significant Accounting Policies			
Notes on Financial Statements			

As per our report of even date attached

For **S.S. KOTHARI & CO.**
 Chartered Accountants
 (Firm Registration No. 001064C)

(**B.L. VERMA**)
 Partner
 (Membership No. 10900)

Place : Jaipur
 Date : 30th June, 2012

For and on behalf of the Board

Sachin Ranka – *Chairman*

S.B.L. Jain R.N. Goyal R. Raniwala R.K. Ladia R.R. Maheshwari H.L. Sharma	}	Directors
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Anil Kumar Sharma – *Company Secretary*

Place : Mumbai
 Date : 29th June, 2012

SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Preparation of Financial Statements

- (a) The financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting principles in India, the applicable accounting standards and as per provisions of the Companies Act, 1956.
- (b) Income & expenditure are recognised and accounted for on accrual basis.

ii) Use of Estimates

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

iii) Fixed Assets

- (a) Fixed Assets are stated at cost less depreciation.
- (b) Direct expenses as well as clearly identifiable indirect expenses, incurred on project during the period of construction are being capitalised to the respective assets.
- (c) CENVAT credit and other recoverable taxes on capital goods are accounted for by reducing the cost of capital goods.

iv) Depreciation

Depreciation on fixed assets is provided as follows:

- (a) On straight line method at the revised rates and in the manner specified in schedule XIV of the Companies Act, 1956 as amended vide notification No. GSR-756 (E) dated 16th December 1993 issued by the Department of Company Affairs. Depreciation has been calculated on Plant and Machinery as continuous process plant based on expert's opinion.
- (b) Assets costing less than ₹ 5000/- acquired prior to 31.10.1992 are depreciated at old rates whereas such assets after that date have been fully depreciated.
- (c) No amount has been written off from leasehold land. The same will be charged to the Profit & Loss Account only in the year in which the respective lease period expires.

v) Investments

Long Term Investments are stated at cost. Provision for diminution in the value of Long Term Investments is made only if such decline is other than temporary.

vi) Inventories

- (a) Raw materials, Stores & spares and materials in process are valued at cost.
- (b) Finished Stock is valued at lower of cost or estimated net realisable value.
- (c) Waste is valued at estimated net realisable value.

Cost of raw materials & stores is computed on weighted average basis. Finished goods and materials in process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value of leftover stock out of the products manufactured as per customers' specifications are estimated at nominal value.

vii) Revenue Recognition

- (a) Sale of goods is recognised on the basis of despatch. Sales is shown inclusive of excise duty.
- (b) Export entitlements under the Duty Entitlement Pass Book/Duty Draw Back Scheme are recognised in the Profit & Loss Account when the right to receive credit as per the terms of the scheme is established in respect of the exports made.

- (c) Claims of customers & others are accounted for as and when settled.

viii) Excise Duty/Cenvat

- (a) Excise duty is accounted for on the basis of payments made in respect of goods cleared and provision made for goods lying in bonded warehouse.
- (b) The Cenvat credit in respect of excise duty is utilised for payment of excise duty on goods despatched. The unutilised Cenvat credit is carried forward in the books.

ix) Borrowing Cost

Borrowing costs which are attributable to acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one which necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

x) Employee Benefits

- (a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (b) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

xi) Foreign Currency Transactions

Transactions in foreign currency are recorded on the basis of exchange rates prevailing on the date of their occurrence. Foreign currency assets and liabilities are converted into rupee equivalent at the exchange rates prevailing on the Balance Sheet date and exchange difference arising therefrom is charged to the revenue.

xii) Prior Year Adjustments

Income and expenditure pertaining to prior period are accounted for under respective heads of accounts in profit and loss account. Effect of such amount is disclosed in notes.

xiii) Research and Development

Revenue expenditure on Research and Development is charged as expenses in the year in which they are incurred. Capital expenditure is included in Fixed Assets and depreciation is provided at the respective applicable rates.

- xiv) Liability for import duty, if any, on export obligation yet to be completed under EPCG Scheme is accounted for on expiry of obligation period/extension thereof.

xv) Taxation

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

xvi) Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to statement of profit & loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimates of recoverable amount.

xvii) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes to the accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012
1. SHARE CAPITAL

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
AUTHORISED		
2,50,00,000 (Previous Year 2,50,00,000) Equity shares of ₹ 10/- each	2500.00	2500.00
5,00,000 (Previous Year 5,00,000) Preference shares of ₹ 100/- each	500.00	500.00
	<u>3000.00</u>	<u>3000.00</u>

ISSUED, SUBSCRIBED AND PAID-UP

2,17,43,500 (Previous Year 2,17,43,500) Equity shares of ₹ 10/- each fully paid-up	<u>2174.35</u>	<u>2174.35</u>
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1.1 The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

1.2 Details of shareholders holding more than 5% of the total number of shares

Name of the Share holder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	% Holding	No. of Shares	% Holding
Ajaymeru Trading & Investments Pvt. Ltd.	5656915	26.02	5652915	26.00
Pride Mercantiles Pvt. Ltd.	4496301	20.68	4496301	20.68

1.3 Reconciliation of Number of Shares

Equity shares at the beginning of the year	21743500	21743500
Equity shares at the end of the year	<u>21743500</u>	<u>21743500</u>

2. RESERVES AND SURPLUS

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
Capital Reserve		
As per last balance sheet	25.00	25.00
Surplus in statement of Profit & Loss		
As per last balance sheet	13933.23	10531.16
Add: Profit for the year	<u>2240.01</u>	<u>3402.07</u>
	<u>16173.24</u>	<u>13933.23</u>
Total	<u>16198.24</u>	<u>13958.23</u>

3. LONG TERM BORROWINGS

(₹ in lacs)

	As at 31.03.2012		As at 31.03.2011	
	Non-current	Current	Non-current	Current
Secured				
Debentures				
Zero Coupon secured Redeemable Debentures	1750.00	250.00	2000.00	-
Advance subscription towards Zero Coupon secured Redeemable Debentures	-	748.00	748.00	102.00
	<u>1750.00</u>	<u>998.00</u>	<u>2748.00</u>	<u>102.00</u>
Term loans from				
Financial Institution	1280.00	1264.00	2544.00	1183.02
Other loans	12.26	24.46	36.72	22.46
	<u>1292.26</u>	<u>1288.46</u>	<u>2580.72</u>	<u>1205.48</u>
Total	<u>3042.26</u>	<u>2286.46*</u>	<u>5328.72</u>	<u>1307.48*</u>

*Considered in other current liabilities (Note No.9).

3.1 Zero Coupon Secured Redeemable Debentures/advance subscription towards Zero Coupon Secured Redeemable Debentures are secured by way of second charge of all the immovable properties of yarn division.

Term loans from financial institution are secured by (i) Exclusive first charge on all the immovable and movable fixed assets of yarn division; (ii) First charge on all the assets of Motile Power Trade Pvt. Ltd. and Gujarat Polyfils (India) Ltd. (Subsidiary Companies); (iii) Personal guarantee of one of directors; (iv) Corporate guarantee from Motile Power Trade Pvt. Ltd. and Gujarat Polyfils (India) Ltd. and (v) Pledge of all shares of Motile Power Trade Pvt. Ltd. and Gujarat Polyfils (India) Ltd. Other Loans are secured against hypothecation of the specific assets.

3.2 Redemption of Zero Coupon Secured Redeemable Debentures/advance subscription towards Zero Coupon Secured Redeemable Debentures to commence from 1st October 2011 in quarterly instalments till entire redemption is completed on or before 30.09.2015. Term loan amounting to ₹ 2160 lacs is repayable in 14 quarterly instalments commencing from October 2010. Last instalment due in January 2014. Rate of interest 13% p.a. (previous year 13% p.a.). Term loan amounting to ₹ 384 lacs is repayable in 42 monthly instalments commencing from October 2009. Last instalment due in March 2013. Rate of interest 13% p.a. (previous year 13% p.a.). Other loans are repayable as per various payment schedules. Last instalment due in November 2013. Rate of Interest 8.08% to 9.09% p.a. (Previous year 8.08% to 9.09% p.a.).

4. DEFERRED TAX LIABILITY (NET)

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
Deferred Tax Liability		
Depreciation	1854.33	1791.25
Deferred Tax Asset		
Provision allowable for Tax purpose on payment basis	462.57	394.91
Others (Provision for doubtful debts)	39.60	14.06
	<u>502.17</u>	<u>408.97</u>
Net Deferred Tax Liability	<u>1352.16</u>	<u>1382.28</u>

5. OTHER LONG TERM LIABILITIES

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
Entry Tax Payable	<u>672.50</u>	<u>544.45</u>

6. PROVISIONS

(₹ in lacs)

	As at 31.03.2012		As at 31.03.2011	
	Long Term	Short term	Long Term	Short term
Provisions for employee benefits				
For Gratuity	519.57	64.19	436.82	63.50
For unavailed Leaves	114.67	54.79	112.98	31.05
	<u>634.24</u>	<u>118.98</u>	549.80	94.55
Other provisions				
For excise duty	-	116.39	-	83.59
Total	<u>634.24</u>	<u>235.37</u>	<u>549.80</u>	<u>178.14</u>

7. SHORT TERM BORROWINGS

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
Secured		
Bank borrowings for working capital	<u>3802.94</u>	<u>3763.75</u>

7.1 Borrowings for working capital are secured by hypothecation of stocks, book debts and first charge on fixed assets of Insulator Division and are personally guaranteed by some of the directors.

8. TRADE PAYABLES

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
Trade Payables	<u>2169.94</u>	<u>2358.32</u>

8.1 Balances of trade payables are subject to reconciliations/confirmations.

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

9. OTHER CURRENT LIABILITIES

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
Current maturities of long term borrowings (Refer note No.3)	2286.46	1307.48
Interest Accrued but not due	2.32	4.64
Statutory dues	140.22	84.83
Payable towards capital goods	86.42	118.76
Advance received from customers	210.49	413.25
Sundry deposits	118.28	128.84
Other payables*	1086.62	977.19
Total	<u>3930.81</u>	<u>3034.99</u>

* Includes employees dues and liabilities for expenses etc.

10. FIXED ASSETS

(₹ in lacs)

PARTICULARS	TANGIBLE ASSETS							INTANGIBLE ASSETS
	Land	Building	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	TOTAL	Computer Software
As at 01.04.2011	953.56	3188.93	16876.41	204.41	162.06	206.59	21591.96	59.05
Addition	3.84	131.46	257.42	17.16	22.10	28.79	460.77	6.00
Deduction	-	-	16.31	11.17	5.97	33.72	67.17	-
As at 31.3.2012	957.40	3320.39	17117.52	210.40	178.19	201.66	21985.56	65.05
As at 01.10.2009	619.76	2754.14	13057.44	179.74	144.59	129.17	16884.84	49.75
Addition	333.80	434.79	3818.97	29.82	18.57	109.42	4745.37	9.30
Deduction	-	-	-	5.15	1.10	32.00	38.25	-
As at 31.3.2011	953.56	3188.93	16876.41	204.41	162.06	206.59	21591.96	59.05

DEPRECIATION	Land	Building	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	TOTAL	Computer Software
As at 01.04.2011	-	737.31	6841.66	106.71	132.74	54.97	7873.39	47.08
Charge for the year	-	94.77	646.26	10.78	4.55	18.81	775.17	2.19
Deduction	-	-	-	5.65	4.38	19.33	29.36	-
As at 31.3.2012	-	832.08	7487.92	111.84	132.91	54.45	8619.20	49.27
As at 01.10.2009	-	602.67	5955.54	89.75	103.85	46.59	6798.40	44.89
Charge for the period	-	134.64	886.12	18.64	29.21	20.74	1089.35	2.19
Deduction	-	-	-	1.68	0.32	12.36	14.36	-
As at 31.3.2011	-	737.31	6841.66	106.71	132.74	54.97	7873.39	47.08

NET BLOCK	Land	Building	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	TOTAL	Computer Software
As at 31.3.2012	957.40	2488.31	9629.60	98.56	45.28	147.21	13366.36	15.78
As at 31.3.2011	953.56	2451.62	10034.75	97.70	29.32	151.62	13718.57	11.97

11. NON-CURRENT INVESTMENTS

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
LONG TERM INVESTMENTS (AT COST)		
Trade Investments		
a. Investment in Govt. securities National Saving Certificates	0.01	0.01
b. Investment in shares of subsidiary companies (Unquoted)*		
Motile Power Trade Private Ltd. (43000 Equity shares of ₹ 10/- each, fully paid up; Previous year 43000 Equity shares of ₹ 10/- each, fully paid up)	4.30	4.30
Gujarat Polyfils (India) Ltd. (49400 Equity shares of ₹ 10/- each, fully paid up; (Previous year 49400 Equity shares of ₹ 10/- each, fully paid up) *Pledged with IFCI Ltd in terms of agreements.	4.94	4.94
c. VS Lignite Power Pvt. Ltd. (Unquoted)*		
(385186 Class 'A'- Equity shares of ₹ 10/- each, fully paid up; Previous year 385186 Class 'A'- Equity shares of ₹ 10/- each, fully paid up)	38.52	38.52
(742814 Class 'A'- 0.01% Cumulative & Redeemable Preference shares of ₹ 10/- each, fully paid up; Previous year 742814 Class 'A'- 0.01% Cumulative & Redeemable Preference shares of ₹ 10/- each, fully paid up) * Lying with said company under lien.	74.28	74.28
Non-trade Investments		
a. Birla Sun Life Cash Manager- Institutional Plan - Growth 393703.002 Units (Previous Year Nil)	700.00	-
b. Motilal Oswal MOST 10 Year Gilt Fund - Growth 1453572.882 Units (Previous Year Nil)	150.00	-
Total	972.05	122.05

12. LOANS AND ADVANCES

(₹ in lacs)

	As at 31.03.2012		As at 31.03.2011	
	Long Term	Short term	Long Term	Short term
Loans and Advances to related parties (Refer Note No.27)	2245.15	-	1945.61	-
Loans to Subsidiary Companies (Refer Note No.28)	3100.00	1100.00	4200.00	300.00
Income Tax Advance	-	456.01	-	451.01
Tax Deducted at Source	-	176.92	-	150.84
Balance with government Authorities	-	127.51	-	186.66
Prepaid Expenses	-	85.70	-	83.29
Loans and advances to employees	-	30.48	-	30.59
Advance to Suppliers	-	247.35	-	97.50
Deposits	444.88	95.82	491.44	91.59
Capital Advances	265.59	12.62	265.59	-
Others	-	12.45	-	42.44
Total	6055.62	2344.86	6902.64	1433.92

13. INVENTORIES

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
Raw Materials(In Transit ₹ 101.42 lacs; Previous Year ₹ 59.06 lacs)	1341.21	1164.91
Stocks in Process	1465.59	1313.48
Finished Stock	1998.93	2382.55
Stores & spares (In Transit ₹ 27.95 lacs; Previous Year ₹ 38.48 lacs)	417.32	522.07
Total	5223.05	5383.01

14. TRADE RECEIVABLES

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
Trade Receivables (Unsecured)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	530.32	463.12
Considered doubtful	122.06	42.32
	652.38	505.44
Less : Provision for doubtful debts	122.06	42.32
	530.32	463.12
Others (Considered Good)	4303.48	4130.35
Total	4833.80	4593.47

14.1 Includes ₹ 1.30 lacs (Previous period ₹ 1.30 lacs) under litigation for which adequate provision has been made.

14.2 Balances of trade receivables are subject to reconciliations/confirmations.

15. CASH AND BANK BALANCES

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
Cash and Cash equivalents		
Cash on Hand	3.89	5.42
Balances with Banks	384.31	563.20
Other Bank Balances		
Fixed Deposit with banks	678.94	140.62
Total	1067.14	709.24

15.1 Fixed deposits with banks include deposits of ₹ 71.10 lacs (Previous year ₹ 105.29 lacs) with original maturity of more than 12 months.

15.2 Fixed deposits with banks against margin ₹ 145.61 lacs (Previous year ₹ 139.29 lacs) are held to secure the company's non-fund based limits availed from the banks.

16. OTHER CURRENT ASSETS

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
Export Benefits & Insurance claims receivable	84.74	223.79
Accrued interest	38.64	34.67
Total	123.38	258.46

17. REVENUE FROM OPERATIONS

(₹ in lacs)

	Year ended 31.03.2012 (12 Months)	Period ended 31.03.2011 (18 Months)
Sale of Products	41220.47	57651.04
Other operating Revenues		
Export Incentives	242.66	515.69
	41463.13	58166.73
Less : Excise Duty	3187.41	4057.21
Total	38275.72	54109.52
17.1 : Particulars of sale of products		
Insulators	22786.56	35038.19
Yarn	18433.91	22612.85
Total	41220.47	57651.04

18. OTHER INCOME

(₹ in lacs)

	Year ended 31.03.2012 (12 Months)	Period ended 31.03.2011 (18 Months)
Liabilities & sundry balances written back (Net)	177.10	17.56
Interest Income	74.25	78.74
Foreign exchange difference	196.91	(135.59)
Miscellaneous Income	104.80	130.73
Total	553.06	91.44

19. COST OF MATERIALS CONSUMED

(₹ in lacs)

	Year ended 31.03.2012 (12 Months)	Period ended 31.03.2011 (18 Months)
Imported	977.83	2647.75
Indigenous	17313.04	22744.96
Total	18290.87	25392.71
	% of consumption	% of consumption
	5.35	10.43
	94.65	89.57
	100.00	100.00
		(₹ in lacs)
19.1 Details of Materials Consumed	Year ended 31.03.2012 (12 Months)	Period ended 31.03.2011 (18 Months)
Clays	976.21	1529.15
Calcined Alumina	1825.46	3551.57
Metal Fittings	2621.21	4396.60
Polyester Chips	12134.82	15066.23
Spin Finish Oil	275.35	372.89
Others	457.82	476.27
Total	18290.87	25392.71

20. CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK IN PROCESS

(₹ in lacs)

	Year ended 31.03.2012 (12 Months)	Period ended 31.03.2011 (18 Months)
Inventories at the beginning of the year		
Finished Goods	2382.55	1463.84
Stock in process	1313.48	975.81
	3696.03	2439.65
Less: Inventories at the end of the year		
Finished Goods	1998.93	2382.55
Stock in process	1465.59	1313.48
	3464.52	3696.03
Total	231.51	(1,256.38)

21. EMPLOYEES BENEFITS EXPENSE

(₹ in lacs)

	Year ended 31.03.2012 (12 Months)	Period ended 31.03.2011 (18 Months)
Salaries, Wages, Bonus and other allowances	2463.76	2991.33
Contribution to Provident & other Funds	213.63	259.02
Staff & Labour Welfare	37.72	54.85
Total	2715.11	3305.20

21.1 Disclosure in respect of employee benefits as per Accounting Standard 15:

Assumptions

	Year ended 31.03.2012 (12 months)	Period ended 31.03.2011 (18 months)
- Discount rate	8.5%	8%
- Expected rate of return on assets	-	-
- Expected rate of future salary increase	6%	5.5%

(₹ in lacs)

	Year ended 31.03.2012 (12 months)		Period ended 31.03.2011 (18 months)	
	Leave Gratuity Unfunded	Encashment Unfunded	Leave Gratuity Unfunded	Encashment Unfunded
Change in present value of obligations				
Present value of obligations as at the beginning of the year	500.32	144.03	363.70	111.81
Interest cost	42.53	12.24	43.65	13.42
Current service cost	44.09	25.81	57.61	29.75
Past service cost	-	-	50.52	-
Benefits paid	(29.24)	(24.07)	(37.68)	(28.64)
Actuarial loss on Obligations	26.06	11.45	22.52	17.69
Present value of obligations as at the close of the period	583.76	169.46	500.32	144.03
Change in fair value of plan assets				
Liability recognized in the Balance Sheet	Not applicable		Not applicable	
Present value of obligations as at the end of the year	583.76	169.46	500.32	144.03
Fair value of plan assets as at the close of the year	-	-	-	-
Funded status/difference	583.76	169.46	500.32	144.03
Unrecognized Actuarial (Gain)/Loss	-	-	-	-
Net (Assets)/Liability recognized in Balance Sheet	583.76	169.46	500.32	144.03
Expenses recognized in statement of Profit and Loss				
Current service cost	44.09	25.81	57.61	29.75
Past service cost	-	-	50.52	-
Interest cost	42.53	12.24	43.65	13.42
Expected return on plan assets	-	-	-	-
Net Actuarial (Gain)/ Loss recognized during the period	26.06	11.45	22.52	17.69
Total Expense recognized in statement of Profit and Loss	112.68	49.50	174.30	60.86

The above disclosures are based on information certified by the independent actuary.

22. FINANCE COST

(₹ in lacs)

	Year ended 31.03.2012 (12 Months)	Period ended 31.03.2011 (18 Months)
Interest Expenses		
On Term Loans	429.46	626.80
On Bank Borrowings	687.45	830.13
Other Borrowing Cost	166.72	289.55
Total	1283.63	1746.48

23. OTHER EXPENSES

(₹ in lacs)

	Year ended 31.03.2012 (12 Months)	Period ended 31.03.2011 (18 Months)
MANUFACTURING EXPENSES		
Power & Fuel	7111.50	10358.01
Stores & Spares Consumption	1973.43	2828.37
Packing	1860.76	3015.91
Excise duty on increase/decrease in Finished Stock	32.80	71.34

Repairs & Maintenance:		
Plant & Machinery	577.97	922.70
Buildings	243.68	323.54
Others	13.07	22.85
Other expenses	144.72	302.37
	<u>11957.93</u>	<u>17845.09</u>
ADMINISTRATIVE EXPENSES		
Rent	20.04	28.69
Insurance (Net)	25.38	32.35
Rates & Taxes	9.03	9.72
Travelling & Conveyance	146.10	195.26
Legal & Professional Expenses	88.47	85.89
Telecommunication Expenses	11.40	20.07
Directors fees and Expenses	0.36	0.31
Payment to Auditors		
for Audit fee	1.65	2.47
for Tax Audit fee	0.55	0.83
for Expenses	2.70	2.83
Other expenses	176.32	237.06
	<u>482.00</u>	<u>615.48</u>
SELLING EXPENSES		
Commission, rebates etc	377.94	757.43
Carriage outward(Net)	379.55	867.48
Bad debts written off	0.93	14.96
Provision for doubtful debts	83.08	35.32
Sales Promotion & Advertisement	17.82	30.98
Other expenses	16.58	145.14
	<u>875.90</u>	<u>1851.31</u>
OTHER EXPENSES		
Lease rent on land	0.05	0.08
Loss on Fixed Assets sold/discarded(net)	2.29	5.71
	<u>2.34</u>	<u>5.79</u>
Total	<u><u>13318.17</u></u>	<u><u>20317.67</u></u>

23.1 Value of stores, spare parts and components consumed:	Year ended 31.03.2012 (12 Months)		Period ended 31.03.2011 (18 Months)	
	Rs in lacs	(%)	Rs in lacs	(%)
Imported	62.20	3.15	23.61	0.83
Indigenous	1911.23	96.85	2804.76	99.17
	<u>1973.43</u>	<u>100.00</u>	<u>2828.37</u>	<u>100.00</u>

24. CONTINGENT LIABILITIES NOT PROVIDED FOR

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
i) Guarantees given by bankers on behalf of the Company	2084.18	1788.23
ii) Corporate Guarantees given by the Company	3.18	3.18
iii) Outstanding Letters of Credit	72.47	142.10
iv) Disputed liabilities, not acknowledged as debts	59.10	57.61
v) a) Disputed Income Tax demand	7.50	2.50
b) Deposited under protest	7.50	2.50
vi) Disputed Land Tax demand deposited under protest	14.07	12.44
vii) a) Disputed Excise duty /Service Tax demand	163.97	56.56
b) Deposited under protest	5.25	5.25
viii) a) Disputed Sales Tax demand	525.37	516.66
b) Deposited under protest	68.01	68.72
ix) Interest on disputed Entry Tax for the year	72.56	78.87
Upto the year	206.34	133.78

25. COMMITMENTS

(₹ in lacs)

	As at 31.03.2012	As at 31.03.2011
Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	2464.76	2399.98

26. Profit for the year has been arrived at after adjusting prior year debits ₹ 12.26 lacs (Previous period ₹ 26.25 lacs) and prior year credits ₹ Nil (Previous period ₹ 1.35 lacs). Expenses/Income arisen/settled during the year have been charged to revenue.
27. Long term loans and advances include interest free loan of ₹ 2245.15 lacs (Previous period ₹ 1945.61 lacs) paid to a company covered under section 301 of Companies Act 1956 in view of proposed amalgamation awaiting approvals (Maximum amount due at any time during the year ₹ 2245.15 lacs; previous period ₹ 1945.61 lacs).
28. Loans to subsidiary companies : (₹ in lacs)

Sr No.	Name of the Company	As at 31.03.2012	As at 31.03.2011	Maximum balance during the year
1	Motile Power Trade Pvt. Ltd.	1300	1300	1300
2	Gujarat Polyfils (India) Ltd.	2900	3200	3200

The above loans are repayable within 1 to 4 years and without interest.

29. Provision for taxation (including interest etc.) estimated at ₹ 680.16 lacs for current year (upto the year ₹ 4640.13 lacs) has not been made and Debenture Redemption Reserve amounting to ₹ 5.80 lacs has not been created, in view of proposed amalgamation proceedings awaiting approvals. Meanwhile Income Tax Department has completed assessment for Assessment Years 2008-09 & 2009-10 and demand of ₹ 1611.16 lacs has been raised in respect of disallowance of losses pertaining to proposed amalgamation pending approval from concerned authorities. However, the Company filed appeals against the said demand and CIT (Appeals) has directed the Assessing Officer to make substantive assessment order (allowing losses pertaining to proposed amalgamation) as well as protective assessment order (presuming that no amalgamation had taken place) and further held that in case if the amalgamation scheme is not sanctioned then the protective assessment order shall prevail over the substantive order. Order of Assessing Officer giving appeal effect is awaited.
30. Research and Development expenditure debited to the Statement of Profit and Loss by charge to relevant heads of account amounting to ₹ 288.86 lacs (previous period ₹ 223.70 lacs).
31. Segment information as per Accounting Standard 17
- A) Primary Segment reporting (By Business Segment)

The two identified segments are
 i) Insulators ii) Yarn (FDY)

	₹ in lacs					
	Year ended 31.03.2012 (12 months)			Period ended 31.03.2011 (18 months)		
	Insulators	Yarn	Total	Insulators	Yarn	Total
1 Segment Revenue						
Sale	22786.56	18433.91	41220.47	35038.19	22612.85	57651.04
2 Segment Result						
Profit before Financial Expense	3005.74	490.02	3495.76	4601.22	749.00	5350.22
Less: Financial Exp.	1278.83	4.80	1283.63	1723.85	22.63	1746.48
Profit before tax	1726.91	485.22	2212.13	2877.37	726.37	3603.74
3 Capital Employed						
Segment Assets	23051.31	11161.50	34212.81	22435.69	10837.34	33273.03
Segment liabilities	14848.00	992.22	15840.22	15987.17	1153.28	17140.45
Capital Employed	8203.31	10169.28	18372.59	6448.52	9684.06	16132.58

- B) Secondary segment reporting (By Geographical Segment): The analysis of Geographical segment is based on geographical location of the customers, which is domestic and export

	Year ended 31.03.2012 (12 months)	Period ended 31.03.2011 (18 months)
Revenue by Geographical market		
In India	34527.08	46004.23
Other than India	6693.39	11646.81
	<u>41220.47</u>	<u>57651.04</u>
Carrying Amount of Segment Assets (Trade Receivables)		
In India	3537.35	2573.52
Other than India	1296.45	2019.95
	<u>4833.80</u>	<u>4593.47</u>

32. Related party Disclosures as per Accounting Standard 18:

- i) Related Party Relationships :
- a) Where control exists
 Modern Denim Ltd.
 Modern Terry Towels Ltd.
- b) Key Management Personnel :
 Shri H.S.Ranka (Chairman upto 30.06.2011)
 Shri Sachin Ranka (Chairman)
 Shri R.R. Maheshwari (Executive Director)
 Shri H.L. Sharma (Executive Director)
 Shri R.K. Ladia (Executive Director)
- c) Subsidiary Companies
 Motile Power Trade Pvt. Ltd.
 Gujarat Polyfils (India) Ltd.
- d) Relatives of key Management Personnel and their enterprises where transactions have taken place:
 Smt. Meena Ranka
 Shubham Corporate Advisory Services Pvt. Ltd.

ii) Transactions with related parties and outstanding at the end of the year :

(₹ in lacs)

Type of related Parties	Description of the nature of the transactions	Name	Volume of transactions		Outstanding as on 31.03.2012	Outstanding as on 31.03.2011
			Year ended 31.03.12 (12 Months)	Period ended 31.03.11 (18 Months)		
Where Control exists	Purchase of goods	Modern Terry Towels Ltd.	1.39	1.17	-	-
	Loans & Advances given	Modern Terry Towels Ltd.	299.54	1665.61	2245.15	1945.61
	Others	Modern Denim Ltd. Modern Terry Towels Ltd.	4.64 1.75	0.64 0.05	-	-
Key Managerial Personnel	Remuneration etc.	Shri H.S. Ranka	2.02	1.35	-	-
		Shri H.L. Sharma	10.51	15.03	-	-
		Shri R.K. Ladia	33.75	44.73	-	-
		Shri R.R. Maheshwari	7.50	11.25	-	-
Subsidiary Companies	Loan given	Motile Power Trade Pvt.Ltd.	-	-	1300.00	1300.00
		Gujarat Polyfils (India) Ltd.	(300.00)	3450.00	2900.00	3200.00
Relatives of Key Managerial Personnel and their enterprises	Rent paid	Meena Ranka	1.80	2.70	-	-
		Shubham Corporate	6.80	12.96	-	-
		Advisory Services Pvt.Ltd.	-	-	-	-

33. Earning per Share as per Accounting Standard 20 :

	Year ended 31.03.12 (12 Months)	Period ended 31.03.11 (18 Months)
i) Net profit after tax available for equity Shareholders (₹ in lacs)	2242.25	3410.06
ii) Number of Equity Shares of ₹ 10/- each	21743500	21743500
iii) Basic & Diluted earning per share (₹) (Annualized)	10.31	10.46

34. a) Derivatives : Outstanding as at Balance Sheet date

Particulars	Currency	Amount in Foreign Currency		Purpose
		As at 31.03.2012	As at 31.03.2011	
Forward Contracts	EURO	585000	-	Hedging for Export receivables

b) Foreign currency exposures which are not hedged as at the Balance Sheet date

	As at 31.03.2012		As at 31.03.2011	
	Payable	Receivables	Payable	Receivables
USD	494721	1542911	511248	3581888
EURO	42434	525207	259804	611274
GBP	-	-	-	41533

35. (i) Value of imports (including in transit) Calculated on CIF Basis:

	Year ended 31.03.2012 (12 Months)	Period ended 31.03.2011 (18 Months)
Raw Materials	849.30	2059.14
Components & Spare Parts	240.76	202.88
Capital Goods	1.73	1000.28
(ii) Expenditure in foreign currency:		
Selling Commission	44.44	75.34
Advance payment for Capital Goods	6.88	282.16
Technical Consultancy	26.89	53.63
Foreign Travelling Expenses	17.87	21.75
Claims & Rebates	-	81.72
Others	9.85	89.32
(iii) Earnings in foreign exchange:		
Export of goods calculated on FOB basis	6631.19	11487.73

36. Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year. The figures in Statement of Profit and Loss for the previous period are for a period of 18 months and therefore the same are not comparable with the figures of current year to the extent. Till the year ended 31st March 2011, the company was following pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statement. During the year ended 31st March, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statement. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

As per our report of even date attached

For **S.S. KOTHARI & CO.**
 Chartered Accountants
 (Firm Registration No. 001064C)

(**B.L. VERMA**)
 Partner
 (Membership No. 10900)

Place : Jaipur

Date : 30th June, 2012

For and on behalf of the Board

Sachin Ranka - Chairman

S.B.L. Jain	} Directors
R.N. Goyal	
R. Raniwala	
R.K. Ladia	
R.R. Maheshwari	
H.L. Sharma	

Anil Kumar Sharma - Company Secretary

Place : Mumbai

Date : 29th June, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

Particulars	2011-12 (12 months)	2009-11 (18 months)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	2212.13	3603.74
ADJUSTMENTS FOR		
- Depreciation	777.36	1091.54
- Foreign Exchange	130.41	(10.17)
- Interest and Bank Charges	1283.63	1746.48
- Loss / (Profit) on Sale of Fixed Assets	2.29	5.71
- Provision for doubtful debts	83.08	35.32
- Bad debts written off	0.93	14.96
Operating Profit before working capital changes	<u>4489.83</u>	<u>6487.58</u>
ADJUSTMENTS FOR		
- Trade and other receivables	(383.59)	(4679.63)
- Inventories	159.96	(1501.32)
- Trade and other payable	0.50	911.51
Cash generation from Operations	<u>4266.70</u>	<u>1218.14</u>
Interest and bank charges paid	(1,285.95)	(1,749.82)
Income Tax Paid	(2.24)	(7.99)
Net Cash from operating activities	<u>2978.51</u>	<u>(539.67)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of Fixed Assets (including Capital Work in Progress)	(537.84)	(4,286.30)
- Sale of Fixed Assets	35.52	18.18
- Investment	(850.00)	(4.94)
Net cash used in investing activities	<u>(1,352.32)</u>	<u>(4,273.06)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
- Proceeds from Borrowings		
Banks	39.19	(3.18)
Other Loan	(22.46)	59.18
Term Loan	(1,183.02)	2,427.02
Other Secured Loan	(102.00)	400.00
Net Cash from financing activities	<u>(1,268.29)</u>	<u>2,883.02</u>
NET CHANGES IN CASH & CASH EQUIVALENTS(A+B+C)	<u>357.90</u>	<u>(1,929.71)</u>
Cash & Cash Equivalents- Opening Balance	709.24	2,638.95
Cash & Cash Equivalents- Closing Balance	<u>1,067.14</u>	<u>709.24</u>

As per our report of even date attached

For **S.S. KOTHARI & CO.**
 Chartered Accountants
 (Firm Registration No. 001064C)

(B.L. VERMA)
 Partner
 (Membership No. 10900)

Place : Jaipur
 Date : 30th June, 2012

For and on behalf of the Board

Sachin Ranka – Chairman

S.B.L. Jain	}	Directors
R.N. Goyal		
R. Raniwala		
R.K. Ladia		
R.R. Maheshwari		
H.L. Sharma		

Anil Kumar Sharma – Company Secretary

Place : Mumbai
 Date : 29th June, 2012

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

1	Name of the Subsidiary Company	Motile Power Trade Pvt. Ltd.	Gujarat Polyfils (India) Ltd.
2	The financial period of the Subsidiary Company ended on	31st March, 2012	31st March, 2012
3	Extent of interest of Modern Insulators Limited in the capital of Subsidiary at the end of the financial year of the Subsidiary	(86%) 43000 Equity shares of ₹ 10/- each fully paid-up	(99%) 49400 Equity shares of ₹ 10/- each fully paid-up
4	The net aggregate amount of Profit/Loss of the Subsidiary so far as it concerns the members of Modern Insulators Limited.		
	a) Not dealt with in the Company's accounts for the period ended on 31st March, 2012 amounted to		
	i) For the Subsidiary's financial period ended as in (2) above	Profit ₹ 0.08 lacs	Profit ₹ 0.66 lacs
	ii) For the Subsidiary's financial years of the Subsidiary since it became Subsidiary of the Company.	Loss ₹ 0.22 lacs	Profit ₹ 0.18 lacs
	b) Dealt with in Company's accounts for the period ended 31st March, 2012 amounted to		
	i) For Subsidiary financial period ended as in (2) above	-	-
	ii) For the previous financial years of the Subsidiary since it became the holding Company's Subsidiary.	-	-

For and on behalf of the Board

Sachin Ranka – *Chairman*

S.B.L. Jain
 R.N. Goyal
 R. Raniwala
 R.K. Ladia
 R.R. Maheshwari
 H.L. Sharma

} *Directors*

Anil Kumar Sharma – *Company Secretary*

Place : Mumbai

Date : 29th June, 2012

MODERN INSULATORS LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)
27th Annual General Meeting-21st September, 2012

I hereby record my presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Friday the 21st September, 2012 at 11.00 A.M.

Full Name of Member (IN BLOCK LETTERS)

Reg. Folio No. No. of Shares held

Full Name of Proxy (IN BLOCK LETTERS)

Member's/Proxy's Signature

NOTE : ADMISSION WILL BE STRICTLY PERMITTED FOR SHAREHOLDERS/VALID PROXY HOLDERS ONLY.



MODERN INSULATORS LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004

PROXY FORM

Reg. Folio No. No. of Shares held

I/We

of

being a Member/Members of MODERN INSULATORS LIMITED hereby appoint

..... of

or failing him of

as my/our proxy to vote for me/us on my/our behalf at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company to be held on Friday the 21st September, 2012 at 11.00 A.M. and at any adjournment thereof.

Signed on 2012

Affix Re 1/- Revenue Stamp

Signature

Note : This form duly completed and signed must be deposited at the Registered Office of the Company not less than FORTYEIGHT hours before the commencement of the Meeting.

If undelivered please return to :



Modern Insulators Limited
A-4, Vijay Path, Tilak Nagar,
Jaipur-302 004 (India)