



# Modern Insulators Limited

**Registered Office :**

A-4, Vijay Path, Tilak Nagar, Jaipur-302 004

Ph.: 07823040996 / 0141-4113645 Fax : 2621382

E-mail : modernjaipuroffice@gmail.com

Website : www.moderninsulators.com

CIN : L31300RJ1982PLC002460

**Date: - 28/01/2017**

**BSE Ltd.**  
**Department of Corporate Services**  
1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Building  
P J Towers, Dalal Street,  
Fort Mumbai - 400 001

Dear Sir,

**Sub: - Submission of Annual Report under Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

**Scrip Code: BSE 515008**

Pursuant to Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Annual Report for the financial year 2015-16. Please note that the Annual General Meeting of the Company was held on 22<sup>nd</sup> September, 2016.

This is for your information and record please.

Thanking you

Yours Faithfully  
**For Modern Insulators Limited**

  
**Gaurav Goyal**  
**Company Secretary**

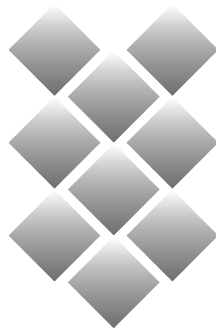
Encl: - As above

**Corporate Head Office : 68/69, Godavari, Pochkhanwala Road, Worli, Mumbai-400030**

**Tel.: 022-24973269 Fax : 022-24950962**

**Plant : P.B. No. 23, Abu Road-307026 (Rajasthan) Tel.: 02974-228044 Fax : 02974-228043**

**ANNUAL REPORT  
2015-2016**



**Modern**

**INSULATORS LIMITED**

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**BOARD OF DIRECTORS**

Shri Sachin Ranka	– Chairman & Managing Director
Shri S.B.L. Jain	– Independent Director
Shri R. Raniwala	– Independent Director
Shri P.K. Rao	– Independent Director
Shri D.B. Deshpande	– Executive Director
Shri H.L. Sharma	– Executive Director
Smt. Meenu Sacheti	– Non - Executive Director

**CHIEF FINANCIAL OFFICER**

Shri D.S. Singhvi

**COMPANY SECRETARY**

Shri Gaurav Goyal

**AUDITORS**

M/s B.L. Verma & Co.,  
Chartered Accountants,  
Jaipur - 302 001

**SECRETARIAL AUDITORS**

M/s JAKS & Associates,  
Practicing Company Secretaries,  
Jaipur - 302 005

**COST AUDITORS**

M/s Rajesh & Company,  
Cost Accountant  
Jaipur

**REGISTERED OFFICE**

A-4, Vijay Path, Tilak Nagar,  
Jaipur - 302 004 (Rajasthan)  
Ph. : 07823040996  
E-mail : modernjaipuroffice@gmail.com

**CORPORATE HEAD QUARTER**

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

**PLANTS****Insulators Division**

Abu Road - 307 026  
Distt. Sirohi (Rajasthan)

**Yarn Division**

Village : Nana Borsara - 394 125  
Distt. Surat (Gujarat)



## NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of Modern Insulators Limited will be held on Thursday the 22nd September 2016 at 11.00 A.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 to transact the following business:

### A. ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company as at 31st March, 2016 and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a director in place of Shri H.L. Sharma (DIN:00352410), who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To ratify the appointment of Auditors of the Company and to fix their remuneration and to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the audit committee of the Board of Directors, and resolution passed by the members at the 29th Annual General Meeting of the Company held on 27th September, 2014, the re-appointment of B.L. Verma & Co. Chartered Accountants, Jaipur (Firm Registration No. 001064C), as auditors of the Company to hold office till the conclusion of 32nd Annual General Meeting, be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with Auditors.”

### B. SPECIAL BUSINESS

- (4) 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 Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the Company be and is hereby accorded for re-appointment and payment of remuneration to Shri D.B. Deshpande (DIN:06463412) as an Executive Director of the Company for a period of one year with effect from 01.04.2016 to 31.03.2017 on the terms and conditions of remuneration as specified in the explanatory statement annexed thereto.”

- (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 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013, 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 ₹ 7250 Lacs (Fund Based) & upto ₹ 3375 Lacs (Non-Fund Based) and forward exchange contract limit upto ₹ 1200 Lacs respectively.

2. Punjab National Bank for its working capital assistance of upto ₹ 2250 Lacs (Fund Based) & upto ₹ 1125 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.”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Rajesh & Company, Cost Accountants (Firm Registration No. 000031), the Cost Auditors appointed by the Board of Directors, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, be paid the remuneration of ₹ 50,000/- and reimbursement of expenses upto ₹ 25,000/- be and is hereby ratified and approved.”

- (7) To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution

“RESOLVED THAT pursuant to the provisions of Section 18 and other applicable provisions, if any, of Sick Industrial Companies (Special Provisions) Act, 1985 and Subject to the sanction of Hon'ble Board for Industrial and Financial Reconstruction (BIFR) and/or any such concerned authority as may be constituted pursuant to SICA or the Companies Act, 2013 and sub- Clause 24 of III-B of the object clause of the Memorandum of Association of the Company or any amendments or its reconstitution thereof or any other statutory authority under the applicable law for the time being in force, approval be and is hereby accorded to the Draft Rehabilitation Scheme containing Scheme of Merger/Amalgamation of Modern Denim limited (MDL) with Modern Insulators Limited with effect from 01.04.2016 being 'Appointed Date’.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to accept such alterations and modifications in the said Scheme as may be stipulated or required by BIFR or any such authority or authorities or Operating Agency or State or Central Government authorities, if required in connection therewith, which the Board of Directors of the Company may deem fit and in the interest of the Company and to do such acts, deeds and things as may be necessary and/or expedient to give effect to the said Scheme of Merger/Amalgamation”.

By the Order of the Board

Place: Mumbai  
Date: 25th June, 2016

(Gaurav Goyal)  
Company Secretary

**Notes:**

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Special Business is annexed hereto.
  2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company.
  3. The proxy form duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
  4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting
  5. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
  6. The Share transfer books and Register of members shall remain closed from 19th September, 2016 to 22nd September, 2016 (both days inclusive).
  7. Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
  8. The Statutory Registers maintained under the provisions of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
  9. A Member desirous of getting any information on the accounts of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
  10. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.
  11. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015, the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").  
 The facility for voting through Ballot / Poll Paper shall also be made available at the AGM and the members attending the meeting, who have not already cast their vote through remote e-voting, shall be able to exercise their right at the AGM.  
 The Board of Directors of the Company has appointed Shri Deepak Arora, Practicing Company Secretary as Scrutinizer for scrutinizing the voting and remote e-voting process in a fair and transparent manner.  
 The Notice of the AGM of the Company inter alia indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com>
- Instructions for the voting through electronic means :-**
1. Company will send the pdf file to members on their registered email address which contains "User Id" and "Password for e-voting". Members shall use their folio number as password to open the attached PDF file. The members who have not provided email Id to the Company may contact to the concerned person on following numbers to get the "User ID" and "Password for e-voting", who will provide you the same after due verification of information of members available with the Company:-  
 Mr. Gaurav Goyal/Mr. Nadeem Zaki  
 Phone: 07823040996/0141-4113645  
 Email Id :- modernjaipurooffice@gmail.com
  2. The members should log on the e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  3. Click on "Shareholder - Login".
  4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
  6. After login, home page of remote "e-Voting" will open. Click on e-Voting: Active Voting Cycles.
  7. Select "EVENT" of "Modern Insulators Limited". Members can cast their vote from 18th September, 2016 (9:00 am) and ends on 21st September, 2016 (5:00 pm).
  8. Now member are ready for "e-Voting" as "Cast Vote" page opens.
  9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
  10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer's e-mail [aroracs2@gmail.com](mailto:aroracs2@gmail.com) with a copy to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- Other information**
- A member may participate in the AGM even after exercising his right to vote through remote e-voting but he shall not be allowed to vote again at the AGM.
  - A person, whose name is recorded in the register of members maintained by the Company as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Ballot Paper.
  - In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

**ANNEXURE TO NOTICE  
 EXPLANATORY STATEMENT  
 (Pursuant to Section 102 of the Companies Act, 2013)**

**Item No. 4**

The Board of Directors in their meeting held on 19th March, 2016 had re-appointed Shri D.B. Deshpande as an Executive Director of the Company for a period of 1 year from 1st April, 2016 with remuneration. The terms and conditions of the re-appointment and payment of remuneration to Shri D.B. Deshpande as an Executive Director have also been approved by the Nomination & Remuneration Committee of Directors of the Company.

The terms and conditions of remuneration to Shri D.B. Deshpande are as under:-

- i) Basic Salary:-  
 ₹ 4,54,400/- per month and increase not exceeding ₹ 100000/- per month from 01.04.2016 for one year.
- ii) Perquisites and allowances:-
  - a) 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, subject to an amount equivalent to 10% of basic salary deductible every month.

- b) Company's contribution towards Provident Fund as per Company's Rules but not exceeding 12% of the basic salary.
- c) Reimbursement of medical expenses and leave travel concession for self and family, the total cost of which to the company shall not exceed 3% of the basic salary.
- d) Gratuity not exceeding half month's salary for each completed year of service as provided in Gratuity Act
- e) Free use of car with driver, for Company's business.
- f) Free Telephone facility at residence. All personal long distance calls shall be billed by the Company.

- g) Encashment of leaves as per Company's Rules.
- iii) He shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

The resolution seeks the approval of members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 and the Rules made thereunder for the re-appointment and payment of remuneration to Shri D.B. Deshpande as an Executive Director of the Company for a period of one year from 1st April, 2016.

No Director, Key Managerial Personnel or their relatives, except Shri D.B. Deshpande, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 4 for approval of the members.

#### Details of Director Seeking Re-Appointment at the Forthcoming Annual General Meeting

[In pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Director Identification Number (DIN)	Date of Birth	Qualifications	Expertise in Specific area	Date of first appointment on the Board of the Company	Shareholding in the Company	Directorship held in other companies stakeholders	Membership/ Chairmanship of Audit and relationship committees
06463412	11/11/1952	B.E Electricals	Insulator Industry	January 1, 2013	NIL	NIL	NIL

#### Item No. 5

Working capital bankers of the Company 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 180(1)(a) of the Companies Act, 2013.

No Director, Key Managerial Personnel or their relatives is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 5 for approval of the members.

#### Item No. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company across for the financial year ending March 31, 2017.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing of resolution for ratification of the remuneration payable to the Cost Auditors of the Company for the financial year ending March 31, 2017.

No Director, Key Managerial Personnel or their relatives is concerned or interested in the resolution. The Board recommends the resolution set out at Item No. 6 for approval of the members.

#### Item No. 7

1. The Scheme of Amalgamation/Merger (hereinafter called "the Scheme") provides for the amalgamation of Modern Denim Limited, (hereinafter referred as Transferor Company) with Modern Insulators Limited (hereinafter called "the Transferee Company").
2. Approval of the Board of Directors

The Scheme has been approved by the Board of Directors of the Company in their Meeting held on 25/06/2016.

3. The Scheme of Amalgamation will be operative from "Appointed Date", i.e. 01/04/2016 but shall take effect from the "Effective Date" as mentioned in the said Scheme.
4. a) The Transferor Company was originally incorporated in 1977 in the name of Modern Suitings Private Limited, which was later on changed to Modern Suitings Limited. The name of Modern Suitings Limited was thereafter changed to Modern Denim Limited.
- b) The Registered office of the Company is situated at A-4, Vijay Path, Tilak Nagar, Jaipur - 302004.
- c) The authorised, issued, subscribed and Paid-up Share Capital of the Transferor Company is as follows:-
  - i. The Authorised Share Capital of the Company is ₹ 60,00,00,000/- (Rupees Sixty Crores Only ) divided into 4,00,00,000 equity shares of ₹ 10/- each & 20,00,000 Preference Shares of ₹ 100/- each.
  - ii. The Issued, Subscribed and Paid-up Share Capital of the Company is ₹ 44,00,20,000 (Rupees Fourty Four Crores and Twenty Thousand Only) divided into 3,75,02,000 Equity Shares of ₹ 10/- each & 6,50,000 Preference Shares of ₹ 100/- each.
5. a) The Transferee Company was incorporated as Public Limited Company in 1982 under the provisions of the Companies Act, 1956 in the name of Modern Insulators Limited.
- b) The Registered Office of the Transferee Company is situated at A-4, Vijay Path, Tilak Nagar, Jaipur - 302004.
- c) The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferee Company is as follows:-
  - i. The Authorised Share Capital of the Company is ₹ 30,00,00,000/- (Rupees Thirty Crores Only) divided into 2,50,00,000 Equity Shares of ₹ 10/- each and 5,00,000 Preference Shares of ₹ 100/- each.
  - ii. The Issued, Subscribed and Paid-up Share Capital of the Company is ₹ 21,74,35,000/- (Rupees Twenty One Crores Seventy four Lakh Thirty Five Thousand only) divided into 2,17,43,500 (Two Crores Seventeen lakh Forty three Thousand Five Hundred Only) Equity Shares of ₹ 10/- each.
6. The Transferor Company's main object, inter-alia  
 To carry on the business of manufacturing, processing, spinning, doubling, combing, weaving, ginning, bailing, knitting, winning,

dyeing, bleaching, finishing calendaring, printing mercerising, chemical processing, selling, buying, importing, exporting, distributing, exchanging, bartering, shipping or otherwise dealing in cotton wool, silk, art-silk, rayon, terene, flax, hemp, polyester, synthetics, linen, jute, nylon and other fibrous materials, yarn fabrics, carpets and all other textile yarns and fibrous substances.

7. The Transferee Company's main objects, inter-alia

- a) To carry on all or any of the business of manufacturers, producers, processors, importers, exporters, buyers, seller, and dealers in all kind of high-tension or low-tension insulators made of Ceramics, Glass, Plastics, Epoxy resins or any other substance, which may be used for insulators and all kind of ceramic products, such as, industrial ceramics, high alumina ceramics, electronics ceramics, fuses, fuse carriers, cartridge, caps, gauges, bushings or other article in which clay is used as one of the main raw-materials.
  - b) To carry on business of preparing, combining, spinning, doubling, twisting, drawing, texturing, imparting, crimping, converting, calendaring, testing, sizing, weaving, knitting, bleaching, processing, dyeing, ginning, cutting, scouring, winding, mercerising, combing, printing, finishing, manufacturing, buying, selling, importing, exporting or otherwise dealing in industrial fabrics, synthetic chips, polyester oriented yarn, fully drawn yarn, textured yarn, synthetic yarn, acrylic yarn, rayon yarn, nylon yarn, nylon tyre yarn, nylon tyre cord, tyre fabrics, polyester, rayon and any other textile cellulosic or non cellulosic end products, polyester, acrylic, viscose, polypropylene cotton, linen, wool, silk, flex, hemp, jute, artificial silk, rayon, canvas and other fibres or textile products substances whether similar to the foregoing substances or not, and to treat, utilises and deal in any waste arising from any such operations and to manufacture, felted, knitted, looped and embroidered fabrics and readymade garments and apparels including all type of industrial and geo fabrics.
8. The amalgamation of the Transferor Company with the Transferee Company will be effected by a Scheme of Amalgamation.
9. The main object of the proposed Amalgamation/Merger is to carry on business of both the Companies more efficiently, economically, conveniently and advantageously as both the Companies are under the same management. The resources and funds of the Transferee Company on amalgamation can be pooled and productively utilized for the benefit of the Transferor Company. The management expertise of the transferee Company will enable the combined operation to grow in wider scope in the business activities of both the Companies. The merger will also help the Companies to achieve all round economies, savings in cost and reduction in day to day administrative, operational and other cost and overheads. There will also be savings in income tax outgo in accordance with the provisions of law.
10. Salient Features of the Scheme & Share exchange ratio
- a) "Appointed Date and /or "Transfer Date" means 01.04.2016.
  - b) "Sanction Date" means date of sanction of the Scheme by BIFR.
  - c) "Effective Date" means the date on which certified true copy of the Order of BIFR for sanction of the Scheme is filed with Registrar of Companies. This Scheme although effective from the Appointed Date, shall become operative from the Effective Date.
  - d) "Record Date" means the date to be fixed by the Board of Directors or a Committee thereof of the Transferor Company for the purpose of determining the members of the Transferor Company to whom Equity Shares of the Transferee Company will be allotted pursuant to this Scheme.
  - e) Upon the Scheme coming into effect from the Appointed Date, the undertaking of the Transferor Company with all assets and liabilities shall, without any further act or deed, be transferred to and vested
- in the Transferee Company including all the estates, assets, rights and interest of the Transferor Company therein but subject nevertheless to all charges, if any, then affecting the same or any part thereof and as on the Transfer date, and the Transferor Company shall be deemed to have been amalgamated with the Transferee Company.
- f) Based on the valuation report and as stated in the Scheme, the Transferee Company shall issue and allot 2 Equity Shares of ₹ 10/- each as fully paid-up for every 3 Equity Shares of ₹ 10/- each held by the shareholders of Transferor Company subsequent to write down and allotment of fresh shares by the Transferor Company as per the Scheme.
  - g) Equity Shares so allotted by the Transferee Company to the members of the Transferor Company will in all respect rank pari-pasu with the existing Equity Shares of the Transferee Company for dividend and voting rights.
  - h) All members of the Transferor Company whose names appear in the register of members of the Transferor Company on the Record Date shall surrender to the Transferee Company for cancellation their Shares Certificates in respect of the Equity Shares held in the Transferor Company and the Transferee Company shall issue to them certificates for Equity Shares in the Transferee Company to which they may be entitled in terms of this Scheme and every such Shareholder of the Transferor Company shall all requisite steps to obtain from the Transferee Company to which he is entitled to hereunder. Upon the new Equity Shares being issued and allotted by the Transferee Company to the members standing of the Register of Members of the Transferor Company on the aforesaid Record Date, Share Certificates in respect of the Shares held by them in the Transferor Company shall be deemed to stand cancelled.
  - i) Approval to the issue and allotment of the Equity Shares in the Transferee Company to Equity Shareholders of the Transferor Company shall be deemed to be approved pursuant to Section 62 of the Companies Act, 2013 on approval of this Scheme by a resolution of the Shareholders of the Transferee Company.
11. Under the proposed Scheme of Amalgamation, Modern Denim Limited (the Transferor Company) is to amalgamate with Modern Insulators Limited (the Transferee Company). Save and except as expressly provided in the Scheme, the existing rights of members or creditors of either the Transferor Company or the Transferee Company are not sought to be affected in any manner whatsoever.
12. The Scheme of Amalgamation is conditional and subject to necessary sanctions and approvals as set out in the Scheme.
13. No investigation proceedings have been instituted or are pending under Section 206 to 229 of the Companies Act, 2013 in respect of the Transferor Company and the Transferee Company.
14. Upon this Scheme being sanctioned as aforesaid, the Transferor Company shall stand dissolved without winding up on such Effective Date.
- Note :**
- The following documents will be open for inspection of the members at the Registered Office of the Transferee Company on any working day prior to the date of Meeting during office hours:
- (a) Memorandum and Articles of Association of the Transferor Company and the Transferee Company.
  - (b) Audited Accounts of the Transferor Company and the Transferee Company for the period ended 31st March, 2016.
  - (c) Valuation Report of M/s Dheeraj Kochar & Co., Chartered Accountants, Mumbai regarding proposed share exchange ratio.
  - (d) Draft Rehabilitation Scheme containing Amalgamation/Merger.

## **DIRECTORS' REPORT**

The Members,

Your Directors are pleased to present the 31st Annual Report of the Company together with Audited Financial Statements for the year ended March 31, 2016.

### **FINANCIAL RESULTS**

(₹ in crores)

	Year ended 31.03.2016	Year ended 31.03.2015
Net Sales and Other Income	467.51	423.45
Profit before exceptional items & tax	27.07	13.96
Add: Exceptional Items	4.56	–
Profit before tax	31.63	13.96
Less: Tax expense (Deferred tax)	2.42	(2.68)
Profit for the year after tax	29.21	16.64
Balance Brought forward from previous year	213.82	197.18
Balance carried to Balance sheet	243.03	213.82

### **OPERATIONS**

The overall performance of the Company has been satisfactory inspite of challenging business environment.

The net turnover for the year has been ₹ 461.01 crores as against ₹ 417.93 crores in previous year and profit before interest & depreciation ₹ 48.10 crores as against ₹ 42.00 Crores previous showing growth of 10% & 15% respectively.

During the year under review, no amount from the profit was transferred to General Reserve. 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 division has achieved a net turnover of ₹ 322.47 crores during the year and profit before interest & depreciation of ₹ 41.42 crores as against ₹ 288.68 crores and ₹ 40.19 crores respectively of previous year. Various factors have contributed for sustained performance of the division interalia balancing of plant & machinery, continuous efforts for production of better quality product, manufacturing of higher value-added Insulators. Company's vision to broaden the scope of manufacturing of all kinds of extra high voltage insulators for electrical equipments has borne fruits, evident by the performance of the company during the year under review.

#### **Yarn Division**

The turnover of this division has been ₹ 138.54 crores as against ₹ 129.25 crores in previous year and profit before interest & depreciation has been ₹ 6.68 crores as against ₹ 1.81 crores in previous year.

### **EXPORTS**

The company is one of the major exporters of H.T. Porcelain Insulators from India. The Company has achieved export turnover of ₹ 84 crores during the year under review as compared to ₹ 55 crores in previous year showing an impressive growth of 52%. In spite of stiff competition from China and slowdown of global economy, export has increased because of sustained quality and by tapping & revival of potential customers. The milestone achievement of the company was approval from the FSK "The Russian utility" during the year. This will help to enhance business from Russian market. In addition, the company possesses the ability to cater to the diverse needs of global customers and is concentrating to strengthen its presence in all corners of global market. Your company is a regular supplier to all the major multinational OEMs for their world wide requirements of quality Porcelain Insulators.

### **FUTURE PROSPECTS**

Your Company continues to be a leader in the manufacture of Extra High Voltage Insulators in the country. Despite stiff competition buyers show interest in 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 recognized by Govt. of India, Ministry of Science & Technology which takes care of the stringent quality requirements of customers and ensures quality and reliability in each and every product manufactured. In-house R&D activities have a thrust on qualitative development to replace expensive input raw material & to bring consistency in quality of the products under manufacture. The future of the Insulator industry looks promising due to major thrust on power sector reforms and speedy implementation of new power projects. Major Railway electrical projects as well as dedicated freight corridor project will increase demand for Railway Insulators.

Your company has also put up the capacity of foundry to cater demand from various segments apart from fulfilling company's major captive requirement of SGI and aluminium castings. This will give further boost to the revenue of the Company in coming years.

### **AMALGAMATION OF MODERN TERRY TOWELS LIMITED WITH THE COMPANY**

The Draft Rehabilitation Scheme submitted by Modern Terry Towels Limited for its amalgamation with the Company has been circulated and pending for sanction by the Hon'ble BIFR.

### **AMALGAMATION OF MODERN DENIM LIMITED WITH THE COMPANY**

The Board of Directors of the Company has made a proposal to Modern Denim Limited for its amalgamation into your Company under the aegis of BIFR with an object to carry on business of both the companies more efficiently, economically, conveniently and advantageously as both the Companies are under the same management. The merger would result in consolidation of two companies which would facilitate savings in the administrative costs and would also be beneficial for the Company in terms of saving in Income Tax under the provisions of Section 72A of the Income Tax Act, 1961.

### **DEMERGER OF YARN DIVISION OF THE COMPANY**

As reported earlier, a scheme of Demerger under section 391 to 394 of the Companies Act, 1956 has been filed before the High Court of Rajasthan at Jaipur to demerge the Yarn Division of the Company and the same is under consideration for approval of Hon'ble High Court. The demerger would result in benefit to the shareholders, creditors, employees and general public.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has not given any guarantees covered under the provisions of Section 186 of the Companies Act, 2013. The details of the loans and investments made by Company are given in the notes to the Financial Statements.

### **CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

In accordance with the provisions of section 188 of the Companies Act, 2013 and rules made thereunder, all related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business, the details of which are included in the notes forming part of the financial statements. There were no materially significant related party transactions which may have a potential conflict with the interests of the Company at large. Accordingly, information in Form AOC-2, is not required.

### **CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company for the year ended 31st March, 2016 are prepared in Compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and SEBI (LODR) Regulations, 2015 and forms an integral part of this report.



### **SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company has one Subsidiary Company i.e. Motile Power Trade Pvt. Ltd. and does not have any Joint Ventures & Associate Companies during the year. The Statement containing salient features of the financial statement of its Subsidiary Company is attached with the Audited Financial Statements in Form AOC-1.

### **CORPORATE SOCIAL RESPONSIBILITY**

As required under section 135 of the Companies Act, 2013 the Company has formed a CSR Committee consisting of the following members.

Name of the Member	Designation
Shri Sachin Ranka	Chairman & Managing Director
Shri R. Raniwala	Independent Director
Shri H.L. Sharma	Executive Director

The Committee met 2 times during the financial year ended 31st March, 2016. All members of the Committee attended the meetings of the CSR Committee.

During the year, Company has undertaken various projects in the area of rural development, promoting health care and education etc. These projects are in accordance with schedule VII of the Companies Act, 2013 and the Company's CSR Policy. The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure-A** to the Board's Report.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review, Smt. Meenu Sacheti who was appointed as an Additional Director by the Board of Directors in their meeting held on 20th March, 2015 has been subsequently appointed as Director liable to retire by rotation in the Annual General Meeting of the Company held on 22nd September, 2015.

During the year, Shri D.B. Deshpande, Executive Director of the Company whose term expires on 31st March, 2016 has been reappointed by the Board of Directors for a period of one year from 01.04.2016 with remuneration. Appropriate resolution for the re-appointment and payment of remuneration of Shri D.B. Deshpande is being moved at the ensuing Annual General Meeting, which the Board recommends for your approval.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri H.L. Sharma, Executive Director retires by rotation and being eligible offers himself for re-appointment.

The Company has received declarations from all the Independent directors of the Company that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

There was no change in the Key Managerial Personnel during the year.

### **NOMINATION AND REMUNERATION POLICY**

Pursuant to the provisions of section 178 of the Companies Act, 2013 read with rules made there under, the Board has constituted a Nomination & Remuneration Committee. The Board on the recommendation of the Nomination & Remuneration Committee has framed a policy i.e. Nomination & Remuneration Policy for selection and appointment of Directors, senior managerial personnel and their remuneration.

The Executive/whole time/Managing Director, Key managerial personnel and other employees shall be of requisite qualification, high integrity and have relevant expertise and experience.

In case of appointment of Independent Directors, the committee shall satisfy itself with regard to the independence of the Directors and also ensure that the candidate identified for appointment as an Independent Director is not disqualified for appointment under Section 149 and 164 of the Companies Act, 2013.

### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing

Obligations and Disclosure Requirements) Regulation, 2015, the Board has carried out the evaluation of its own performance, the Directors Individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Standard parameters were prepared after taking into consideration various aspects of the Board functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance etc.

A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Company, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board and the performance evaluation of the Chairman and the Non Independent Directors of the Company was carried out by the Independent Directors who have expressed their satisfaction with the evaluation process.

### **NUMBER OF BOARD MEETINGS**

The Board meets regular intervals to discuss and decide on business strategies and policies and review the financial performance of the Company. The notice and detailed agenda alongwith other material information are sent in advance separately to each Directors.

In the Financial Year 2015-16, the Board met four times. The Meetings were held on 29th June, 2015, 22nd September, 2015, 28th December, 2015 and 19th March, 2016. The intervening gap between the meetings was within the period prescribed under section 173 of the Companies Act, 2013.

### **AUDIT COMMITTEE**

Audit Committee of the Board of Directors is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulation. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, and Economics etc. Shri R. Raniwala, Non-Executive, Independent Director is the Chairperson of the Audit Committee. The other members of the Audit Committee include Shri S.B.L. Jain and Shri H.L. Sharma.

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

The Company is also initiating action for strengthening the systems and procedures to ensure effective Internal Financial Controls in accordance with Section 134 (5) (e) of the Companies Act, 2013. An internal audit process is in place under the overall supervision of the Audit Committee of the Board. Qualified and experienced professionals are engaged to ensure effective and independent evaluation of the internal financial controls.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions are being taken.

### **AUDITORS AND AUDITORS' REPORT**

#### **Statutory Auditors**

At the Annual General Meeting held on September 27, 2014, B.L. Verma & Co., Chartered Accountants (Firm Registration No. 001064C) were appointed as Statutory Auditors of the Company to hold office till the

conclusion of the 32nd Annual General Meeting to be held in the calendar year 2017, subject to ratification by members at every consequent Annual General Meeting. Accordingly appointment of B.L. Verma & Co., Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders.

The observations made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

#### **Secretarial Auditors**

JAKS & Associates, Company Secretaries, was appointed to conduct the secretarial audit of the Company for the Financial Year 2015-16, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report is annexed herewith as **Annexure-B** to the Board's Report.

The observations in Secretarial Audit Report which pertains mainly listing agreement requirements, stock exchange compliances etc. It is clarified that the company will take necessary action on approval of amalgamation scheme of Modern Terry Towels Limited with the Company by Hon'ble BIFR and ensures that all the provisions will be complied with the fullest extent.

#### **Cost Auditors**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and The Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company has appointed Rajesh & Company, Cost Accountants, Jaipur (Firm Registration No. 000031) to undertake the Cost Audit of the Company.

As required under the Companies Act, 2013, a resolution seeking members Approval for the remuneration payable to the Cost Auditors forms part of the Notice convening Annual General Meeting for their Ratification.

#### **EXTRACT OF ANNUAL RETURN**

The extracts of the Annual Return in prescribed format (MGT-9) as per the provisions of sections 92 of the Companies Act, 2013 is annexed as **Annexure-C** to the Board's Report.

#### **PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed as Annexure-D to the Board Report.

#### **BUSINESS RISK MANAGEMENT**

The Company has formally adopted Risk Management Policy for framing, implementing and monitoring the risk management plan of the Company. The main objective of the policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The policy establishes a structured and disciplined approach to Risk Management. In the challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks of the Company inter alia are financial risk, human resource

risk, technology obsolescence, regulatory risk and strategic risk etc. As a matter of policy, these risks are assessed and appropriate steps are taken to mitigate the same.

#### **CODE OF CONDUCT**

In compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics. The Code is applicable to the Board of Directors, Key Managerial Personnel and all other employees in the course of day to day business operations of the Company. The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors, Key Managerial Personnel and all other designated employees of the Company in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

#### **VIGIL MECHANISM**

The Company has formulated and implemented the Whistle Blower Policy/Vigil Mechanism. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report genuine concern about unethical behavior, actual or suspected fraud and violation of the Company's code of conduct and ethics. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

#### **ENVIRONMENT AND SAFETY**

The Company is conscious for environmentally clean and safe operations to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

The Company has zero tolerance towards sexual harassment at the workplace and has a proper management system for prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. During the Financial Year 2015-16, the Company has not received any complaints of sexual harassment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and loss of the Company for that period;
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The directors have prepared the annual accounts on a going concern basis;
- The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

#### **GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under the Provisions of Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this report.
4. No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's Operations in future.

#### **ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation, for the contribution made by the employees at all levels. Your Directors also wish to thank its Members, Bankers, State Government, Local Bodies, Customers, and Suppliers for their continuous cooperation and assistance.

**ON BEHALF OF THE BOARD**

Place: Mumbai  
Date : 25th June, 2016

**(Sachin Ranka)**  
Chairman & Managing Director  
DIN 00335534

### **Annexure A to Boards' Report**

#### **ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

##### **1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken.**

Corporate Social Responsibility is Company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large. The Company through its CSR initiatives will continue to enhance value creation in the society and in the community in which it operates so as to promote sustained growth for the society and community with focus on the following:

- 1) To take up programmes that benefit the communities where it operates in enhancing the quality of life and economic well-being of the local populace.
- 2) To extend humanitarian services in the community to further enhance the quality of life like health facilities, education and basic infrastructure facilities for the society.
- 3) Ensure the commitment at all levels in the organization to operate its business in an economically, socially & environmentally sustainable manner while recognizing the interests of all its stakeholders.

##### **2. The Composition of the CSR Committee:**

S.No.	Name of Director	Designation	Category
1.	Shri Sachin Ranka	Chairman	Chairman & Managing Director
2.	Shri R. Raniwala	Member	Independent Director
3.	Shri H.L. Sharma	Member	Executive Director

##### **3. Average net profit of the Company for last three financial years:**

Average Net Profit: Rs 16.82 Crores.

##### **4. Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)**

The Company is required to spend Rs. 33.63 Lacs.

##### **5. Details of CSR spent during the financial year:**

(a) Total amount spent for the financial year: Rs. 33.78 Lacs.

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programs: (1) Local area or other. (2) Specify the State and District where projects or programs was undertaken	Amount outlay (Budget) Project or programs wise  (Rs. in Lacs)	Amount spent on the projects or programs. Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads (Rs. in Lacs)	Cumulative expenditure up to the reporting period  (Rs. in Lacs)	Amount Spent: Direct or through implanting agency  (Rs. in Lacs)
1.	Medical relief including medical camps, general health care activities etc.	Health Care	Mumbai (Maharashtra) & Abu Road (Rajasthan)	23.82	23.82	50.14	Through H.S. Ranka Foundation & Modern Swastik seva sansthan
2.	Prevention, early diagnosis and early treatment of cancer patients	Health Care	Mumbai (Maharashtra)	6.00	6.00	17.00	Through JASCAP
3	Rural Development including Educational programs at rural areas, development of vocational skills, help of flood victims.	Rural Development	Danta (Rajasthan) & Udaipur (Rajasthan)	3.96	3.96	6.16	Through Acharya Nanesh Samta Vikas Trust & Implementing Agency
	<b>Total</b>			<b>33.78</b>	<b>33.78</b>	<b>73.30</b>	

6. We hereby affirm that the CSR Policy as approved by the Board has been implemented and the CSR Committee as well as the Board monitors the implementation of the CSR activities/programs undertaken by the Company in compliance of CSR objectives and policy of the Company.

Date: 25th June, 2016  
Place: Mumbai

**(Sachin Ranka)**  
Chairman & Managing Director &  
Chairman of CSR Committee

**Annexure B to Boards' Report**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members

**MODERN INSULATORS LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Modern Insulators Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Modern Insulators Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Modern Insulators Limited** for the financial year ended on **31st March, 2016** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (repealed w.e.f. 15th May, 2015)
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**Not applicable to the Company during the Audit Period**);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the Audit Period**);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the Audit Period**);

- (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (j) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- (vi) The law as is applicable specifically to the Company are as under:

- (a) Petroleum Act, 1934 and rules made there under;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Notified w.e.f. 01.07.2015).
- (ii) The Listing Agreements entered into by the Company with BSE Limited, Calcutta Stock Exchange and Ahmedabad Stock Exchange but the trading of the company with Stock Exchanges is suspended.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:-

1. The company has not provided the facility to its members to exercise their right to vote at Annual General Meeting by electronic means as per section 108 of the Companies Act, 2013. However, as per the management clarification, the company is taking step to provide the same facility to its shareholders in ensuing Annual General Meeting.
2. The company has its website but the disclosures are not as per the Companies Act, 2013 and Listing Agreement.
3. The company has not complied with the provisions of listing agreement and SEBI Rules and Regulations, wherever applicable with the Company.
4. The Shares of the Company are not in dematerialized form therefore the company has not comply the provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

**We further report that**

The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors in compliance with the Companies Act 2013 except observation given above. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to ensure compliance with applicable laws, rules, regulations and guidelines. This report is to be read with our letter of even date which is annexed as ANNEXURE 'A' and forms an integral part of this report.

**For JAKS & ASSOCIATES**  
 Practising Company Secretaries

**Deepak Arora**  
 [Partner]

FCS No. 5104  
 C P No.: 3641

Place : Jaipur  
 Date : 25th June, 2016

**ANNEXURE 'A'**

To,  
 The Members  
 Modern Insulators Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. We have relied upon the Report of Statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statements of the relevant Financial Year, which give a true and fair view of the state of the affairs of the company.
4. We have relied upon the Report of Statutory Auditors regarding compliance of Fiscal Laws, like the Income Tax Act, 1961 & Finance Acts, the Customs Act, 1962, the Central Excise Act, 1944 and Service Tax.
5. Where ever required, we have obtained the Management representation about the compliance of Laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For JAKS & ASSOCIATES**  
 Practising Company Secretaries

**Deepak Arora**  
 [Partner]  
 FCS No. 5104  
 C P No.: 3641

Place : Jaipur  
 Date : 25th June, 2016

**Annexure C to Boards' Report**  
**FORM NO. MGT-9 (EXTRACT OF ANNUAL RETURN)**  
**as on the financial year ended on 31.03.2016**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- |  |  |
|--|--|
| i CIN  | : L31300RJ1982PLC002460                                  |
| ii Registration Date   | : 01/05/1982   |
| iii Name of the Company  | : MODERN INSULATORS LIMITED                              |
| iv Category/Sub-Category of the Company                                      | : Company Limited by Shares                              |
| v Address of the Registered office & contact details                         | : A-4, Vijay Path, Tilak Nagar, Jaipur-302004, Rajasthan |
| vi Whether listed Company  | : Yes  |
| vii Name, Address and contact details of Registrar & Transfer Agent, if any. | : In house   |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name & Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Insulators & Metal Fittings	03233	68.98
2	Yarn	17111	29.63

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Motile Power Trade Pvt. Ltd.	U51109MH2009PTC191078	Subsidiary	86%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the
	Demat	Physical Total Shares	Total	% of	Demat	Physical Total Shares	Total year	% of	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	2000	2000	0.009	-	2000	2000	0.009	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	-	11874339	11874339	54.61	-	11874339	11874339	54.61	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A)(1):-</b>	-	11876339	11876339	54.62	-	11876339	11876339	54.62	-
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	11876339	11876339	54.62	-	11876339	11876339	54.62	-
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	1000000	1000000	4.60	-	1000000	1000000	4.60	-
b) Banks/FI	-	1450	1450	0.007	-	1450	1450	0.007	-
c) Central govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):-</b>	-	1001450	1001450	4.61	-	1001450	1001450	4.61	-
<b>(2) Non Institutions</b>									
a) Bodies Corporates									
i) Indian	-	341542	341542	1.57	-	305538	305538	1.41	-0.16
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	6960419	6960419	32.01	-	6739461	6739461	30.99	-1.02
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh	-	966275	966275	4.44	-	1224487	1224487	5.63	1.19
c) Others (NRI's)	-	597475	597475	2.75	-	596225	596225	2.74	-0.01
<b>SUB TOTAL (B)(2):-</b>	-	8865711	8865711	40.77	-	8865711	8865711	40.77	-
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	-	9867161	9867161	45.38	-	9867161	9867161	45.38	-
<b>C. SHARES HELD BY CUSTODIAN FOR GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	21743500	21743500	100.00	-	21743500	21743500	100	-

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during
		No. of shares	% of total shares of the company	% of Shares pledged encumbered to total shares	No. of Share	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Sachin Ranka	500	0.002	-	500	0.002	-	-
2	Shreyans Ranka	500	0.002	-	500	0.002	-	-
3	Smriti Ranka	500	0.002	-	500	0.002	-	-
4	Suvrat Ranka	500	0.002	-	500	0.002	-	-
5	Admiral Exports Pvt. Ltd.	650	0.001	-	-	-	-	-0.001
6	Ajaymeru Trading & Investment Pvt. Ltd.	6530036	30.03	-	6530886	30.04	-	0.001
7	Pride Mercantiles Pvt. Ltd.	5343453	24.57	-	5343453	24.57	-	-
8	Vulvan Traders Pvt. Ltd.	200	-	-	-	-	-	-
	<b>Total</b>	<b>11876339</b>	<b>54.62</b>	<b>-</b>	<b>11876339</b>	<b>54.62</b>	<b>-</b>	<b>-</b>

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding at the end of the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Admiral Exports Pvt. Ltd. At the beginning of the year Interse transfer on 17.07.2015 At the End of the year	650 (650)	0.003 (0.003)	650 0 0	0.001 - -
2.	Ajaymeru Trading & Investments Pvt. Ltd. At the beginning of the year Interse transfer on 17.07.2015 At the End of the year	6530036 850	30.03 0.01	6530036 6530886 6530886	30.03 30.04 30.04
3.	Pride Mercantiles Pvt. Ltd. At the beginning of the year No change during the year At the End of the year	5343453 -	24.57 -	5343453 5343453 5343453	24.57 24.57 24.57
4.	Vulvan Traders Pvt. Ltd. At the beginning of the year Interse Transfer on 06.02.2015 At the End of the year	200 (200) -	- - -	200 - -	- - -

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs &amp; ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year		Cumulative Shareholding at the end of the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	UTI Opportunities Fund	1000000	4.599	1000000	4.599
2.	Sushil Kumar Bhandari	95850	0.441	95850	0.441
3.	Ranjana Dugar	78500	0.361	78500	0.361
4.	Ramesh Dugar	78450	0.361	78450	0.361
5.	3A Financial Services Ltd.	68850	0.317	70250	0.323
6.	Meenu Garg	74075	0.341	64200	0.295
7.	Paresh Trivedi	47100	0.217	57650	0.265
8.	Ravi Laju Chanrai	50100	0.230	50100	0.230
9.	Satyanarayan S Mody	50000	0.230	50000	0.230
10.	Kavita Laju Chanrai	50000	0.230	50000	0.230

## (v) Shareholding of Directors &amp; Key Managerial Personnel:

Sl. No.	For Each of the Directors & Key Managerial Personnel	Shareholding at the beginning of the Year		Cumulative Shareholding at the end of the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Shri Sachin Ranka - Chairman & Managing Director	500	0.002	500	0.002
2.	Shri H.L. Sharma - Executive Director	50	-	50	-
3.	Shri D.B. Deshpande - Executive Director	-	-	-	-
4.	Shri S.B.L. Jain - Independent Director	-	-	-	-
5.	Shri R. Raniwala - Independent Director	-	-	-	-
6.	Shri P.K. Rao - Independent Director	-	-	-	-
7.	Smt. Meenu Sacheti - Non-Executive Director	-	-	-	-
8.	Shri D.S. Singhvi - Chief Financial Officer	-	-	-	-
9.	Shri Gaurav Goyal - Company Secretary & Compliance Officer	-	-	10	-

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lacs)

	Secured Loans excluding deposit	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount(Car loans)	31.26	-	-	31.26
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>31.26</b>	<b>-</b>	<b>-</b>	<b>31.26</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	28.42	-	-	28.42
• Reduction	17.98	-	-	17.98
<b>Net Change</b>	<b>10.44</b>	<b>-</b>	<b>-</b>	<b>10.44</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	41.70	-	-	41.70
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>41.70</b>	<b>-</b>	<b>-</b>	<b>41.70</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

(₹ in lacs)

Sl. No.	Particulars of Remuneration	CMD	WTD	WTD	Total Amount
		Sachin Ranka	H.L. Sharma (ED)	D.B. Deshpande (ED)	
<b>1.</b>	<b>Gross Salary</b>				
(a)	Salary as per provisions contained in section 17(1) of the Income Tax, 1961	60.00	14.55	54.54	129.09
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	7.20	2.63	8.03	17.86
(c)	Profits in lieu of Salary under section 17(3) of the Income Tax Act, 1961				
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil	Nil
	-as % of profit	Nil	Nil	Nil	Nil
	-others (specify)	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (A)</b>	<b>67.20</b>	<b>17.18</b>	<b>62.57</b>	<b>146.95</b>
	<b>Ceiling as per the Act</b>				<b>316.32</b>



**B. Remuneration to other Directors:**

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		R. Raniwala	S.B.L. Jain	P.K. Rao	Meenu Sacheti	
1.	<b>Independent Directors</b>					
	• Fee for attending board/committee meetings	0.28	0.25	Nil	0.05	0.58
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	0.28	0.25	Nil	0.05	0.58
2.	<b>Other Non-Executive Directors</b>					
	• Fee for attending board/committee meetings	Nil	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	Nil	Nil	Nil	Nil	Nil
	<b>Total (B)=(1+2)</b>	<b>0.28</b>	<b>0.25</b>	<b>Nil</b>	<b>0.05</b>	<b>0.58</b>
	<b>Total Managerial Remuneration</b>					<b>147.53</b>
	<b>Overall Ceiling as per the Act</b>					<b>316.32</b>

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Company Secretary	Company Secretary	CFO	CFO	
		Anil Sharma*	Gaurav Goyal	S.D. Gupta**	D.S. Singhvi	
1.	<b>Gross Salary</b>					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1.13	1.66	21.05	10.04	33.88
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.23	0.46	1.38	2.26	4.33
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					
2.	Stock Option	Nil	Nil	Nil	Nil	
3.	Sweat Equity	Nil	Nil	Nil	Nil	
4.	Commission	Nil	Nil	Nil	Nil	
	–as % of profit	Nil	Nil	Nil	Nil	
5.	–others, specify	Nil	Nil	Nil	Nil	
	Others, please specify	Nil	Nil	Nil	Nil	
	<b>Total</b>	<b>1.36</b>	<b>2.12</b>	<b>22.43</b>	<b>12.30</b>	<b>38.21</b>

\*Resigned w.e.f. from 13/06/2015

\*\*Resigned w.e.f. from 13/06/2015

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment			None		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			None		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			None		
Compounding					

### Annexure D to Boards' Report

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:

Information on Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

#### (A) Conservation of Energy:

S.No.	Particulars	Remarks
(i)	The steps taken or impact on conservation of energy:	Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy with continuous monitoring through improved operational techniques. Some of the measures taken by the company in this direction are as under: i) Installation of VFDs on agitators for power saving without affecting quality parameters. ii) Replaced more conventional fluorescent lights by LED lights for street lighting & plant lighting to save power.
(ii)	The steps taken by the Company for utilizing alternate sources of energy:	
(iii)	The capital investment on energy conservation equipments:	

#### (B) Technology absorption:

##### a) Efforts, in brief made towards technology absorption, adoption and innovation:

- i) We are in the process of converting bulky refractory linings with light weight insulating pyroblock modules to increase fuel efficiency. So far we have converted 9 kilns.
- ii) Controlled electrical drying of heavy core diameter solid core & critical hollow insulators are being successfully processed with improvement in dryer & kiln recovery.
- iii) Manual shaping machine has been successfully converted into CNC machine for shaping solid core & long rod insulators with improved finish & recovery.
- iv) High frequency pug electric drying is being successfully continued upto a maximum of 600+ Hz frequency to result in quality consistency of blanks.
- v) Continuing with development of kiln furniture to yield better kiln productivity.
- vi) All the existing testing machines operations are computerised with efficient data storage & retrieval system
- vii) Development to explore possibility of finding substitute for costly imported ball clays. We have developed two sources of Indian ball clays and further work is in progress.
- viii) Development of low temperature maturing Bauxite body and glaze with an enhanced technical properties at economic firing cost.
- ix) Process optimization to enhance recovery and technical performance of existing product range. This is an ongoing process.
- x) Development of beam load testing setup for testing of hollow insulators shell.

##### b) Benefits derived as a result of above efforts:

- i) Improvement in efficiency & productivity.
- ii) Improvement in quality & reliability of products.
- iii) Reduction in firing cycle time & cost saving with increased productivity.
- iv) Reduction in power cost due to reduced power consumption.
- v) Reduction in rejections at various stages.
- vi) Consistent supply of quality clays are ensured.
- vii) Maintain and improve cost-competitiveness of raw materials.
- viii) Uninterrupted plant operations at optimum level with desired yield.
- ix) Entry in new product segment.

##### c) In case of Imported technology (Imported during last three years reckoned from the beginning of the financial year): Nil

##### d) Expenditure incurred on R&D

- |               |                 |
|---------------|-----------------|
| i) Capital    | : ₹ Nil lacs    |
| ii) Recurring | : ₹ 401.59 lacs |
| Total         | ₹ 401.59 lacs   |

Total R&D expenditure, as %age of total turnover: 0.79 %

#### (C) Foreign exchange earnings and Outgo:

The Company has earned during the period foreign exchange of ₹ 8401.79 lacs at F.O.B. price against an outgo of ₹ 1389.97 lacs.

## INDEPENDENT AUDITORS' REPORT

### To

#### The Members

Modern Insulators Limited

#### Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Modern Insulators Limited ("the Company")**, which comprise of the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

#### Basis for Qualified Opinion

(a) Provision for taxation (including interest) estimated at ₹ 944.69

lacs for current year (upto the year ₹ 10044.90 lacs) has not been made in accounts, in view of proposed amalgamation proceedings awaiting approvals from Board for Industrial and Financial Reconstruction. Meanwhile Income Tax department has completed assessments for Assessment Years 2008-09 to 2013-14 wherein substantive assessment orders have been passed allowing losses pertaining to proposed amalgamation with nil liability and at the same time protective assessment orders have been made (presuming that no amalgamation had taken place) with demand of ₹ 5276.43 lacs which shall be effective if the amalgamation scheme is not sanctioned; no appeal of the company is pending against aforesaid protective assessment orders (Note No.31)

(b) Balances of Trade Payables & Trade Receivables are subject to reconciliations/confirmations (Note No.8.1 & 15.2).

(c) 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 been considered as dues of trade payables other than micro and small enterprises.(Note No.8.2).

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in "Basis for Qualified opinion" paragraph above, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;

(b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Companies Act, 2013 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- v. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act.
- vi. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our report in Annexure B and
- vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B.L. Verma & Co.**  
 Chartered Accountants  
 (Firm Regn. No.001064C)

**(B.L. Verma)**  
 Partner

Place : Jaipur  
 Date : 25th June, 2016

(Membership No.010900)

### ANNEXURE A FORMING PART OF THE INDEPENDENT AUDITORS' REPORT

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

- (i) (a) The company is maintaining 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 the 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As per the information and explanations given to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on physical verification during the year.
- (iii)(a) The Company had given unsecured loan to its subsidiary company covered under section 189 of the Companies Act. The said loan is without interest and principal amount is repayable on demand (Refer Note No. 30).
- (b) The Company has given interest free loan to a Company covered under section 189 of the Companies Act in view of proposed amalgamation awaiting approval from Board for Industrial and Financial Reconstruction. Since the amount paid is in connection to proposed amalgamation scheme, no terms have been specified for repayment of loan and interest. In view of likely advantage to the Company on such amalgamation, granting of such loan is not prejudicial to the interest of the Company (Refer Note No. 29).
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vi) According to the information and explanations given to us, the central government has prescribed maintenance of cost records under section 148 (1) of the Companies Act, 2013 for the products of the company. We have broadly reviewed the books of account maintained by the Company and are of the opinion that prima facie,

the prescribed accounts and records have been made and maintained. We had not, however carried out detailed examination of the same to determine whether they are accurate and complete.

- (vii) (a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess 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 comments under the Head "Basis for Qualified Opinion" in Auditors' Report and Note No.31 of Financial Statement).
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, value added tax, duty of excise and Service Tax etc., as applicable, as at 31st March 2016 which have not been deposited on account of dispute, are as follows:

Name of the Statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act 1944	Excise Duty & Service Tax	98.57	Various years from 2005-06 to 2010-11	Central Excise and Service Tax Appellate Tribunal, Delhi
		21.48	2012-13 & 2013-14	Commissioner Central Excise (Appeals), Jaipur
		167.84	2004-05 to 2015-16	Departmental authorities at various places

- (viii) Based on our audit and as per the information and explanations given by the management, the company has not defaulted in repayment of dues to bank during the year. The company does not have any dues to debenture holders and loans from financial institutions/government.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or any fraud on the company by the officers or employees noticed or

reported during the year, nor have we been informed of any such case by the Management.

- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) This clause of the CARO, 2016 is not applicable to the Company as the company is not a Nidhi Company.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private

placement of shares or fully or partly convertible debentures during the year under review.

- (xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them and therefore this clause is not applicable.
- (xvi) This clause of the CARO, 2016 is not applicable to the Company as the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B.L. Verma & Co.**  
 Chartered Accountants  
 (Firm Regn. No.001064C)

**(B.L. Verma)**  
 Partner

Place : Jaipur  
 Date : 25th June, 2016

(Membership No.010900)

### ANNEXURE B FORMING PART OF THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of MODERN INSULATORS LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

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

audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B.L. Verma & Co.**  
 Chartered Accountants  
 (Firm Regn. No.001064C)

**(B.L. Verma)**  
 Partner

Place : Jaipur  
 Date : 25th June, 2016

(Membership No.010900)

## BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ in lacs)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	2174.35	2174.35
Reserves & Surplus	2	24302.86	21382.26
		<u>26477.21</u>	<u>23556.61</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	3	24.86	18.45
Deferred Tax Liability (Net)	4	1454.27	1211.70
Other long term liabilities	5	233.93	862.67
Long term provisions	6	1214.06	1051.13
		<u>2927.12</u>	<u>3143.95</u>
<b>Current Liabilities</b>			
Short term borrowings	7	5904.60	6020.21
Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises		2624.04	2808.03
Other current liabilities	9	2109.07	2350.98
Short-term provisions	6	180.63	155.01
		<u>10818.34</u>	<u>11334.23</u>
<b>Total</b>		<u>40222.67</u>	<u>38034.79</u>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed assets			
Tangible assets			
Tangible assets	10	13456.78	13800.91
Intangible assets	10	13.10	16.94
Capital work-in-progress		204.26	218.67
		<u>13674.14</u>	<u>14036.52</u>
Non current investments	11	117.11	117.11
Long term loans and advances	12	8118.97	6036.12
		<u>21910.22</u>	<u>20189.75</u>
<b>Current assets</b>			
Current investments	13	1888.34	1584.78
Inventories	14	6302.19	7883.13
Trade receivables	15	7708.84	6375.42
Cash and bank balances	16	452.28	415.81
Short term loans and advances	12	1674.53	1475.23
Other current assets	17	286.27	110.67
		<u>18312.45</u>	<u>17845.04</u>
<b>Total</b>		<u>40222.67</u>	<u>38034.79</u>

**Significant Accounting Policies****Other Notes on Financial Statement**

26 to 38

As per our report of even date attached

For and on behalf of the Board

For **B.L. Verma & Co.**  
Chartered Accountants  
(FRN No. 001064C)

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

Place : Jaipur  
Date : 25th June, 2016

Sachin Ranka – Chairman & Managing Director (DIN : 00335534)  
S.B.L. Jain – Independent Director (DIN : 00002582)  
R. Raniwala – Independent Director (DIN : 00506419)  
H.L. Sharma – Executive Director (DIN : 00352410)  
D.B. Deshpande – Executive Director (DIN : 06463412)  
Meenu Sacheti – Non-Executive Director (DIN : 02266703)  
D.S. Singhvi – Chief Financial Officer  
Gaurav Goyal – Company Secretary  
Place : Mumbai

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

(₹ in lacs)

Particulars	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
<b>INCOME:</b>			
Revenue from Operations	18	46101.37	41792.90
Other Income	19	649.44	551.95
<b>Total Revenue</b>		<b>46750.81</b>	<b>42344.85</b>
<b>EXPENSES:</b>			
Cost of materials consumed	20	16987.93	16447.96
Changes in inventories of finished goods & stock in Process	21	822.78	(806.33)
Employee benefits expense	22	4712.17	4001.01
Finance cost	23	1277.82	1864.61
Depreciation and amortization expense	10	825.40	939.20
Other expenses	24	19417.91	18501.91
<b>Total Expenses</b>		<b>44044.01</b>	<b>40948.36</b>
<b>Profit before exceptional items &amp; tax</b>		<b>2706.80</b>	1396.49
<b>Exceptional items</b>	25	456.37	–
<b>Profit before tax</b>		<b>3163.17</b>	1396.49
<b>Tax Expense:</b>			
Deferred tax		242.57	(267.56)
		<b>242.57</b>	(267.56)
<b>Profit for the year</b>		<b>2920.60</b>	<b>1664.05</b>
<b>Earning per equity share (₹)</b>			
Basic & Diluted	34	13.43	7.65

**Significant Accounting Policies**
**Other Notes on Financial Statement**

26 to 38

As per our report of even date attached

For and on behalf of the Board

 For **B.L. Verma & Co.**  
 Chartered Accountants  
 (FRN No. 001064C)

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

 Place : Jaipur  
 Date : 25th June, 2016

Sachin Ranka	– Chairman & Managing Director	(DIN : 00335534)
S.B.L. Jain	– Independent Director	(DIN : 00002582)
R. Raniwala	– Independent Director	(DIN : 00506419)
H.L. Sharma	– Executive Director	(DIN : 00352410)
D.B. Deshpande	– Executive Director	(DIN : 06463412)
Meenu Sacheti	– Non-Executive Director	(DIN : 02266703)
D.S. Singhvi	– Chief Financial Officer	
Gaurav Goyal	– Company Secretary	

 Place : Mumbai

## 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 relevant provisions of the Companies Act, 2013.
- 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 (including intangible 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 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) Depreciation on fixed assets is provided on straight line method over the estimated useful life of the assets.
- (b) Software is amortised over a period of 3 years.
- (c) Effective from 1st April, 2014 the company depreciates its fixed assets over the useful life in the manner prescribed in schedule II of the Act.
- (d) 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 stock 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 stock 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) 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.

- xviii) Accounting policies not specifically referred to otherwise, are consistent with generally accepted accounting principles.



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>1. SHARE CAPITAL</b>		<b>(₹ in lacs)</b>			
		<b>As at 31.03.2016</b>		<b>As at 31.03.2015</b>	
<b>AUTHORISED</b>					
2,50,00,000 (Previous Year 2,50,00,000) Equity shares of ₹ 10/- each		<b>2500.00</b>		2500.00	
5,00,000 (Previous Year 5,00,000) Preference shares of ₹ 100/- each		<b>500.00</b>		500.00	
		<b>3000.00</b>		<b>3000.00</b>	
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>					
2,17,43,500 (Previous Year 217,43,500) Equity shares of ₹10/- each fully paid-up		<b>2174.35</b>		<b>2174.35</b>	
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					
<b>Name of the Share holder</b>	<b>As at 31.03.2016</b>		<b>As at 31.03.2015</b>		
	<b>No. of Shares</b>	<b>% Holding</b>	<b>No. of Shares</b>	<b>% Holding</b>	
Ajaymeru Trading & Investments Pvt.Ltd	<b>6530886</b>	<b>30.04</b>	6527615	30.02	
Pride Mercantiles Pvt.Ltd	<b>5343453</b>	<b>24.57</b>	5342101	24.57	
1.3 Reconciliation of Number of Shares					
Equity shares at the beginning of the year		<b>21743500</b>		21743500	
Equity shares at the end of the year		<b>21743500</b>		21743500	
<b>2. RESERVES AND SURPLUS</b>		<b>(₹ in lacs)</b>			
		<b>As at 31.03.2016</b>		<b>As at 31.03.2015</b>	
<b>Capital Reserve</b>					
As per last balance sheet		<b>25.00</b>		25.00	
<b>Statement of Profit &amp; Loss</b>					
As per last balance sheet		<b>21357.26</b>		19693.21	
Add: Profit for the year		<b>2920.60</b>		1664.05	
Surplus in the Statement of Profit & Loss		<b>24277.86</b>		21357.26	
<b>Total</b>		<b>24302.86</b>		<b>21382.26</b>	
<b>3. LONG TERM BORROWINGS</b>		<b>(₹ in lacs)</b>			
		<b>As at 31.03.2016</b>		<b>As at 31.03.2015</b>	
		<b>Non current</b>	<b>Current</b>	<b>Non current</b>	<b>Current</b>
<b>Secured</b>					
Term loans from bank		<b>24.86</b>	<b>16.84</b>	18.45	12.81
		<b>24.86</b>	<b>16.84*</b>	18.45	12.81*
*Considered in other current liabilities (Note No.9).					
3.1 Term loans are secured against hypothecation of the specific vehicles.					
3.2 Term loans are repayable as per various payment schedules. Last instalment due in August-2020. Rate of Interest varies from 10.40% to 10.65 p.a. (Previous year 10.65% p.a.).					
<b>4. DEFERRED TAX LIABILITY (NET)</b>		<b>(₹ in lacs)</b>			
		<b>As at 31.03.2016</b>		<b>As at 31.03.2015</b>	
<b>a) Deferred Tax Liability</b>					
Depreciation		<b>2144.78</b>		2103.48	
<b>b) Deferred Tax Asset</b>					
Provisions allowable for Tax purpose on payment basis		<b>670.44</b>		871.83	
Others (Provision for doubtful debts)		<b>20.07</b>		19.95	
		<b>690.51</b>		891.78	
<b>Net Deferred Tax Liability</b>		<b>1454.27</b>		1211.70	
<b>5. OTHER LONG TERM LIABILITIES</b>		<b>(₹ in lacs)</b>			
		<b>As at 31.03.2016</b>		<b>As at 31.03.2015</b>	
Entry tax payable		<b>198.06</b>		560.48	
Interest on Entry tax Payable		<b>35.87</b>		302.19	
<b>Total</b>		<b>233.93</b>		<b>862.67</b>	
<b>6. PROVISIONS</b>		<b>(₹ in lacs)</b>			
		<b>As at 31.03.2016</b>		<b>As at 31.03.2015</b>	
		<b>Long term</b>	<b>Short term</b>	<b>Long term</b>	<b>Short term</b>
<b>Provisions for employee benefits</b>					
For Gratuity		<b>1005.25</b>	<b>97.71</b>	874.10	64.08
For unavailed leaves		<b>208.81</b>	<b>54.81</b>	177.03	45.13
		<b>1214.06</b>	<b>152.52</b>	1051.13	109.21
<b>Other provisions</b>					
For excise duty on closing finished stock		<b>-</b>		45.80	
<b>Total</b>		<b>1214.06</b>		<b>1015.13</b>	

**7. SHORT TERM BORROWINGS** (₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Secured</b>		
Bank borrowings for working capital	<u>5904.60</u>	<u>6020.21</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 one of the directors.		

**8. TRADE PAYABLE** (₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
Trade payable		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	<u>2624.04</u>	<u>2808.03</u>
	<u>2624.04</u>	<u>2808.03</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 been considered as dues of creditors other than micro and small enterprises.

**9. OTHER CURRENT LIABILITIES** (₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
Current maturities of long term borrowings (Refer note No.3)	16.84	12.81
Entry Tax Payable	188.16	599.05
Statutory dues	177.74	61.62
Payable towards capital goods	80.91	120.50
Advance received from customers	392.52	242.29
Sundry deposits	115.39	104.62
Other payable*	1137.51	1210.09
<b>Total</b>	<u>2109.07</u>	<u>2350.98</u>

\* Includes employees dues, interest on entry tax and liabilities for expenses etc.

**10. FIXED ASSETS** (₹ in lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK
	AS AT 01.04.2015	ADDITIONS	DEDUCTION	AS AT 31.03.2016	AS AT 01.04.2015	FOR THE YEAR	DEDUCTIONS	AS AT 31.03.2016	AS AT 31.03.2016
<b>I. TANGIBLE ASSETS</b>									
Land	1045.18	-	-	1045.18	-	-	-	-	1045.18
Building	3973.01	125.11	-	4098.12	1305.63	140.79	-	1446.42	2651.70
Plant & Machinery	19190.37	252.24	-	19442.61	9398.18	613.94	-	10012.12	9430.49
Furniture & Fixtures	256.33	27.68	2.59	281.42	150.78	19.53	0.63	169.68	111.74
Office Equipments	191.92	16.57	1.56	206.93	161.72	13.49	1.56	173.65	33.28
Vehicles	242.63	52.42	0.50	294.55	82.22	28.11	0.17	110.16	184.39
<b>Total</b>	24899.44	474.02	4.65	25368.81	11098.53	815.86	2.36	11912.03	13456.78
<b>II. INTANGIBLE ASSETS</b>									
Computer Software	89.61	5.70	-	95.31	72.67	9.54	-	82.21	13.10
<b>TOTAL</b>	24989.05	479.72	4.65	25464.12	11171.20	825.40	2.36	11994.24	13469.88

**For the year ended March 31, 2015** (₹ in lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK
	AS AT 01.04.2014	ADDITIONS	DEDUCTION	AS AT 31.03.2015	AS AT 01.04.2014	FOR THE YEAR	DEDUCTIONS	AS AT 31.03.2015	AS AT 31.03.2015
<b>I. TANGIBLE ASSETS</b>									
Land	1042.18	3.00	-	1045.18	-	-	-	-	1045.18
Building	3662.30	310.71	-	3973.01	1064.81	240.82	-	1305.63	2667.38
Plant & Machinery	18041.54	1174.86	26.03	19190.37	8797.66	608.45	7.93	9398.18	9792.19
Furniture & Fixtures	225.50	34.94	4.11	256.33	130.62	21.75	1.59	150.78	105.55
Office Equipments	185.47	10.55	4.10	191.92	139.43	26.19	3.90	161.72	30.20
Vehicles	236.02	15.31	8.70	242.63	60.26	26.62	4.66	82.22	160.41
<b>Total</b>	23393.01	1549.37	42.94	24899.44	10192.78	923.83	18.08	11098.53	13800.91
<b>II. INTANGIBLE ASSETS</b>									
Computer Software	89.61	-	-	89.61	57.30	15.37	-	72.67	16.94
<b>TOTAL</b>	23482.62	1549.37	42.94	24989.05	10250.08	939.20	18.08	11171.20	13817.85

**11. NON CURRENT INVESTMENTS**

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
<b>LONG TERM INVESTMENTS (AT COST)</b>		
<b>Trade Investments(Unquoted)</b>		
<b>a. Investment in Govt. securities</b>		
National Saving Certificates (Deposited with Govt. department)	0.01	0.01
<b>b. Investment in shares of subsidiary company</b>		
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
<b>c. Investment in shares of other company</b>		
<b>VS Lignite Power Pvt. Ltd.*</b>		
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)	74.28	74.28
*Lying with said company under lien.		
<b>Total</b>	<u>117.11</u>	<u>117.11</u>

**12. LOANS AND ADVANCES**

(₹ in lacs)

	As at 31.03.2016		As at 31.03.2015	
	Long term	Short term	Long term	Short term
Loans and advances to related party (Refer Note No.29)	5982.16	-	4014.86	-
Loans to Subsidiary company (Refer Note No.30)	1300.00	-	1300.00	-
Capital advances	326.65	-	285.05	-
Income Tax advance	-	456.01	-	456.01
Tax deducted at Source	-	300.11	-	270.05
Balance with government Authorities	-	210.61	-	166.40
Prepaid expenses	-	65.38	-	55.78
Loans to employees	-	72.72	-	62.17
Advance to suppliers	-	399.57	-	300.11
Deposits	510.16	150.84	436.21	146.65
Others	-	19.29	-	18.06
<b>Total</b>	<u>8118.97</u>	<u>1674.53</u>	<u>6036.12</u>	<u>1475.23</u>

**13. CURRENT INVESTMENTS**

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Non-trade Investments (Quoted)</b>		
<b>a. Birla Sun Life Floating Rate Long Term Growth</b>	1688.34	1584.78
972637.061 Units (Previous Year 961636.171 Units)		
<b>b. Birla Sun Life Balance 95' Fund-Growth</b>	150.00	-
27755.109 Units (Previous Year Nil Units)		
<b>c. Birla Sun Life Balance 95' Fund - Growth Direct</b>	50.00	-
8709.587 Units (Previous Year Nil Units)		
<b>Total</b>	<u>1888.34</u>	<u>1584.78</u>
13.1 - Market Value of Investment ₹ 1973.09 Lacs ( Previous Year ₹ 1611.28 Lacs)		

**14. INVENTORIES**

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
Raw Materials (In Transit ₹ 255.93 lacs; Previous Year ₹ 52.77 lacs)	1489.12	2210.98
Stocks in process	2333.98	2717.77
Finished stock	1863.56	2302.55
Stores & spares (In Transit ₹ 15.63 lacs; Previous Year ₹ 33.93 lacs)	615.53	651.83
<b>Total</b>	<u>6302.19</u>	<u>7883.13</u>

**15. TRADE RECEIVABLES**

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Trade Receivables (Unsecured)</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	520.73	830.40
Considered doubtful	59.05	58.69
	579.78	889.09
Less : Provision for doubtful debts	59.05	58.69
	520.73	830.40
Others (Considered Good)	7188.11	5545.02
<b>Total</b>	<u>7708.84</u>	<u>6375.42</u>

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

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

**16. CASH AND BANK BALANCES**

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Cash and Cash equivalents</b>		
Cash on Hand	9.64	5.53
Balances with Banks	210.74	204.04
<b>Other Bank Balances</b>		
Fixed Deposit with banks	231.90	206.24
<b>Total</b>	<u>452.28</u>	<u>415.81</u>

16.1 Fixed deposits with banks include deposits of ₹ 36.86 lacs (Previous year ₹ 34.76 lacs) with original maturity of more than 12 months.

16.2 Fixed deposits with banks against margin ₹ 210.61 lacs (Previous year ₹ 191.24 lacs) are held to secure the company's non-fund based limits availed from the banks.

**17. OTHER CURRENT ASSETS**

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
Export benefits & insurance claims receivable	216.34	65.18
Accrued interest	69.93	45.49
<b>Total</b>	<u>286.27</u>	<u>110.67</u>

**18. REVENUE FROM OPERATIONS**

(₹ in lacs)

	Year ended 31.03.2016	Year ended 31.03.2015
Sale of Products	50349.96	45687.17
Other operating revenues		
Export Incentives	335.82	111.29
	50685.78	45798.46
Less : Excise duty	4584.41	4005.56
<b>Total</b>	<u>46101.37</u>	<u>41792.90</u>
18.1 : Particulars of sale of products		
Insulators & Metal fittings	34754.30	31149.89
Yarn & Waste	15595.66	14537.28
<b>Total</b>	<u>50349.96</u>	<u>45687.17</u>

**19. OTHER INCOME**

(₹ in lacs)

	Year ended 31.03.2016	Year ended 31.03.2015
Liabilities & sundry balances written back (net)	35.36	83.29
Interest Income	133.67	207.95
Foreign exchange fluctuation (net)	181.98	14.45
Miscellaneous Income (including dividend)	298.43	246.26
<b>Total</b>	<u>649.44</u>	<u>551.95</u>

**20. COST OF MATERIALS CONSUMED**

(₹ in lacs)

	Year ended 31.03.2016		Year ended 31.03.2015	
	(₹ in lacs)	% of consumption	(₹ in lacs)	% of consumption
Imported	1384.31	8.15	1355.05	8.24
Indigenous	15603.62	91.85	15092.91	91.76
<b>Total</b>	<u>16987.93</u>	<u>100.00</u>	<u>16447.96</u>	<u>100.00</u>

**20.1 Details of Materials Consumed**

(₹ in lacs)

	Year ended 31.03.2016	Year ended 31.03.2015
Clays	1599.20	1598.71
Calcined Alumina	2694.83	2555.59
Metal Fittings	2714.33	2498.60
Polyester Chips	8928.05	8933.56
Spin Finish Oil	330.80	289.48
Others	720.72	572.02
<b>Total</b>	<u>16987.93</u>	<u>16447.96</u>

**21. CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN PROCESS**

(₹ in lacs)

	Year ended 31.03.2016	Year ended 31.03.2015
Inventories at the beginning of the year		
Finished goods	2302.55	1795.22
Stock in process	2717.77	2418.77
	5020.32	4213.99
Less: Inventories at the end of the year		
Finished goods	1863.56	2302.55
Stock in process	2333.98	2717.77
	4197.54	5020.32
<b>Total</b>	<u>822.78</u>	<u>(806.33)</u>

**22. EMPLOYEE BENEFITS EXPENSE**

(₹ in lacs)

	Year ended 31.03.2016	Year ended 31.03.2015
Salaries, Gratuity, Wages, Bonus and other allowances	4293.71	3627.30
Contribution to Provident & other Funds	356.75	321.61
Staff & Labour Welfare	61.71	52.10
<b>Total</b>	<b>4712.17</b>	<b>4001.01</b>

22.1 Disclosure in respect of employee benefits as per Accounting Standard 15 is given below: -

	Year ended 31.03.2016		Year ended 31.03.2015		
<b>Assumptions</b>					
- Discount rate	8.00% & 7.96%		7.75 & 7.82%		
- Expected rate of return on assets	-		-		
- Expected rate of future salary increase	5.50%		5.25 & 5.50%		
	<b>Gratuity Unfunded</b>	<b>Leave Encashment Unfunded</b>	<b>Gratuity Unfunded</b>	<b>Leave Encashment Unfunded</b>	
Change in present value of obligations					
Present value of obligations as at the beginning of the year	938.18	222.17	804.99	194.32	
Interest cost	72.72	17.23	68.37	16.46	
Current service cost	84.26	44.79	69.98	34.84	
Past service cost	-	-	-	-	
Benefits paid	(40.06)	(30.98)	(35.37)	(32.42)	
Actuarial loss on Obligations	47.86	10.41	30.21	8.97	
Present value of obligations as at the close of the year	<u>1102.96</u>	<u>263.62</u>	<u>938.18</u>	<u>222.17</u>	
Change in fair value of plan assets	Not applicable		Not applicable		
Liability recognized in the Balance Sheet					
Present value of obligations as at the end of the year	1102.96	263.62	938.18	222.17	
Fair value of plan assets as at the close of the year	-	-	-	-	
Funded status/difference	(1102.96)	(263.62)	(938.18)	(222.17)	
Unrecognized Actuarial (Gain)/Loss	-	-	-	-	
Net Assets/(Liability) recognized in Balance Sheet	<u>(1102.96)</u>	<u>(263.62)</u>	<u>(938.18)</u>	<u>(222.17)</u>	
Expenses recognized in statement of Profit and Loss					
Current service cost	84.26	44.79	69.98	34.84	
Past service cost	-	-	-	-	
Interest cost	72.72	17.23	68.37	16.46	
Expected return on plan assets	-	-	-	-	
Net Actuarial (Gain)/ Loss recognized during the year	47.86	10.41	30.21	8.97	
Total Expense recognized in statement of Profit and Loss	<u>204.84</u>	<u>72.43</u>	<u>168.56</u>	<u>60.27</u>	
Movement in liability recognised in the balance sheet					
Opening net liability	938.18	222.17	804.99	194.32	
Expenses as above	204.84	72.43	168.56	60.27	
Benefits Paid	(40.06)	(30.98)	(35.37)	(32.42)	
Actual return on plan assets	-	-	-	-	
Acquisition adjustments	-	-	-	-	
Closing net Liability	1102.96	263.62	938.18	222.17	
Amounts for the current and previous four periods are as follows:					
Present Value of Obligation - Gratuity	<b>31.03.2016 (12 months)</b>	31.03.2015 (12 months)	31.03.2014 (12 months)	31.03.2013 (12 months)	31.03.2012 (12 months)
Defined Benefit Obligation	1102.96	938.18	804.99	695.16	583.76
Plan Assets	-	-	-	-	-
Unrecognised past service Cost	-	-	-	-	-
Deficit	(1102.96)	(938.18)	(804.99)	(695.16)	(583.76)
Experience adjustments on plan liabilities	(47.33)	(31.63)	(33.84)	(43.27)	27.99
Experience adjustments on plan assets	-	-	-	-	-

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

**23. FINANCE COST**

(₹ in lacs)

	Year ended 31.03.2016	Year ended 31.03.2015
Interest Expenses	1083.41	1683.82
Other Borrowing Cost	194.41	180.79
<b>Total</b>	<b>1277.82</b>	<b>1864.61</b>

23.1 Interest includes ₹ 44.71 lacs ( Previous year ₹ 604.47 lacs including ₹ 452.74 lacs related to earlier years) towards interest on entry tax.

**24. OTHER EXPENSES****(₹ in lacs)**

	Year ended 31.03.2016	Year ended 31.03.2015
<b>MANUFACTURING EXPENSES</b>		
Power & Fuel	8753.01	9722.06
Stores & Spares Consumption	3639.01	3240.58
Packing	2771.40	2252.55
Job Charges	665.17	489.49
Excise duty on increase/decrease in Finished Stock	(17.69)	(36.95)
Repairs & Maintenance:		
Plant & Machinery	771.58	658.11
Buildings	574.64	538.72
Others	31.96	29.76
Other expenses	354.54	315.49
	<u>17543.62</u>	<u>17209.81</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	55.99	51.05
Insurance (Net)	31.31	26.26
Rates & Taxes	9.40	15.60
Travelling & Conveyance	193.33	171.90
Legal & Professional Expenses	120.63	96.70
Telecommunication Expenses	13.90	13.87
Directors fees and Expenses	0.58	0.37
Expenditure towards Corporate Social Responsibility(CSR)activities	33.78	39.52
Payment to Auditors		
for Audit fee	2.70	2.10
for Tax Audit fee	0.90	0.70
for Expenses	2.41	2.21
Other expenses	288.40	278.14
	<u>753.33</u>	<u>698.42</u>
<b>SELLING EXPENSES</b>		
Commission,rebates etc	159.61	128.90
Carriage outward(Net)	359.30	298.84
Bad debts written off	457.74	75.40
Less:Provision for doubtful debts	<u>46.31</u>	<u>44.31</u>
Provision for doubtful debts	46.67	-
Sales Promotion & Advertisement	35.36	24.32
Insulators testing charges	79.96	74.46
Other expenses	28.65	22.41
	<u>1120.98</u>	<u>580.02</u>
<b>OTHER EXPENSES</b>		
Lease rent on land	0.05	0.05
Loss /(Profit) on sale of Fixed Assets(net)	(0.07)	13.61
	<u>(0.02)</u>	<u>13.66</u>
<b>Total</b>	<u>19417.91</u>	<u>18501.91</u>

	Year ended 31.03.2016		Year ended 31.03.2015	
	₹ in lacs	(%)	₹ in lacs	(%)
24.1 Value of stores,spare parts and components consumed:				
Imported	108.17	2.97	43.63	1.35
Indigenous	3530.84	97.03	3196.95	98.65
<b>Total</b>	<u>3639.01</u>	<u>100.00</u>	<u>3240.58</u>	<u>100.00</u>

25. Exceptional items consist of amount written back on account of waiver of interest under Amnesty scheme under the Rajasthan Tax on Entry of Goods into Local Areas Act, 1999 notified by Govt. of Rajasthan.

**26. CONTINGENT LIABILITIES NOT PROVIDED FOR****(₹ in lacs)**

	As at 31.03.2016	As at 31.03.2015
i) Guarantees given by bankers on behalf of the Company	2254.98	1687.42
ii) Outstanding Letters of Credit	73.18	68.82
iii) Disputed liabilities, not acknowledged as debts	181.79	137.88
iv) Disputed Income Tax demand	7.50	7.50
Deposited under protest ₹ 7.50 lacs(Previous Year ₹ 7.50 lacs)		
v) Disputed Land Tax demand	15.70	15.70
Deposited under protest ₹ 15.70 lacs(Previous Year ₹ 15.70 lacs)		
vi) Disputed Excise duty /Service Tax demands	308.17	270.08
Deposited under protest ₹ 20.28 lacs(Previous Year ₹ 20.28 lacs)		
vii) Disputed Sales Tax demand	-	15.48
Deposited under protest ₹ Nil (Previous Year ₹ 85.57 lacs)		

**27 COMMITMENTS**

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	<u>2450.59</u>	<u>2419.46</u>

28 Profit for the year has been arrived at after adjusting prior year debits ₹ 9.84 lacs (Previous year ₹ 491.43 lacs) and prior year credits ₹ 3.69 lac (Previous year ₹ Nil). Expenses/Income arisen/settled during the year have been charged to revenue.

29 Long term loans and advances include interest free loan of ₹ 5982.16 lacs (Previous year ₹ 4014.86 lacs) paid to a company covered under section 189 of Companies Act 2013 in view of proposed amalgamation, awaiting approval from Board for industrial and Financial Reconstruction (Maximum amount due at any time during the year ₹ 6672.91 lacs; previous year ₹ 4014.86 lacs). Since the amount paid is in connection to proposed amalgamation scheme, no terms have been specified for repayment of loan and interest. In view of likely advantage to the Company on such amalgamation, grating of such loan is not prejudicial to the interest of the company.

**30 Loan to subsidiary company:**

(₹ in lacs)

Name of the Company	As at		Maximum balance during the year	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Motile Power Trade Pvt. Ltd.	1300	1300	1300	1300

Without interest and repayable on demand.

31 Provision for taxation (including interest) estimated at ₹ 944.69 lacs for current year (upto the year ₹ 10044.90 lacs) has not been made in accounts, in view of proposed amalgamation proceedings awaiting approvals from Board for Industrial and Financial Reconstruction. Meanwhile Income Tax department has completed assessments for Assessment Years 2008-09 to 2013-14 wherein substantive assessment orders have been passed allowing losses pertaining to proposed amalgamation with nil liability and at the same time protective assessment orders have been made (presuming that no amalgamation had taken place) with demand of ₹ 5276.43 lacs which shall be effective if the amalgamation scheme is not sanctioned.

32 Research and Development expenditure debited to the Statement of Profit and Loss by charge to relevant heads of account amounting to ₹ 401.59 lacs (previous year ₹ 301.292 lacs).

**33 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 31.03.2016			Year ended 31.03.2015		
	Insulators	Yarn	Total	Insulators	Yarn	Total
<b>1. Segment Revenue</b>						
Sale	34754.30	15595.66	50349.96	31149.89	14537.28	45687.17
<b>2. Segment Result</b>						
Profit before Financial Expenses	4200.82	240.17	4440.99	3595.42	(334.32)	3261.10
Less: Financial Expenses	1272.38	5.44	1277.82	1858.94	5.67	1864.61
Profit before tax	2928.44	234.73	3163.17	1736.48	(339.99)	1396.49
<b>3. Capital Employed</b>						
Segment Assets	29325.82	10896.85	40222.67	27190.21	10844.58	38034.79
Segment liabilities	13365.77	379.69	13745.46	13916.03	562.15	14478.18
Capital Employed	15960.05	10517.16	26477.21	13274.18	10282.43	23556.61

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 31.03.2016	Year ended 31.03.2015
Revenue by Geographical market		
In India	41780.42	40053.69
Other than India	8569.54	5633.48
	<b>50349.96</b>	45687.17
Carrying Amount of Segment Assets (Trade Receivables)		
In India	5260.30	4925.05
Other than India	2448.54	1450.37
	<b>7708.84</b>	6375.42

**34. Related party Disclosures as per Accounting Standard 18:**

i) Related Party Relationships

a) Where control exists :

Modern Terry Towels Ltd.

Modern Denim Ltd.

b) Key Management Personnel :

Shri Sachin Ranka (Chairman & Managing Director)

Shri H.L. Sharma (Executive Director)

Shri D.B.Deshpande (Executive Director)

c) Subsidiary Company :

Motile Power Trade Pvt. Ltd.

d) Relatives of key Management Personnel and their enterprises where transactions have taken place:

Shubham Corporate Advisory Services Pvt. Ltd.

H.S. Ranka Foundation

Smt. Meena Ranka

Smt. Smriti Ranka

Shri Shreyans Ranka

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

(₹ in lacs)

Types of related Parties	Description of the nature of the transactions	Name	Volume of transactions		Outstanding as on 31.03.16	Outstanding as on 31.03.15
			Year ended 31.03.16	Year ended 31.03.15		
Where Control exists	Purchase of goods	Modern Terry Towels Ltd.	2.77	1.38	-	-
		Modern Denim Ltd.	-	18.09	-	-
	Sale of goods	Modern Terry Towels Ltd.	-	2.40	-	-
		Modern Denim Ltd.	0.50	0.75	-	-
Loans & Advances given	Modern Terry Towels Ltd.	1967.30	1298.91	5982.16	4014.86	
	Others	Modern Terry Towels Ltd.	0.09	-	-	-
		Modern Denim Ltd.	0.45	0.83	-	-
Key Managerial Personnel	Remuneration etc.	Shri Sachin Ranka	67.20	26.88	-	-
		Shri H.L. Sharma	17.18	16.93	-	-
		Shri D.B.Deshpande	62.57	53.55	-	-
Subsidiary Companies	Loan given	Motile Power Trade Pvt.Ltd.	-	-	1300.00	1300.00
Relative of key Managerial Personnel and their enterprises	Rent paid	Shubham Corporate Advisory Services P. Ltd.	6.87	6.74	-	-
		Smt. Meena Ranka	2.40	2.40	-	-
		Smt. Smriti Ranka	16.39	16.18	-	-
	Contribution towards CSR activities	H.S. Ranka Foundation	22.50	25.00	-	-
	Remuneration	Shri Shreyans Ranka	17.40	13.87	-	-

## 35. Earning per Share as per Accounting Standard 20 :

	Year ended 31.03.2016	Year ended 31.03.2015
i) Net profit available for equity Shareholders (₹ in lacs)	2920.60	1664.05
ii) Number of Equity Shares of ₹10/- each	21743500	21743500
iii) Basic & Diluted earning per share (₹)	13.43	7.65

## 36. (a) Derivatives : Outstanding as at Balance Sheet date

Particulars	Currency	Amount in Foreign Currency		Purpose
		As at 31.03.2016	As at 31.03.2015	
Forward Contracts	USD	202500	-	Hedging for export receivables

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

	As at 31.03.2016		As at 31.03.2015	
	Payable	Receivables	Payable	Receivables
USD	248181	3086568	241227	1508870
EURO	94676	628877	72639	140404
GBP	-	3240	-	114250

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

(₹ in lacs)

	Year ended 31.03.2016	Year ended 31.03.2015
Raw Materials	1069.56	1163.90
Components & Spare Parts	229.60	134.50
(ii) Expenditure in foreign currency:		
Selling Commission	26.22	22.59
Technical Consultancy	37.08	4.13
Foreign Travelling Expenses	21.85	18.58
Testing Expenses	-	1.82
Others	5.66	8.56
(iii) Earnings in foreign exchange:		
Export of goods calculated on FOB basis	8401.79	5536.45

38. Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date attached

For and on behalf of the Board

 For **B.L. Verma & Co.**  
 Chartered Accountants  
 (FRN No. 001064C)

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

 Place : Jaipur  
 Date : 25th June, 2016

Sachin Ranka	– Chairman & Managing Director	(DIN : 00335534)
S.B.L. Jain	– Independent Director	(DIN : 00002582)
R. Raniwala	– Independent Director	(DIN : 00506419)
H.L. Sharma	– Executive Director	(DIN : 00352410)
D.B. Deshpande	– Executive Director	(DIN : 06463412)
Meenu Sacheti	– Non-Executive Director	(DIN : 02266703)
D.S. Singhvi	– Chief Financial Officer	
Gaurav Goyal	– Company Secretary	

 Place : Mumbai



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

(₹ in lacs)

Particulars	2015-2016	2014-2015
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	2706.80	1396.49
Adjustments For		
- Depreciation	825.40	939.20
- Foreign Exchange	33.52	22.28
- Interest and Bank Charges	1277.82	1864.61
- Loss/(Profit) on Sale of Fixed Assets	(0.07)	13.61
Operating Profit before working capital changes	4843.47	4236.19
Adjustments For		
- Trade and other receivables	(3824.69)	(953.13)
- Inventories	1580.94	(1795.69)
- Trade and other payable	(1474.59)	(418.49)
Cash generation from Operations	1125.13	1068.88
Interest and bank charges paid	(673.35)	(1260.14)
<b>Net Cash from operating activities before exceptional items</b>	<b>451.78</b>	<b>(191.26)</b>
Exceptional items	456.37	-
<b>Net Cash from operating activities after exceptional items</b>	<b>908.15</b>	<b>(191.26)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Purchase of Fixed Assets (including Capital Work in Progress)	(465.31)	(1568.90)
- Sale of Fixed Assets	2.36	11.25
- Investment	(303.56)	285.30
<b>Net cash used in investing activities</b>	<b>(766.51)</b>	<b>(1272.35)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Proceeds from Borrowings		
Banks	(115.61)	1146.19
Other Loan	10.44	10.14
<b>Net Cash used in financing activities</b>	<b>(105.17)</b>	<b>1156.33</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS(A+B+C)</b>	<b>36.47</b>	<b>(307.28)</b>
Cash & Cash Equivalents- Opening Balance	415.81	723.09
Cash & Cash Equivalents- Closing Balance	452.28	415.81

As per our report of even date attached

 For **B.L. Verma & Co.**  
 Chartered Accountants  
 (FRN No. 001064C)

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

 Place : Jaipur  
 Date : 25th June, 2016

For and on behalf of the Board

Sachin Ranka	– Chairman & Managing Director	(DIN : 00335534)
S.B.L. Jain	– Independent Director	(DIN : 00002582)
R. Raniwala	– Independent Director	(DIN : 00506419)
H.L. Sharma	– Executive Director	(DIN : 00352410)
D.B. Deshpande	– Executive Director	(DIN : 06463412)
Meenu Sacheti	– Non-Executive Director	(DIN : 02266703)
D.S. Singhvi	– Chief Financial Officer	
Gaurav Goyal	– Company Secretary	

Place : Mumbai

## INDEPENDENT AUDITORS' REPORT

### To

### The Members

### Modern Insulators Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Modern Insulators Limited (hereinafter referred to as "the Holding Company") and its subsidiary, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as consolidated financial statements).

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) of the Other matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

### Basis for Qualified Opinion

(a) Provision for taxation (including interest) estimated at ₹ 944.69 lacs for current year (upto the year ₹ 10044.90 lacs) has not been made in accounts, in view of proposed amalgamation proceedings awaiting approvals from Board for Industrial and Financial Reconstruction. Meanwhile Income Tax department has completed assessments for Assessment Years 2008-09 to 2013-14 wherein substantive assessment orders have been passed allowing losses pertaining to proposed amalgamation with nil liability and at the same time protective assessment orders have been made (presuming that no amalgamation had taken place) with demand of ₹ 5276.43 lacs which shall be effective if the amalgamation scheme is not sanctioned; no appeal

of the company is pending against aforesaid protective assessment orders (Note No.31).

- (b) Balances of Trade Payables & Trade Receivables are subject to reconciliations/confirmations (Note No.8.1 & 15.2).
- (c) 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 been considered as dues of trade payables other than micro and small enterprises. (Note No.8.2).

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in "Basis for Qualified opinion" paragraph above, and based on the consideration of report of other auditors, on the financial statements of the subsidiary noted below, the aforesaid consolidated financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, its consolidated profit and its consolidated cash flows for the year ended on that date.

### Other Matters

We did not audit the financial statements of the subsidiary company whose financial statements reflect total assets of ₹ 1304.82 lacs as at 31st March, 2016, total revenues of ₹ 0.25 lacs and net cash flow of ₹ 0.13 lacs for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion is based solely on the report of such auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statement.
- In our opinion, proper books of account as required by law relating to preparation of the consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained by the Holding Company and its Subsidiary Company.
- Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- On the basis of written representations received from the directors of Holding Company as on March 31, 2016, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its Subsidiary Company, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act.
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B.L. Verma & Co**  
 Chartered Accountants  
 (Firm Regn No. 001064C)

(**B.L. Verma**)  
 Partner  
 (Membership No. 010900)

Place : Jaipur  
 Date : 25th June, 2016

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ in lacs)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	2174.35	2174.35
Reserves & Surplus	2	24302.63	21382.22
		<u>26476.98</u>	<u>23556.57</u>
<b>Minority Interest</b>			
		0.67	0.71
<b>Non-Current Liabilities</b>			
Long-term borrowings	3	24.86	18.45
Deferred Tax Liability (Net)	4	1454.27	1211.70
Other long term liabilities	5	233.93	862.67
Long term provisions	6	1214.06	1051.13
		<u>2927.12</u>	<u>3143.95</u>
<b>Current Liabilities</b>			
Short term borrowings	7	5904.60	6020.21
Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		2624.04	2808.03
Other current liabilities	9	2109.14	2351.12
Short-term provisions	6	180.63	155.01
		<u>10818.41</u>	<u>11334.37</u>
	<b>Total</b>	<u><b>40223.18</b></u>	<u><b>38035.60</b></u>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed assets			
Tangible assets	10	13456.78	13800.91
Intangible assets	10	13.10	16.94
Capital work-in-progress		204.26	218.67
		<u>13674.14</u>	<u>14036.52</u>
Non current investments	11	112.81	112.81
Long term loans and advances	12	6818.97	4736.12
		<u>20605.92</u>	<u>18885.45</u>
<b>Current assets</b>			
Current investments	13	1888.34	1584.78
Inventories	14	7603.34	9184.28
Trade receivables	15	7708.84	6375.42
Cash and bank balances	16	455.76	419.46
Short term loans and advances	12	1674.53	1475.23
Other current assets	17	286.45	110.98
		<u>19617.26</u>	<u>19150.15</u>
	<b>Total</b>	<u><b>40223.18</b></u>	<u><b>38035.60</b></u>

**Significant Accounting Policies****Other Notes on Financial Statement**

26 to 39

As per our report of even date attached

For and on behalf of the Board

For **B.L. Verma & Co.**  
Chartered Accountants  
(FRN No. 001064C)

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

Place : Jaipur  
Date : 25th June, 2016

Sachin Ranka – Chairman & Managing Director (DIN : 00335534)  
 S.B.L. Jain – Independent Director (DIN : 00002582)  
 R. Raniwala – Independent Director (DIN : 00506419)  
 H.L. Sharma – Executive Director (DIN : 00352410)  
 D.B. Deshpande – Executive Director (DIN : 06463412)  
 Meenu Sacheti – Non-Executive Director (DIN : 02266703)  
 D.S. Singhvi – Chief Financial Officer  
 Gaurav Goyal – Company Secretary  
 Place : Mumbai

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in lacs)

Particulars	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
<b>INCOME:</b>			
Revenue from Operations	18	46101.37	41792.90
Other Income	19	649.69	552.28
<b>Total Revenue</b>		<b>46751.06</b>	<b>42345.18</b>
<b>EXPENSES:</b>			
Cost of materials consumed	20	16987.93	16447.96
Changes in inventories of finished goods & stock in Process	21	822.78	(806.33)
Employee benefits expense	22	4712.17	4001.01
Finance cost	23	1277.86	1864.66
Depreciation and amortization expense	10	825.40	939.20
Other expenses	24	19418.34	18502.10
<b>Total Expenses</b>		<b>44044.48</b>	<b>40948.60</b>
<b>Profit before exceptional items &amp; tax</b>		<b>2706.58</b>	<b>1396.58</b>
<b>Exceptional items</b>	25	<b>456.37</b>	-
<b>Profit before tax</b>		<b>3162.95</b>	<b>1396.58</b>
<b>Tax Expense:</b>			
Current tax		-	0.03
Deferred tax		242.57	(267.56)
		<b>242.57</b>	<b>(267.53)</b>
<b>Share of (Profit) transferred to Minority Interest</b>		<b>0.03</b>	<b>(0.01)</b>
<b>Profit for the year</b>		<b>2920.41</b>	<b>1664.10</b>
<b>Earning per equity share (₹)</b>			
Basic & Diluted	34	13.43	7.65

**Significant Accounting Policies****Other Notes on Financial Statement**

26 to 39

As per our report of even date attached

For and on behalf of the Board

For **B.L. Verma & Co.**  
Chartered Accountants  
(FRN No. 001064C)

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

Place : Jaipur  
Date : 25th June, 2016

Sachin Ranka – Chairman & Managing Director (DIN : 00335534)  
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 Meenu Sacheti – Non-Executive Director (DIN : 02266703)  
 D.S. Singhvi – Chief Financial Officer  
 Gaurav Goyal – Company Secretary  
 Place : Mumbai

## 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 relevant provisions of the Companies Act, 2013.
- 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 (including intangible 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 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) Depreciation on fixed assets is provided on straight line method over the estimated useful life of the assets.
- (b) Software is amortised over a period of 3 years.
- (c) Effective from 1st April, 2014 the company depreciates its fixed assets over the useful life in the manner prescribed in schedule II of the Act.
- (d) 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 stock 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 stock 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) 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.

- xviii) Accounting policies not specifically referred to otherwise, are consistent with generally accepted accounting principles.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2016**

<b>1. SHARE CAPITAL</b>		<b>(₹ in lacs)</b>			
		As at 31.03.2016		As at 31.03.2015	
<b>AUTHORISED</b>					
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>	
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>					
2,17,43,500 (Previous Year 217,43,500) Equity shares of ₹10/- each fully paid-up		<u>2174.35</u>		<u>2174.35</u>	
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 31.03.2016		As at 31.03.2015		
	No. of Shares	% Holding	No. of Shares	% Holding	
Ajaymeru Trading & Investments Pvt.Ltd	6530886	30.04	6527615	30.02	
Pride Mercantiles Pvt.Ltd	5343453	24.57	5342101	24.57	
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		21743500		21743500	
		<u>21743500</u>		<u>21743500</u>	
<b>2. RESERVES AND SURPLUS</b>		<b>(₹ in lacs)</b>			
		As at 31.03.2016		As at 31.03.2015	
<b>Capital Reserve</b>					
As per last balance sheet		25.00		25.00	
<b>Statement of Profit &amp; Loss</b>					
As per last balance sheet		21357.22		19693.12	
Add: Profit for the year		2920.41		1664.10	
Surplus in the Statement of Profit & Loss		24277.63		21357.22	
<b>Total</b>		<u>24302.63</u>		<u>21382.22</u>	
<b>3. LONG TERM BORROWINGS</b>		<b>(₹ in lacs)</b>			
		As at 31.03.2016		As at 31.03.2015	
		Non current	Current	Non current	Current
<b>Secured</b>					
Term loans from bank		24.86	16.84	18.45	12.81
		<u>24.86</u>	<u>16.84*</u>	<u>18.45</u>	<u>12.81*</u>
*Considered in other current liabilities (Note No.9).					
3.1 Term loans are secured against hypothecation of the specific vehicles.					
3.2 Term loans are repayable as per various payment schedules. Last instalment due in August-2020. Rate of Interest 10.40% to 10.65% p.a. (Previous year 10.65% p.a.).					
<b>4. DEFERRED TAX LIABILITY (NET)</b>		<b>(₹ in lacs)</b>			
		As at 31.03.2016		As at 31.03.2015	
<b>a) Deferred Tax Liability</b>					
Depreciation		2144.78		2103.48	
<b>b) Deferred Tax Asset</b>					
Provisions allowable for Tax purpose on payment basis		670.44		871.83	
Others (Provision for doubtful debts)		20.07		19.95	
		<u>690.51</u>		<u>891.78</u>	
<b>Net Deferred Tax Liability</b>		<u>1454.27</u>		<u>1211.70</u>	
<b>5. OTHER LONG TERM LIABILITIES</b>		<b>(₹ in lacs)</b>			
		As at 31.03.2016		As at 31.03.2015	
Entry tax payable		198.06		560.48	
Interest on Entry tax Payable		35.87		302.19	
<b>Total</b>		<u>233.93</u>		<u>862.67</u>	
<b>6. PROVISIONS</b>		<b>(₹ in lacs)</b>			
		As at 31.03.2016		As at 31.03.2015	
		Long term	Short term	Long term	Short term
<b>Provisions for employee benefits</b>					
For Gratuity		1005.25	97.71	874.10	64.08
For unavailed leaves		<u>208.81</u>	<u>54.81</u>	<u>177.03</u>	<u>45.13</u>
		1214.06	152.52	1051.13	109.21
<b>Other provisions</b>					
For excise duty on closing finished stock		-	28.11	-	45.80
<b>Total</b>		<u>1214.06</u>	<u>180.63</u>	<u>1051.13</u>	<u>155.01</u>

**7. SHORT TERM BORROWINGS** (₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Secured</b>		
Bank borrowings for working capital	<u>5904.60</u>	<u>6020.21</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 one of the directors.		

**8. TRADE PAYABLE** (₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
Trade payable		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	<u>2624.04</u>	<u>2808.03</u>
	<u>2624.04</u>	<u>2808.03</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 been considered as dues of trade payables other than micro and small enterprises..

**9. OTHER CURRENT LIABILITIES** (₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
Current maturities of long term borrowings (Refer note No.3)	<b>16.84</b>	12.81
Entry Tax Payable	<b>188.16</b>	599.05
Statutory dues	<b>177.74</b>	61.62
Payable towards capital goods	<b>80.91</b>	120.50
Advance received from customers	<b>392.52</b>	242.29
Sundry deposits	<b>115.39</b>	104.62
Other payable*	<b>1137.58</b>	1210.23
<b>Total</b>	<u><b>2109.14</b></u>	<u>2351.12</u>

\* Includes employees dues, interest on entry tax and liabilities for expenses etc.

**10. FIXED ASSETS** (₹ in lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2015	ADDITIONS	DEDUCTION	AS AT 31.03.2016	AS AT 01.04.2015	FOR THE YEAR	DEDUCTIONS	AS AT 31.03.2016	AS AT 31.03.2016	
<b>I. TANGIBLE ASSETS</b>										
Land	1045.18	-	-	<b>1045.18</b>	-	-	-	-	<b>1045.18</b>	
Building	3973.01	125.11	-	<b>4098.12</b>	1305.63	140.79	-	<b>1446.42</b>	<b>2651.70</b>	
Plant & Machinery	19190.37	252.24	-	<b>19442.61</b>	9398.18	613.94	-	<b>10012.12</b>	<b>9430.49</b>	
Furniture & Fixtures	256.33	27.68	2.59	<b>281.42</b>	150.78	19.53	0.63	<b>169.68</b>	<b>111.74</b>	
Office Equipments	191.92	16.57	1.56	<b>206.93</b>	161.72	13.49	1.56	<b>173.65</b>	<b>33.28</b>	
Vehicles	242.63	52.42	0.50	<b>294.55</b>	82.22	28.11	0.17	<b>110.16</b>	<b>184.39</b>	
<b>Total</b>	24899.44	474.02	4.65	<b>25368.81</b>	11098.53	815.86	2.36	<b>11912.03</b>	<b>13456.78</b>	
<b>II. INTANGIBLE ASSETS</b>										
Computer Software	89.61	5.70	-	<b>95.31</b>	72.67	9.54	-	<b>82.21</b>	<b>13.10</b>	
<b>TOTAL</b>	24989.05	479.72	4.65	<b>25464.12</b>	11171.20	825.40	2.36	<b>11994.24</b>	<b>13469.88</b>	

**For the year ended March 31, 2015**
(₹ in lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2014	ADDITIONS	DEDUCTION	AS AT 31.03.2015	AS AT 01.04.2014	FOR THE YEAR	DEDUCTIONS	AS AT 31.03.2015	AS AT 31.03.2015	
<b>I. TANGIBLE ASSETS</b>										
Land	1042.18	3.00	-	1045.18	-	-	-	-	1045.18	
Building	3662.30	310.71	-	3973.01	1064.81	240.82	-	1305.63	2667.38	
Plant & Machinery	18041.54	1174.86	26.03	19190.37	8797.66	608.45	7.93	9398.18	9792.19	
Furniture & Fixtures	225.50	34.94	4.11	256.33	130.62	21.75	1.59	150.78	105.55	
Office Equipments	185.47	10.55	4.10	191.92	139.43	26.19	3.90	161.72	30.20	
Vehicles	236.02	15.31	8.70	242.63	60.26	26.62	4.66	82.22	160.41	
<b>Total</b>	23393.01	1549.37	42.94	24899.44	10192.78	923.83	18.08	11098.53	13800.91	
<b>II. INTANGIBLE ASSETS</b>										
Computer Software	89.61	-	-	89.61	57.30	15.37	-	72.67	16.94	
<b>TOTAL</b>	23482.62	1549.37	42.94	24989.05	10250.08	939.20	18.08	11171.20	13817.85	

11. NON CURRENT INVESTMENTS		(₹ in lacs)	
		As at 31.03.2016	As at 31.03.2015
<b>LONG TERM INVESTMENTS (AT COST)</b>			
<b>Trade Investments(Unquoted)</b>			
<b>a. Investment in Govt. securities</b>			
National Saving Certificates (Deposited with Govt. department)	0.01		0.01
<b>b. Investment in shares of other company</b>			
<b>VS Lignite Power Pvt. Ltd.*</b>			
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)	74.28		74.28
*Lying with said company under lien.			
<b>Total</b>	<b>112.81</b>		<b>112.81</b>
<b>12. LOANS AND ADVANCES</b>			
		(₹ in lacs)	
		As at 31.03.2016	As at 31.03.2015
		Long term	Short term
Loans and advances to related party (Refer Note No.28)		5982.16	4014.86
Capital advances		326.65	285.05
Income Tax advance		-	456.01
Tax deducted at Source		-	300.11
Balance with government Authorities		-	210.61
Prepaid expenses		-	65.38
Loans to employees		-	72.72
Advance to suppliers		-	399.57
Deposits		510.16	150.84
Others		-	19.29
<b>Total</b>		<b>6818.97</b>	<b>1674.53</b>
		Long term	Short term
		4736.12	1475.23
<b>13. CURRENT INVESTMENTS</b>			
		(₹ in lacs)	
		As at 31.03.2016	As at 31.03.2015
<b>Non-trade Investments (Quoted)</b>			
<b>a. Birla Sun Life Floating Rate Long Term Growth</b>			
972637.061 Units (Previous Year 961636.171 Units)	1688.34		1584.78
<b>b. Birla Sun Life Balance 95' Fund-Growth</b>			
27755.109 Units (Previous Year Nil Units)	150.00		-
<b>c. Birla Sun Life Balance 95' Fund - Growth Direct</b>			
8709.587 Units (Previous Year Nil Units)	50.00		-
<b>Total</b>	<b>1888.34</b>		<b>1584.78</b>
13.1 - Market Value of Investment ₹ 1973.09 Lacs ( Previous Year ₹ 1611.28 Lacs)			
<b>14. INVENTORIES</b>			
		(₹ in lacs)	
		As at 31.03.2016	As at 31.03.2015
Raw Materials (In Transit ₹ 255.93 lacs; Previous Year ₹ 52.77 lacs)		1489.12	2210.98
Stocks in process		2333.98	2717.77
Finished stock		1863.56	2302.55
Stores & spares (In Transit ₹ 15.63 lacs; Previous Year ₹ 33.93 lacs)		615.53	651.83
Debt Securities		1301.15	1301.15
<b>Total</b>		<b>7603.34</b>	<b>9184.28</b>
<b>15. TRADE RECEIVABLES</b>			
		(₹ in lacs)	
		As at 31.03.2016	As at 31.03.2015
<b>Trade Receivables (Unsecured)</b>			
Outstanding for a period exceeding six months from the date they are due for payment			
Considered good		520.73	830.40
Considered doubtful		59.05	58.69
		579.78	889.09
Less : Provision for doubtful debts		59.05	58.69
		520.73	830.40
Others (Considered Good)		7188.11	5545.02
<b>Total</b>		<b>7708.84</b>	<b>6375.42</b>
15.1 Includes ₹ 1.30 lacs (Previous year ₹ 1.30 lacs) under litigation for which adequate provision has been made.			
15.2 Balances of trade receivables are subject to reconciliations/confirmations.			



16. CASH AND BANK BALANCES		(₹ in lacs)			
	As at 31.03.2016	As at 31.03.2015			
<b>Cash and Cash equivalents</b>					
Cash on Hand	9.68	5.57			
Balances with Banks	210.93	204.10			
<b>Other Bank Balances</b>					
Fixed Deposit with banks	235.15	209.79			
<b>Total</b>	<b>455.76</b>	<b>419.46</b>			
16.1 Fixed deposits with banks include deposits of ₹ 36.86 lacs (Previous year ₹ 34.76 lacs) with original maturity of more than 12 months.					
16.2 Fixed deposits with banks against margin ₹ 210.61 lacs (Previous year ₹ 191.24 lacs) are held to secure the company's non-fund based limits availed from the banks.					
17. OTHER CURRENT ASSETS		(₹ in lacs)			
	As at 31.03.2016	As at 31.03.2015			
Export benefits & insurance claims receivable	216.34	65.18			
Accrued interest	70.11	45.80			
<b>Total</b>	<b>286.45</b>	<b>110.98</b>			
18. REVENUE FROM OPERATIONS		(₹ in lacs)			
	Year ended 31.03.2016	Year ended 31.03.2015			
Sale of Products	50349.96	45687.17			
Other operating revenues					
Export Incentives	335.82	111.29			
Less : Excise duty	50685.78	45798.46			
	4584.41	4005.56			
<b>Total</b>	<b>46101.37</b>	<b>41792.90</b>			
18.1 : Particulars of sale of products					
Insulators & Metal fittings	34754.30	31149.89			
Yarn & Waste	15595.66	14537.28			
<b>Total</b>	<b>50349.96</b>	<b>45687.17</b>			
19. OTHER INCOME		(₹ in lacs)			
	Year ended 31.03.2016	Year ended 31.03.2015			
Liabilities & sundry balances written back (net)	35.36	83.29			
Interest Income	133.92	208.29			
Foreign exchange fluctuation (net)	181.98	14.45			
Miscellaneous Income (including dividend)	298.43	246.25			
<b>Total</b>	<b>649.69</b>	<b>552.28</b>			
20. COST OF MATERIALS CONSUMED		(₹ in lacs)			
	Year ended 31.03.2016		Year ended 31.03.2015		
	(₹ in lacs)	% of consumption	(₹ in lacs)	% of consumption	
Imported	1384.31	8.15	1355.05	8.24	
Indigenous	15603.62	91.85	15092.91	91.76	
<b>Total</b>	<b>16987.93</b>	<b>100.00</b>	<b>16447.96</b>	<b>100.00</b>	
20.1 Details of Materials Consumed					
Clays	1599.20		1598.71		
Calcined Alumina	2694.83		2555.59		
Metal Fittings	2714.33		2498.60		
Polyester Chips	8928.05		8933.56		
Spin Finish Oil	330.80		289.48		
Others	720.72		572.02		
<b>Total</b>	<b>16987.93</b>		<b>16447.96</b>		
21. CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN PROCESS		(₹ in lacs)			
	Year ended 31.03.2016		Year ended 31.03.2015		
Inventories at the beginning of the year					
Finished goods	2302.55		1795.22		
Stock in process	2717.77		2418.77		
	<b>5020.32</b>		<b>4213.99</b>		
Less: Inventories at the end of the year					
Finished goods	1863.56		2302.55		
Stock in process	2333.98		2717.77		
	<b>4197.54</b>		<b>5020.32</b>		
<b>Total</b>	<b>822.78</b>		<b>(806.33)</b>		

**22. EMPLOYEE BENEFITS EXPENSE****(₹ in lacs)**

	Year ended 31.03.2016	Year ended 31.03.2015
Salaries, Gratuity, Wages, Bonus and other allowances	4293.71	3627.30
Contribution to Provident & other Funds	356.75	321.61
Staff & Labour Welfare	61.71	52.10
<b>Total</b>	<b>4712.17</b>	<b>4001.01</b>

22.1 Disclosure in respect of employee benefits as per Accounting Standard 15 is given below: -

**Assumptions**

	Year ended 31.03.2016	Year ended 31.03.2015
- Discount rate	8.00% & 7.96%	7.75 & 7.82%
- Expected rate of return on assets	-	-
- Expected rate of future salary increase	5.50%	5.25 & 5.50%

	Gratuity Unfunded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded
Change in present value of obligations				
Present value of obligations as at the beginning of the year	938.18	222.17	804.99	194.32
Interest cost	72.72	17.23	68.37	16.46
Current service cost	84.26	44.79	69.98	34.84
Past service cost	-	-	-	-
Benefits paid	(40.06)	(30.98)	(35.37)	(32.42)
Actuarial loss on Obligations	47.86	10.41	30.21	8.97
Present value of obligations as at the close of the year	<u>1102.96</u>	<u>263.62</u>	<u>938.18</u>	<u>222.17</u>

## Change in fair value of plan assets

Not applicable

Not applicable

Liability recognized in the Balance Sheet				
Present value of obligations as at the end of the year	1102.96	263.62	938.18	222.17
Fair value of plan assets as at the close of the year	-	-	-	-
Funded status/difference	(1102.96)	(263.62)	(938.18)	(222.17)
Unrecognized Actuarial (Gain)/Loss	-	-	-	-
Net Assets/(Liability) recognized in Balance Sheet	<u>(1102.96)</u>	<u>(263.62)</u>	<u>(938.18)</u>	<u>(222.17)</u>
Expenses recognized in statement of Profit and Loss				
Current service cost	84.26	44.79	69.98	34.84
Past service cost	-	-	-	-
Interest cost	72.72	17.23	68.37	16.46
Expected return on plan assets	-	-	-	-
Net Actuarial (Gain)/ Loss recognized during the year	47.86	10.41	30.21	8.97
Total Expense recognized in statement of Profit and Loss	<u>204.84</u>	<u>72.43</u>	<u>168.56</u>	<u>60.27</u>
Movement in liability recognised in the balance sheet				
Opening net liability	938.18	222.17	804.99	194.32
Expenses as above	204.84	72.43	168.56	60.27
Benefits Paid	(40.06)	(30.98)	(35.37)	(32.42)
Actual return on plan assets	-	-	-	-
Acquisition adjustments	-	-	-	-
Closing net Liability	<u>1102.96</u>	<u>263.62</u>	<u>938.18</u>	<u>222.17</u>

Amounts for the current and previous four periods are as follows:

	31.03.2016 (12 months)	31.03.2015 (12 months)	31.03.2014 (12 months)	31.03.2013 (12 months)	31.03.2012 (12 months)
Present Value of Obligation - Gratuity					
Defined Benefit Obligation	1102.96	938.18	804.99	695.16	583.76
Plan Assets	-	-	-	-	-
Unrecognised past service Cost	-	-	-	-	-
Deficit	(1102.96)	(938.18)	(804.99)	(695.16)	(583.76)
Experience adjustments on plan liabilities	(47.33)	(31.63)	(33.84)	(43.27)	(27.99)
Experience adjustments on plan assets	-	-	-	-	-

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

**23. FINANCE COST****(₹ in lacs)**

	Year ended 31.03.2016	Year ended 31.03.2015
Interest Expenses	1083.41	1683.82
Other Borrowing Cost	194.45	180.84
<b>Total</b>	<b>1277.86</b>	<b>1864.66</b>

23.1 Interest includes ₹ 44.71 lacs ( Previous year ₹ 604.47 lacs including ₹ 452.74 lacs related to earlier years) towards interest on entry tax.

24. OTHER EXPENSES	(₹ in lacs)	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>MANUFACTURING EXPENSES</b>		
Power & Fuel	8753.01	9722.06
Stores & Spares Consumption	3639.01	3240.58
Packing	2771.40	2252.55
Job Charges	665.17	489.49
Excise duty on increase/decrease in Finished Stock	(17.69)	(36.95)
Repairs & Maintenance:		
Plant & Machinery	771.58	658.11
Buildings	574.64	538.72
Others	31.96	29.76
Other expenses	354.54	315.49
	<u>17543.62</u>	<u>17209.81</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	55.99	51.05
Insurance (Net)	31.31	26.26
Rates & Taxes	9.40	15.60
Travelling & Conveyance	193.33	171.90
Legal & Professional Expenses	120.96	96.72
Telecommunication Expenses	13.90	13.87
Directors fees and Expenses	0.58	0.37
Expenditure towards Corporate Social Responsibility(CSR)activities	33.78	39.52
Payment to Auditors		
for Audit fee	2.77	2.17
for Tax Audit fee	0.90	0.70
for Expenses	2.41	2.21
Other expenses	288.43	278.24
	<u>753.76</u>	<u>698.61</u>
<b>SELLING EXPENSES</b>		
Commission,rebates etc	159.61	128.90
Carriage outward(Net)	359.30	298.84
Bad debts written off	457.74	75.40
Less:Provision for doubtful debts	<u>46.31</u>	<u>44.31</u>
Provision for doubtful debts	46.67	-
Sales Promotion & Advertisement	35.36	24.32
Insulators testing charges	79.96	74.46
Other expenses	28.65	22.41
	<u>1120.98</u>	<u>580.02</u>
<b>OTHER EXPENSES</b>		
Lease rent on land	0.05	0.05
Loss/(Profit) on sale of Fixed Assets(net)	(0.07)	13.61
	<u>(0.02)</u>	<u>13.66</u>
<b>Total</b>	<u>19418.34</u>	<u>18502.10</u>

	Year ended 31.03.2016		Year ended 31.03.2015	
	₹ in lacs	(%)	₹ in lacs	(%)
24.1 Value of stores,spare parts and components consumed:				
Imported	108.17	2.97	43.63	1.35
Indigenous	3530.84	97.03	3196.95	98.65
<b>Total</b>	<u>3639.01</u>	<u>100.00</u>	<u>3240.58</u>	<u>100.00</u>

25. Exceptional items consist of amount written back on account of waiver of interest under Amnesty scheme under the Rajasthan Tax on Entry of Goods into Local Areas Act, 1999 notified by Govt. of Rajasthan.

26. CONTINGENT LIABILITIES NOT PROVIDED FOR	(₹ in lacs)	
	As at 31.03.2016	As at 31.03.2015
i) Guarantees given by bankers on behalf of the Company	2254.98	1687.42
ii) Outstanding Letters of Credit	73.18	68.82
iii) Disputed liabilities, not acknowledged as debts	181.79	137.88
iv) Disputed Income Tax demand	7.50	7.50
Deposited under protest ₹ 7.50 lacs(Previous Year ₹ 7.50 lacs)		
v) Disputed Land Tax demand	15.70	15.70
Deposited under protest ₹ 15.70 lacs(Previous Year ₹ 15.70 lacs)		
vi) Disputed Excise duty /Service Tax demands	308.17	270.08
Deposited under protest ₹ 20.28 lacs(Previous Year ₹ 20.28 lacs)		
vii) Disputed Sales Tax demand	-	15.48
Deposited under protest ₹ Nil (Previous Year ₹ 85.57 lacs)		

**27 COMMITMENTS**

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	2450.59	2419.46

28 Profit for the year has been arrived at after adjusting prior year debits ₹ 9.84 lacs (Previous year ₹ 491.43 lacs) and prior year credits ₹ 3.69 lac (Previous year ₹ Nil). Expenses/Income arisen/settled during the year have been charged to revenue.

29 Long term loans and advances include interest free loan of ₹ 5982.16 lacs (Previous year ₹ 4014.86 lacs) paid to a company covered under section 189 of Companies Act 2013 in view of proposed amalgamation, awaiting approval from Board for industrial and Financial Reconstruction (Maximum amount due at any time during the year ₹ 6672.91 lacs; previous year ₹ 4014.86 lacs). Since the amount paid is in connection to proposed amalgamation scheme, no terms have been specified for repayment of loan and interest. In view of likely advantage to the Company on such amalgamation, grating of such loan is not prejudicial to the interest of the company.

**30 Loan to subsidiary company:**

(₹ in lacs)

Name of the Company	As at		Maximum balance during the year	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Motile Power Trade Pvt. Ltd.	1300	1300	1300	1300

Without interest and repayable on demand.

31 Provision for taxation (including interest) estimated at ₹ 944.69 lacs for current year (upto the year ₹ 10044.90 lacs) has not been made in accounts, in view of proposed amalgamation proceedings awaiting approvals from Board for Industrial and Financial Reconstruction. Meanwhile Income Tax department has completed assessments for Assessment Years 2008-09 to 2013-14 wherein substantive assessment orders have been passed allowing losses pertaining to proposed amalgamation with nil liability and at the same time protective assessment orders have been made (presuming that no amalgamation had taken place) with demand of ₹ 5276.43 lacs which shall be effective if the amalgamation scheme is not sanctioned.

32 Research and Development expenditure debited to the Statement of Profit and Loss by charge to relevant heads of account amounting to ₹ 401.59 lacs (previous year ₹ 301.29 lacs).

**33 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 31.03.2016			Year ended 31.03.2015		
	Insulators	Yarn	Total	Insulators	Yarn	Total
<b>1. Segment Revenue</b>						
Sale	34754.30	15595.66	50349.96	31149.89	14537.28	45687.17
<b>2. Segment Result</b>						
Profit before Financial Expenses	4200.64	240.17	4440.81	3595.56	(334.32)	3261.24
Less: Financial Expenses	1272.42	5.44	1277.86	1858.99	5.67	1864.66
Profit before tax	2928.22	234.73	3162.95	1736.57	(339.99)	1396.58
<b>3. Capital Employed</b>						
Segment Assets	29326.33	10896.85	40223.18	27190.21	10845.39	38035.60
Segment liabilities	13365.84	379.69	13745.53	13916.03	562.29	14478.32
Capital Employed	15960.49	10517.16	26477.65	13274.18	10283.10	23557.28

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 31.03.2016	Year ended 31.03.2015
Revenue by Geographical market		
In India	41780.42	40053.69
Other than India	8569.54	5633.48
	<u>50349.96</u>	<u>45687.17</u>
Carrying Amount of Segment Assets (Trade Receivables)		
In India	5260.30	4925.05
Other than India	2448.54	1450.37
	<u>7708.84</u>	<u>6375.42</u>

**34. Related party Disclosures as per Accounting Standard 18:**

i) Related Party Relationships

a) Where control exists :

Modern Terry Towels Ltd.

Modern Denim Ltd.

b) Key Management Personnel :

Shri Sachin Ranka (Chairman & Managing Director)

Shri H.L. Sharma (Executive Director)

Shri D.B.Deshpande (Executive Director)

c) Subsidiary Company :

Motile Power Trade Pvt. Ltd.

d) Relatives of key Management Personnel and their enterprises where transactions have taken place:

Shubham Corporate Advisory Services Pvt. Ltd.

H.S. Ranka Foundation

Smt. Meena Ranka

Smt. Smriti Ranka

Shri Shreyans Ranka

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

Types of related Parties	Description of the nature of the transactions	Name	Volume of transactions		Outstanding as on 31.03.16	Outstanding as on 31.03.15
			Year ended 31.03.16	Year ended 31.03.15		
Where Control exists	Purchase of goods	Modern Terry Towels Ltd.	2.77	1.38	-	-
		Modern Denim Ltd.	-	18.09	-	-
	Sale of goods	Modern Terry Towels Ltd.	-	2.40	-	-
		Modern Denim Ltd.	0.50	0.75	-	-
Loans & Advances given	Modern Terry Towels Ltd.	1967.30	1298.91	5982.16	4014.86	
	Others	Modern Terry Towels Ltd.	0.09	-	-	-
		Modern Denim Ltd.	0.45	0.83	-	-
Key Managerial Personnel	Remuneration etc.	Shri Sachin Ranka	67.20	26.88	-	-
		Shri H.L. Sharma	17.18	16.93	-	-
		Shri D.B.Deshpande	62.57	53.55	-	-
Subsidiary Companies	Loan given	Motile Power Trade Pvt.Ltd.	-	-	1300.00	1300.00
Relative of key Managerial Personnel and their enterprises	Rent paid	Shubham Corporate Advisory Services P. Ltd.	6.87	6.74	-	-
		Smt. Meena Ranka	2.40	2.40	-	-
		Smt. Smriti Ranka	16.39	16.18	-	-
	Contribution towards CSR activities	H.S. Ranka Foundation	22.50	25.00	-	-
	Remuneration	Shri Shreyans Ranka	17.40	13.87	-	-

**35. Earning per Share as per Accounting Standard 20 :**

	Year ended 31.03.2016	Year ended 31.03.2015
i) Net profit available for equity Shareholders (₹ in lacs)	2920.60	1664.05
ii) Number of Equity Shares of ₹10/- each	21743500	21743500
iii) Basic & Diluted earning per share (₹)	13.43	7.65

36. (a) Derivatives : Outstanding as at Balance Sheet date

Particulars	Currency	Amount in Foreign Currency		Purpose
		As at 31.03.2016	As at 31.03.2015	
Forward Contracts	USD	202500	-	Hedging for export receivables

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

	As at 31.03.2016		As at 31.03.2015	
	Payable	Receivables	Payable	Receivables
USD	248181	3086568	241227	1508870
EURO	94676	628877	72639	140404
GBP	-	3240	-	114250

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

	Year ended	
	31.03.2016	31.03.2015
Raw Materials	1069.56	1163.90
Components & Spare Parts	229.60	134.50
(ii) Expenditure in foreign currency:		
Selling Commission	26.22	22.59
Technical Consultancy	37.08	4.13
Foreign Travelling Expenses	21.85	18.58
Testing Expenses	-	1.82
Others	5.66	8.56
(iii) Earnings in foreign exchange:		
Export of goods calculated on FOB basis	8401.79	5536.45

**38. General Information:**

A. The Consolidated Financial Statements present the Consolidated Accounts with its following subsidiary company:

Name	Country of Incorporation	Proportion of Ownership of Interest	
		As on 31.03.2016	As on 31.03.2015
(a) Subsidiary			
<b>Indian Subsidiary</b>			
Motile Power Trade Pvt. Ltd.	India	86%	86%

**(b) Disclosures mandated by Schedule III of Companies Act, 2013, by way of additional information**

Name of Entities	Net Assets i.e. total assets minus total liabilities		Share in profit/(loss)	
	As a % of Consolidated net assets	Amount (₹ in lacs)	As a % of consolidated profit	Amount (₹ in lacs)
<b>Parent:</b> Modern Insulators Limited	104.93%	26477.20	100.01%	2920.60
<b>Subsidiary:</b> Indian Motile Power Trade Pvt. Ltd.	0.00%	1304.75	(0.01)%	(0.22)
<b>Sub total</b>	<b>104.93%</b>	<b>27781.95</b>	<b>100.00%</b>	<b>2920.38</b>
Inter Company elimination	(4.93)	(1304.30)	-	0.03
<b>Grand Total</b>	<b>100%</b>	<b>26477.65</b>	<b>100.00%</b>	<b>2920.41</b>
Minority Interest		0.67		

**B. Significant Accounting policies on Consolidated Accounts:**

- (i) Basis of preparation of consolidated financial statements:  
These consolidated financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India, including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.
- (ii) The financial statements of the company and its subsidiary company are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income etc, after fully eliminating inter-company transactions in accordance with Accounting Standard.
- (iii) Investments other than in subsidiary has been accounted for as per accounting standard (AS) - 13 on "Accounting for Investments".
- (iv) Other significant Accounting Policies:  
These are set out under "significant Accounting Policies as given in the company's standalone financial statements.

39. Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date attached	For and on behalf of the Board	
For <b>B.L. Verma &amp; Co.</b> Chartered Accountants (FRN No. 001064C)	Sachin Ranka – Chairman & Managing Director	(DIN : 00335534)
<b>(B.L. Verma)</b> Partner (Membership No. 10900)	S.B.L. Jain – Independent Director	(DIN : 00002582)
Place : Jaipur	R. Raniwala – Independent Director	(DIN : 00506419)
Date : 25th June, 2016	H.L. Sharma – Executive Director	(DIN : 00352410)
	D.B. Deshpande – Executive Director	(DIN : 06463412)
	Meenu Sacheti – Non-Executive Director	(DIN : 02266703)
	D.S. Singhvi – Chief Financial Officer	
	Gaurav Goyal – Company Secretary	
	Place : Mumbai	

**FORM NO. AOC-1**

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

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures****Part "A": SUBSIDIARIES**

1. Name of the Subsidiary	Motile Power Trade Pvt. Ltd.
2. Reporting period for the subsidiary concerned, if different from the Holding Company's Reporting Period	March 31, 2016
3. Reporting Currency and Exchange Rate as on the last date of the relevant Financial Year in the case of Foreign Subsidiaries.	INR
4. Share Capital	5 Lacs
5. Reserves & Surplus	(0.24)
6. Total Assets	1305
7. Total Liabilities	1305
8. Investments	-
9. Turnover	-
10. Profit before Taxation	(0.22)
11. Provision for Taxation	-
12. Profit after Taxation	(0.22)
13. Proposed Dividend	-
14. % of Shareholding	86%

**Part "B": ASSOCIATES AND JOINT VENTURES**

The Company does not have any Associates and Joint Ventures during the year under review.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

(₹ in lacs)

Particulars	2015-2016	2014-2015
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	2706.58	1396.58
Adjustments For		
- Depreciation	825.40	939.20
- Foreign Exchange	33.52	22.28
- Interest and Bank Charges	1277.86	1864.66
- Loss/(Profit) on Sale of Fixed Assets	(0.07)	13.61
Operating Profit before working capital changes	4843.29	4236.33
Adjustments For		
- Trade and other receivables	(3824.57)	(953.41)
- Inventories	1580.94	(1795.69)
- Trade and other payable	(1474.66)	(418.57)
Cash generation from Operations	1125.00	1068.66
Interest and bank charges paid	(673.39)	(1260.19)
Income Tax Paid	-	(0.03)
<b>Net Cash from operating activities before exceptional items</b>	<b>451.61</b>	<b>(191.56)</b>
Exceptional items	456.37	-
<b>Net Cash from operating activities after exceptional items</b>	<b>907.98</b>	<b>(191.56)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Purchase of Fixed Assets (including Capital Work in Progress)	(465.31)	(1568.90)
- Sale of Fixed Assets	2.36	11.25
- Investment	(303.56)	285.30
<b>Net cash used in investing activities</b>	<b>(766.51)</b>	<b>(1272.35)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Proceeds from Borrowings		
Banks	(115.61)	1146.19
Other Loan	10.44	10.14
<b>Net Cash used in financing activities</b>	<b>(105.17)</b>	<b>1156.33</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS(A+B+C)</b>	<b>36.30</b>	<b>(307.58)</b>
Cash & Cash Equivalents- Opening Balance	419.46	727.04
Cash & Cash Equivalents- Closing Balance	455.76	419.46

As per our report of even date attached

 For **B.L. Verma & Co.**  
 Chartered Accountants  
 (FRN No. 001064C)

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

 Place : Jaipur  
 Date : 25th June, 2016

For and on behalf of the Board

Sachin Ranka	– Chairman & Managing Director	(DIN : 00335534)
S.B.L. Jain	– Independent Director	(DIN : 00002582)
R. Raniwala	– Independent Director	(DIN : 00506419)
H.L. Sharma	– Executive Director	(DIN : 00352410)
D.B. Deshpande	– Executive Director	(DIN : 06463412)
Meenu Sacheti	– Non-Executive Director	(DIN : 02266703)
D.S. Singhvi	– Chief Financial Officer	
Gaurav Goyal	– Company Secretary	

 Place : Mumbai

### MODERN INSULATORS LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004  
 Phone : 07823040996 E-mail : modernjaipuroffice@gmail.com  
 Website : www.moderninsulators.com CIN : L31300RJ1982PLC002460

### ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)  
**31<sup>st</sup> Annual General Meeting-22nd September, 2016**

I hereby record my presence at the THIRTY FIRST ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Thursday the 22nd September, 2016 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  
 Phone : 07823040996 E-mail : modernjaipuroffice@gmail.com  
 Website : www.moderninsulators.com CIN : L31300RJ1982PLC002460

### PROXY FORM

Name of the member(s) : .....

Registered Address : .....

E-mail ID : ..... Folio No./Client Id : .....

DP ID : .....

I/We, being the members(s) of ..... Shares of the Modern Insulators Limited, hereby appoint.

1. Name : ..... Address : .....

Email ID : ..... Signature : ....., or failing him

2. Name : ..... Address : .....

Email Id : ..... Signature : ....., or failing him

3. Name : ..... Address : .....

E mail Id : ..... Signature : .....

as may/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on Thursday, the 22nd September, 2016 at 11.00 A.M. at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

1 ..... 2 ..... 3 ..... 4 ..... 5 ..... 6 ..... 7 .....

Signed this ..... day of ..... 2016.

Signature of Shareholder : .....

Signature of Proxy Holder(s) : .....

**Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at A-4, Path, Tilak Nagar, Jaipur-302 004 not less than FORTY EIGHT HOURS before the commencement of the meeting.**

Affix Re 1/- Revenue Stamp
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## Route Map to the venue of AGM



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(Printed Matter)

*If undelivered please return to :*



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