



**Date: - 20/10/2018**

**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 2017-18. Please note that the Annual General Meeting of the Company was held on 28<sup>th</sup> September, 2018.

This is for your information and record please.

Thanking you

**Yours Faithfully**  
**For Modern Insulators Limited**

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

Encl: - As above

**ANNUAL REPORT  
2017-2018**



**Modern**  
**INSULATORS LIMITED**

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**BOARD OF DIRECTORS**

Shri Sachin Ranka	– Chairman & Managing Director
Shri Shreyans Ranka	– Whole Time Director
Shri D.B. Deshpande	– Executive Director
Shri T.C. Chejara	– Non-Executive Director
Shri S.B.L. Jain	– Independent Director
Shri R. Raniwala	– Independent Director
Shri P.K. Rao	– Independent Director
Smt. Meenu Sacheti	– Independent Director

**CHIEF FINANCIAL OFFICER**

Shri D.S. Singhvi

**COMPANY SECRETARY**

Shri Gaurav Goyal

**AUDITORS**

M/s R.B. Verma & Associates  
Chartered Accountants,  
Jaipur - 302 001

**SECRETARIAL AUDITORS**

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

**REGISTRAR & SHARE TRANSFER AGENT**

Beetal Financial & Computer Services Pvt. Ltd.  
Beetal House, 3rd Floor, 99 Madangir  
New Delhi - 110 062

**REGISTERED OFFICE**

A-4, Vijay Path, Tilak Nagar,  
Jaipur - 302 004 (Rajasthan)  
Ph. : 0141-4113645  
E-mail : modernjaipuroffice@gmail.com

**CORPORATE HEAD QUARTER**

68/69, Godavari, Pochkhanwala Road,  
Worli, Mumbai - 400 025

**PLANTS****Insulators Division**

Abu Road - 307 026  
Distt. Sirohi (Rajasthan)

**Terry Towels Division**

Village : Nidrad  
Taluka : Sanand - 382 110  
Ahmedabad (Gujarat)

## NOTICE

NOTICE is hereby given that the 33rd Annual General Meeting of the Members of Modern Insulators Limited will be held on Friday, the 28th September, 2018 at 4.00 P.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 of the Company for the year ended 31st March, 2018 and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a director in place of Shri T.C. Chejara (DIN: 07619881), who retires by rotation and being eligible, offers himself for re-appointment.

### B. SPECIAL BUSINESS

#### (3) To appoint Shri Shreyans Sachin Ranka as Whole Time Director of the Company

**To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Shreyans Sachin Ranka (DIN 06470710) who was appointed as an Additional Director of the Company under Section 161 of the Companies Act, 2013 with effect from 1st April, 2018 by the Board of Directors and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation."

**"RESOLVED FURTHER 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), and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, approval of the Company be and is hereby accorded for re-appointment and payment of remuneration to Shri Shreyans Sachin Ranka (DIN 06470710) as a Whole-Time

Director of the Company for a period of three years with effect from 01.04.2018 whose office shall be liable to retire by rotation, on the terms and conditions of his remuneration as specified in the explanatory statement annexed thereto."

#### (4) To re-appoint Shri D.B. Deshpande as an Executive Director of the Company

**To consider and if thought fit, to pass with or without modification(s), 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), and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, 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 one year with effect from 01.04.2018 to 31.03.2019 on the terms and conditions of his remuneration as specified in explanatory statement annexed thereto."

#### (5) To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2019

**To consider and if thought fit, to pass with or without modification(s), 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, 2019, be paid the remuneration of ₹ 50,000/- and reimbursement of expenses upto ₹ 25,000/- be and is hereby ratified and approved."

By the Order of the Board

Place : Abu Road  
 Date : 29th May, 2018

**(Gaurav Goyal)**  
 Company Secretary

### Notes:

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 setting out the material facts in respect of Item No. 3 to 5 set out in the Notice and the details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of Secretarial Standards on the General Meeting (SS-2) issued by the Institute of Company Secretaries of India, in respect of the person(s) seeking appointment/re-appointment as Director at the Annual General Meeting, 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. In terms of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members holding in the aggregate, not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
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. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  6. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
  7. Details of Directors retiring by rotation/seeking re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
  8. The Share transfer books and Register of members shall remain closed from 25th September, 2018 to 28th September, 2018 (both days inclusive) in connection with the Annual General Meeting.
  9. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH - 13. Members are requested to submit the said details to their depository participants ("DPs") in case the shares are held by them in electronic form and to Beetal in case the shares are held by them in physical form.
  10. Members holding shares in physical mode are requested to dematerialize their shares by surrendering their share certificates to their Depository Participants (DPs). Members are requested to quote ISIN: INE219W01012 of the Company for dematerialization of the shares.
  11. Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number to our Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062.
  12. Members who have not registered their email addresses so far are requested to register their e-mail ID's with M/s. Beetal Financial & Computer Services Pvt. Ltd, the Registrars & Share Transfer Agents of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective DPs in case the same is still not registered.
  13. Members who are holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Company's Registrar and Share Transfer Agent the details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the members after making requisite changes, thereon. Members are requested to use the share transfer form SH-4 for this purpose.
  14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.
  15. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.
  16. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be, immediately of:
    - a. The change in the residential status on return to India for permanent settlement.
    - b. The particulars of the NRE account with a Bank in India, if not furnished earlier.
  17. In terms of Section 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ids with their respective depository participants or with the share transfer agents of the Company, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to [compliance@moderninsulators.com](mailto:compliance@moderninsulators.com) mentioning your Folio/DP ID & Client ID. Members may also note that the Notice of the Annual General Meeting and the Annual Report for the year 2018 will also be available on the Company's website [www.moderninsulators.com](http://www.moderninsulators.com).
  18. The Statutory Registers maintained under the provisions of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
  19. Members are requested to send all communications relating to shares and unclaimed dividends, change of address etc. to the Registrar and Share Transfer Agents at the following address:  
Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062
  20. 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.
  21. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.
- 22. Voting**
- All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 21st September, 2018 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.
- (I) Voting through Electronic means**
1. 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").
  2. 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.
  3. The members who have cast their vote by remote e-voting prior

to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

4. The remote e-voting period commences on Tuesday, 25th September, 2018 (9:00 am) and ends on Thursday, 27th September, 2018 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 21st September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
5. 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.
6. The results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the company's website [www.moderninsulators.com](http://www.moderninsulators.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and the same shall also be communicated to BSE Limited.
7. Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. 21st September, 2018 may obtain the User ID and password in the manner as mentioned below.

**Instructions to members for voting electronically are as under:-**

1. Open the attached PDF file "MIL remote e-voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
  2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com>
  3. Click on "Shareholder - Login".
  4. Put User ID and password as initial password noted in step (1)
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
  6. Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
  7. Select "EVEN" of "Modern Insulators Limited". Members can cast their vote online 25th September, 2018 (9:00 am) and ends on 27th September, 2018 (5:00 pm).  
Note: e-Voting shall not be allowed beyond the said time.
  8. Now you 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. 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: 0141-4113645  
Email Id: - [modernjaipuroffice@gmail.com](mailto:modernjaipuroffice@gmail.com)
  11. 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).
  12. 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.

## EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

**Item No. 3**

Pursuant to provisions of Section 161 of the Companies Act, 2013, the Articles of Association of the Company and as recommended by the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 14th February, 2018, appointed Shri Shreyans Sachin Ranka (DIN 06470710), as an Additional Director of the Company, w.e.f. 1st April, 2018.

As an Additional Director, Shri Shreyans Sachin Ranka holds office upto the date of this Annual General Meeting (AGM) and is eligible to be appointed as a Director of the Company. Pursuant to the provisions of Section 160 of the Act, the Company has received a notice in writing along with the deposit of requisite amount from Shri Shreyans Sachin Ranka, signifying his candidature for the office of the Whole Time Director of the Company.

Shri Shreyans Sachin Ranka is Bachelor in Industrial Engineering from University of Illinois at Urbana-Champaign, USA & Masters in Management at Imperial Business School, London. He has more than 6 years experience in the field of management and has consented to act as a Whole Time Director of the Company.

The term and conditions of remuneration to Shri Shreyans Sachin are as under:-

- i) Basic Salary:-  
₹ 1,57,500/- per month from 01.04.2018 with such increments as

the Board may decide from time to time.

- ii) Perquisites and allowances:-
  - a) Company's contribution towards Provident Fund as per Company's Rules but not exceeding 12% of the basic salary.
  - b) Company's contribution towards National Pension System (NPS) as per Company's rules but not exceeding 10% of the basic salary.
  - c) Free use of car with driver, for Company's business.
  - d) Free Telephone facility at residence. All personal long distance calls shall be billed by the Company
  - e) Gratuity not exceeding half month's salary for each completed year of service as provided in Gratuity Act.
- iii) He shall not be paid any sitting fees for attending the meetings of Board of Directors or any Committee thereof.
- iv) Shri Shreyans Ranka shall be subject to retire by rotation during his tenure as the Whole Time Director of the Company.

The disclosure relating to Shri Shreyans Sachin Ranka, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, is set out as an Annexure to the Notice.

The Board recommends the Special Resolutions set out at Item No. 3

of this Notice for the approval by the Members.

Except Shri Sachin Ranka, Chairman & Managing Director of the Company and Shri Shreyans Sachin Ranka, being an appointee, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 3 of the Notice.

**Item No. 4**

The Board of Directors in their meeting held on 14th February, 2018 had re-appointed Shri D.B. Deshpande as an Executive Director of the Company for 1 year from 1st April, 2018 with remuneration subject to approval of shareholders in the Annual General Meeting. 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 term and conditions of remuneration to Shri D.B. Deshpande are as under:-

- i) Basic Salary:-  
₹ 5,31,300/- per month and increase not exceeding ₹ 100000/- per month from 01.04.2018.
- ii) Perquisites and allowances:-
  - a) House Rent Allowance of ₹ 75,000/- per 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 disclosure relating to Shri D.B. Deshpande, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, is set out as an Annexure to the Notice.

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, 2018.

Except Shri D.B. Deshpande, being an appointee, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 4 of the Notice.

**Item No. 5**

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, 2019.

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, 2019.

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. 5 for approval of the members.

**ANNEXURE TO THE NOTICE**

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

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

Name	Shri Shreyans Sachin Ranka	Shri D.B. Deshpande	Shri T.C. Chejara
DIN	06470710	06463412	07619881
Date of Birth	21/02/1988	11/11/1952	10/09/1953
Qualifications	Bachelor in Industrial Engineering from University of Illinois at Urbana-Champaign, USA & Masters in Management at Imperial Business School, London	B.E Electricals	Chartered Accountant
Expertise in Specific area	Finance & Corporate Management	Electric Engineering and Corporate Management	Finance and Accounts
Date of First appointment on the Board of the Company	01/04/2018	01/01/2013	01/10/2016
Relationship with other Director	Son of Chairman & Managing Director	None	None
Shareholding in the Company	500	Nil	150
Directorship held in other Public companies	NIL	Nil	Modern Denim Limited
Chairman/ Member in the Committees of the Boards of companies in which he is Director	NIL	Nil	Chairman of the Audit Committee and Stakeholders Relationship Committee of Modern Denim Limited

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

### The Members

Your Directors are pleased to present the 33rd Annual Report on the business and operations of the Company alongwith the Audited Financial Statements for the year ended 31st March, 2018.

### FINANCIAL PERFORMANCE

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Revenue from Operations (Net of excise duty)	403.19	386.14
Other Income	7.05	3.67
<b>Total revenue</b>	<b>410.24</b>	389.81
Profit before finance cost and depreciation	39.61	39.46
Finance cost	11.77	12.34
Depreciation	10.01	9.64
<b>Profit before exceptional items &amp; tax</b>	<b>17.83</b>	17.48
Exceptional Items	-	5.03
<b>Profit before tax</b>	<b>17.83</b>	22.51
Tax expense	1.20	7.15
<b>Profit after tax</b>	<b>16.63</b>	15.36
Other comprehensive income (Net of tax)	0.22	(0.67)
<b>Total comprehensive income</b>	<b>16.85</b>	14.69
Retained earnings at the beginning of the year	152.30	137.61
Retained earning at the end of the year	169.15	152.30

The financial statements have been prepared in accordance with Ind AS, notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of the Companies Act, 2013 ('the Act'), and guidelines issued by the Securities and Exchange Board of India ('SEBI'). The date of transition to Ind AS is 1st April 2016.

### OPERATIONS

During the year under review the performance of the Company has been satisfactory looking to the overall global scenario of the Industry. During the year, despite challenging environment; the company has registered a growth of 4.42%. The revenue from operations (net of excise duty) for the year has been ₹ 403.19 crores as against Rs. 386.14 crores and profit before finance cost and depreciation of ₹ 39.61 crores as against ₹ 39.46 crores of previous year.

During the year under review, no amount from the profit is transferred to General Reserve.

Keeping in view the need to conserve the Company's resources for meeting the enhanced working capital and further business requirement, your directors deemed it prudent not to recommend any dividend for the year.

#### Insulators Division

During the year under review, the division has achieved revenue from operations (net of excise duty) of ₹ 359.66 crores as against ₹ 342.31 crores and profit before finance cost & depreciation of ₹ 47.05 crores as against ₹ 47.72 crores of previous year.

#### Terry Towels Division

Revenue from operations (net of excise duty) of this division has been ₹ 43.53 crores as against ₹ 43.83 crores and loss before interest & depreciation has been ₹ 7.44 crores as against 8.26 crores of previous year. Lower profitability is mainly due to low capacity utilization because of shortage of working capital etc.

### EXPORTS

The company is one of the major exporters of H.T. Porcelain Insulators from India. The Company has achieved export turnover of ₹ 92 crores during the year as compared to ₹ 101 crores in previous year. The export has been impacted mainly because of stiff competition from China and slowdown of global economy. However, during the year company has been able to sustain exports at satisfactory level because of good quality and timely delivery. In addition we also tapped & revived potential customers especially from Europe, USA, Turkey and Russia. Your company has concluded yearly contract with Siemens to cater their worldwide requirement for units in Germany, Brazil and Mexico. In order to increase exports, the company is developing products which can fetch higher prices and margins, entering new markets where investments in transmissions and distribution projects are on rise and seeking approval from various utilities to improve acceptance world wide. This would help the company to strengthen the ability to cater the diverse needs of global customers and strengthen its presence in all corners of global market. The company is also continuously focusing on economize the manufacturing by way of R&D activities, better process control and getting optimum utilization of its productive resources so that products of the insulator division remain competitive in terms of quality and price in the international market. These steps will help export turnover to increase substantially in future.

Your company is a regular supplier to all the major multinational OEMs for their world wide requirements of quality Porcelain Insulators.

### ANALYSIS AND REVIEW

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 the 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 as insulator demand is expected to improve in medium term with Central Electrical authority targeting to upgrade the distribution lines and adding new substations. Railway electrification in the country is in full swing which shall further boost demand of railway insulators. We are putting our efforts to promote LRI to all potential SEBs and increase our share in domestic market.

Your company has established fully equipped SGI and Aluminium foundries to cater demand from various segments apart from fulfilling company's major captive requirement of SGI and aluminium castings in time. This will give further boost to the revenue of the Company in coming years.

### Industry Overview

The power generation, transmission and distribution sector is the key growth driver for the Insulators industry. The Government of India is putting emphasis on power sector reforms to overcome impediments; it will however take some time before on-ground demand improvement is visible. Over the past few years, demand in domestic insulators market has been sluggish, primarily due to poor financial health of state utilities, which has impacted new projects and delay in the execution of on-going projects.

The Indian Textile Industry is one of the leading textile industries in the world. It is one of the key sectors of India's manufacturing segment as it contributes significantly to the economy in terms of employment generation and foreign exchange revenue. The industry is taking all steps to promote textile exports, which is the need of the hour. Costs are increasing due to rising input costs, including labour and power. Focus on new product development and value added products is continuing in this segment.

### Opportunities & Challenges

Your Company is engaged in the manufacturing of High Quality Solid core post insulators for Disconnectors and sub-station requirements, Hollow insulators for Circuit Breakers, Lightning Arrestors and Instruments Transformers, CT, CVT & PT, Long rod Insulators for Overhead



Transmission Lines, Railway Insulators, line Post Insulators for Distribution Segment. Your Company makes sustainable efforts to provide varieties of Insulators to the whole world and in the process nurtures long-term relations with customers.

The market share of China in the international trade has been steadily increasing in recent years. Additionally, increased acceptance of alternate technologies has further impacted the domestic insulators industry.

The future for the Indian textile industry looks promising, buoyed by strong domestic consumption. India has the potential to double its market size in the long run as China is losing its competitive advantage in textiles mainly on account of increasing labour & power costs and focus on the domestic market with high value products. The shift from China to India is expected to happen in the long run, to make India a dependable source of supply for the World. However, there are several challenges ahead for the Textile industry for enhancing its competitive strength and global positioning in terms of inflexible labour laws, poor infrastructure, competition from low cost neighbouring countries which will have to be addressed to sustain the growth momentum of the industry.

#### **Risks & Challenges**

The current economic environment, in combination with significant growth ambitions of the Company, carries with it an evolving set of risks. Your Company recognizes that these risks need to be managed to protect customers, employees, shareholders and other stakeholders to achieve our business objectives. In line with this, your Company has put in place a detailed Risk Management Policy which identifies the various types of risks at all levels of the Company. Early risk identification along with appropriate measures has enabled the Company to mitigate all threats which may arise from time to time. Also, the possibility of occurrence of the risk event and the magnitude of their consequences on the organization is determined and used to prioritize risk management.

#### **Outlook**

Government initiatives are expected to catalyse demand improvement in near future. With Government's focus on 'Power for All' by 2019 the medium to long term fundamentals look encouraging. The company is alert and in touch with the ground realities of the changing business environment and is confident of increasing the Indian share in the world market.

As, market opportunities are shifting towards developing countries i.e. Asia, Africa & South America, the company is exploring these markets to enhance the export business.

The overall business outlook for the company is promising with improvement in overall economic environment. The company continues to examine the possibilities of expansion and shall make the necessary investments when attractive opportunities arise.

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

During the year the Scheme of arrangement between Modern Insulators Limited ("Demerged Company" or "MIL") and Modern Polytex Limited ("Resulting Company" or "MPL") and their respective shareholders and creditors under sections 391 and 394 of the Companies Act, 1956 (Presently sections 230 to 232 of the Companies Act, 2013) for demerger of the Yarn division of the Company into MPL, was approved by the Hon'ble National Company Law Tribunal, Principal Bench at New Delhi vide its order dated December 12, 2017 and scheme of arrangement has been made effective from appointed date as provided in the scheme i.e. 01.04.2011. Hence, balance sheet of 1st April, 2016 has been prepared as if the demerger was effective from that date.

Pursuant to the Scheme, yarn division of MIL has been transferred to and vested in MPL who shall issue one equity shares of MPL for every two equity shares to the shareholders of MIL i.e. 1,08,71,750 equity shares of Rs. 10 each as fully paid up. Your Company and MPL are in the process of completing the formalities relating to allotment of shares of MPL to the eligible shareholders and listing the same.

#### **STRATEGIC INITIATIVES**

In June 2016, the Board of Directors of your Company approved the merger/amalgamation of Modern Denim Limited with the Company under the ambit of Board for Industrial & Financial Reconstruction (BIFR). Modern Denim

Limited was a sick Company and the same was registered with BIFR under the provision of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). However, SICA stood repealed and BIFR stand dissolved in terms of Sick Industrial Companies (Special Provisions) Repeal Act, 2003. In view of repeal of SICA the Company is in process of filing reference to NCLT under the provisions of section 230-232 of the Companies Act, 2013 for its revival. The consolidation of two companies will facilitate savings in the administrative cost and also beneficial in terms of saving of Income Tax under the provisions of Section 72A of the Income Tax Act, 1961.

#### **SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANIES**

The Company does not have any Subsidiary, Joint Ventures & Associate Companies during the year.

#### **SHARE CAPITAL**

The paid up Equity Share Capital as at March 31, 2018 stood at ₹ 47.14 crore. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2018, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

#### **PARTICULAR OF LOANS, GUARANTEES AND INVESTMENT**

Pursuant to the provisions of Section 186 of the Companies Act, 2013 and schedule V of SEBI (LODR) Regulations, 2015, disclosures on particulars relating to loans, advances and investments are provided as part of the financial statements. There are no guarantees issued or securities provided by your Company in terms of Section 186 of the Act, read with the rules issued thereunder.

#### **DEPOSITS**

During the year under review, your Company has not accepted or renewed any Deposit within the meaning of Section 73 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014 and, as such, no amount of principal or interest was outstanding, as on the date of the Balance Sheet. Hence, the requirement of furnishing details of deposits which are not in compliance with Chapter V of the Act is not applicable.

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

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on Related Party Transactions formulated by the Company.

There were no materially significant related party transactions that may have potential conflict with interest of the Company at large.

The details of contracts and arrangement with related parties for the financial year ended 31st March, 2018, are given in Note No. 39 to the Financial Statements forming part of this Annual Report.

Form AOC-2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in the **Annexure 'A'** to the Report.

The Policy on Related Party Transactions, as approved by the Board, is available on your Company's website, [www.moderninsulators.com](http://www.moderninsulators.com).

#### **CORPORATE GOVERNANCE**

Your Directors are committed to best practices of Corporate Governance. Corporate Governance principles form an integral part of the core values of your Company. In terms of Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on Corporate Governance, along with a certificate from the Practicing Company Secretaries on its compliance, forms an integral part of this Annual Report.

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

Subject to the approval of the shareholders, the Board has, on the recommendation of the Nomination and Remuneration Committee, appointed Shri Shreyans Ranka (DIN: 06470710) as an Additional Director under the category Whole Time Director of the Company w.e.f. 1st April, 2018. As an Additional Director, Shri Shreyans Ranka holds office upto the date of the ensuing AGM and is eligible to be appointed as a Director of the Company. The Company has received a notice from Shri Shreyans Ranka, along with the requisite deposit, signifying his candidature for

appointment as a Whole Time Director at the ensuing AGM. The resolution seeking the appointment of Shri Shreyans Ranka as Whole Time Director w.e.f. 1st April, 2018 has been included in the Notice of the AGM. Your Directors recommend the resolution for your approval.

During the year, Shri D.B. Deshpande (DIN: 06463412), Executive Director of the Company whose term expires on 31st March, 2018 has been reappointed by the Board of Directors for a period of one year from 01.04.2018 with remuneration. The resolution seeking the re-appointment of Shri D.B. Deshpande as Executive Director w.e.f. 1st April, 2018 has been included in the Notice of the AGM. Your Directors recommend the resolution for your approval.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Shri T.C. Chejara (DIN: 00352410), Non-Executive Director of the Company, will retire by rotation at the ensuing AGM and, being eligible, have offered himself for re-appointment. Resolutions seeking their appointment have been included in the Notice of the AGM. Your Directors recommend the Resolutions for your approval.

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Shri Sachin Ranka, Chairman & Managing Director, Shri D.B. Deshpande, Executive Director, Shri Shreyans Ranka, Whole Time Director, Shri D.S. Singhvi, Chief Financial Officer and Shri Gaurav Goyal, Company Secretary are the Key Managerial Personnel (KMP) of the Company. The appointment and remuneration of Directors and KMPs are as per policy of the Company.

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.

#### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured criteria and framework adopted by the Board after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed during the year under review. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors and Non-Executive Directors. The Board of Directors expressed their satisfaction with the evaluation process.

#### **FAMILIARISATION PROGRAMME FOR DIRECTORS**

At the time of appointing a Director, a formal letter of appointment is given, which inter alia explains the role, function, duties and responsibilities expected to perform as a Director of the Company. The Director is also explained in detail the compliance required from him under Companies Act, 2013, the Listing Regulations and other various statutes and an affirmation is obtained. The Chairman and Managing Director also has a one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further, on an ongoing basis presentations are regularly made to the Independent Directors on various matters inter alia covering the Company's businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters.

The details of the programme for familiarisation of the Independent Directors of your Company are available on the Company's website, [www.moderninsulators.com](http://www.moderninsulators.com).

#### **MEETING OF THE BOARD**

During the year 2017-18, four Board Meetings were held, on 29th May, 2017, 14th September, 2017, 14th December, 2017 and 14th February, 2018. Further details on the Board Meetings are provided in the Corporate Governance Report, forming part of this Annual Report.

#### **COMMITTEES OF THE BOARD**

The Board of Directors has the following Committees:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee

The details of the Committees along with their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report.

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

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair value, the provisions of the Act (to the extent notified) and guidelines issued by SEBI. The Ind AS are prescribed under section 133 of the Companies Act, 2013 ('the Act'), read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016. Effective 1st April, 2017, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance.

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) read with section 134 (5) of the Companies Act, 2013:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (b) 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;
- (c) 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;
- (d) The directors have prepared the annual accounts on a going concern basis;
- (e) 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;
- (f) 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.

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

##### **Statutory Auditors**

At the Annual General Meeting held on September 27, 2017, R. B. Verma & Associates, Chartered Accountants, Jaipur (ICAI Firm Registration No. 012650C) were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 37th Annual General Meeting to be held in the calendar year 2022.

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 Auditor**

Pursuant to the provisions of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s ATCS & Associates, Company Secretaries, Jaipur to conduct the secretarial audit for the financial year 2017-18. The Secretarial Audit Report, issued by M/s ATCS & Associates, Company Secretaries for the financial year 2017-18, forms part of this Report, and is set out in **Annexure 'B'** to this Report. The observations in Secretarial Audit Report which pertains mainly listing agreement requirements, stock exchange compliances etc. It is clarified that the company has started all the compliances related to stock exchange and are in process of revocation of its suspension from the Bombay Stock Exchange.

### **Cost Auditors**

Pursuant to the provisions of Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Board at its meeting held on 29th May, 2018, has appointed M/s Rajesh & Company, Cost Accountants, Jaipur (Firm Registration No. 000031), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2018-19. As required under the Companies Act, 2013 a resolution seeking Members approval for remuneration payable to the Cost Auditors forms part of the Notice convening Annual General Meeting for ratification.

### **Internal Auditors**

M/s S. Garg & Co., Chartered Accountants are the Internal Auditors of the Company. Internal Audit Report, their significant findings and follow up actions taken by the management is reviewed by the Audit Committee on a quarterly basis.

### **EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return of the Company as on 31st March, 2018 in Form MGT - 9 in accordance with Section 92 (3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, are set out in the **Annexure 'C'** to this report.

### **REMUNERATION AND NOMINATION POLICY**

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy have been posted on the website of the Company viz. [www.moderninsulators.com](http://www.moderninsulators.com)

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has established a Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of the Company, which is in compliance of the provisions of Section 177 of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and SEBI (LODR), Regulations, 2015. The Policy provides for framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimisation or any other unfair practice being adopted against them. Adequate safeguards are provided against victimisation to those who avail of the mechanism, and access to the Chairman of the Audit Committee in exceptional cases is provided to them. The details of the Vigil Mechanism are also provided in the Corporate Governance Report and the Whistle Blower Policy has been uploaded on the website of the Company, [www.moderninsulators.com](http://www.moderninsulators.com).

### **RISK MANAGEMENT**

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee.

The Company has framed and implemented a Risk Management Policy to identify the various business risks. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The risk management policy defines the risk management approach across the enterprise at various levels including documentation and reporting.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The internal control framework is designed to ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information and other data. This system is supplemented by internal audit, reviews by the management and documented policies, guidelines and procedures. The Company has a well-defined organization structure, authority levels, internal rules and guidelines for conducting the business transactions. The Company intends to undertake further measures as necessary in line with its intent to adhere to procedures, guidelines and regulations as applicable in a transparent manner.

An external independent firm carries out the internal audit of the Company operations and reports its findings to the Audit Committee. Internal Audit also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting. Internal Audit is carried out as per risk based internal audit plan which is reviewed by the Audit Committee of the Company. The Committee periodically reviews the findings and suggestions for improvement and is apprised on the implementation status in respect of the actionable items.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In terms of the provisions of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility (CSR) Committee, which is chaired by Shri Sachin Ranka. The Committee has formulated and recommended to the Board a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board, and the same is available on the Company's website, [www.moderninsulators.com](http://www.moderninsulators.com).

The Company is a caring corporate citizen and lays significant emphasis on development of the host communities around which it operates. The Company, with this intent, has identified several projects relating to Social Empowerment and Welfare, Environment Sustainability, Health Care and Education during the year, and initiated various activities in and around its plant location. The work on several initiatives has picked up momentum during the year, resulting in a spend of ₹ 38.32 Lacs. The Annual Report on CSR activities is given in **Annexure 'D'** to this Report.

### **PARTICULAR OF EMPLOYEES**

In accordance with the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees drawing remuneration in excess of the limits, set off in the aforesaid Rules, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, are to be set out in the Board's Report, as an annexure thereto. In line with the provisions of Section 136(1) of the Act, the Report and Accounts, as set out therein, are being sent to all Members of your Company excluding the aforesaid information about the employees. Any Member, who is interested in obtaining these particulars about employees, may write to the Company Secretary at the Registered Office of your Company. The aforesaid addendum is also available for inspection by the members at the Registered Office of the Company from 21 days before the AGM till the date of the ensuing AGM, during business hours on working days. Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in **Annexure 'E'** to this Report.

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on key result areas (KRAs) are in place for senior management staff.

The Company is committed to nurturing, enhancing and retaining its top talent through superior learning and organizational development. This is a part of our Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in the long run.

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

Information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo, as stipulated under Section 134(3)(m) of the Act, read with the Companies (Accounts) Rules, 2014, is given in **Annexure 'F'** to this Report.

### **MATERIAL CHANGES AND COMMITMENTS EFFECTING THE FINANCIAL POSITION OF THE COMPANY**

Except as disclosed elsewhere in this Report, no material changes and commitments, which could affect the Company's financial position, have occurred between the end of the financial year of the Company and the date of this Report.

### LISTING OF SHARES

The shares of the Company are listed at BSE Limited but trading of the shares is suspended. The Company has filed an application to BSE for Revocation of suspension of trading in equity shares of the Company and the same is under consideration.

### SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating "Meetings of the Board of Directors' and General Meetings', respectively, has been duly followed by the Company.

### 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:

- > Issue of equity shares with differential rights as to dividend, voting or otherwise;
- > Issue of shares (including sweat equity shares) to employees of the Company under any Scheme;
- > No significant or material orders were passed by the Regulators or Courts

or Tribunals which impact the going concern status and the Company's operations in the future; and

- > No cases or complaints were received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### ACKNOWLEDGMENT

Your Directors express their deep sense of gratitude to the banks, financial institutions, stakeholders, business associates, Central and State Governments and all regulatory bodies for their co-operation and support and look forward to their continued support in future.

We very warmly thank all of our employees for their contribution to your Company's performance. We applaud them for their superior levels of competence, dedication and commitment to your Company.

For and on behalf of the Board of Directors

**Sachin Ranka**

Chairman & Managing Director

DIN: 00335534

Place : Abu Road

Date : 29th May, 2018

## **Annexure A to Boards' Report FORM NO. AOC. 2**

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

### 1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2018, which were not at arm's length basis

### 2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Modern Denim Limited	Purchase and sale Agreement	01.04.2017 to 31.03.2018	Omnibus approval given by the Audit Committee	29.05.2017, 14.09.2017, 14.12.2017 and 14.02.2018	Nil
Modern Denim Limited	Loan & Advances given	01.04.2016 to 31.03.2018	Loan and advances given pursuant to the proposed amalgamation of Modern Denim Limited with the Company.-	29.05.2017, 14.09.2017, 14.12.2017 and 14.02.2018	Nil
Shubham Corporate Advisory Services Pvt. Ltd.	Leave and License agreement of Corporate office Premises	01.04.2016 to 31.03.2018	Use of Office Space for Corporate Head Quarter at Mumbai at a monthly Compensation of Rs. 110000/ plus applicable taxes	19.03.2016	Nil
Smt. Smriti Ranka	Rent Agreement	01.12.2015 to 30.11.2017 and 01.12.2017 to 31.03.2018	Rent of Guest house at Ahmedabad at a monthly compensation of Rs. 120000/- Plus applicable taxes.	22.09.2015 and 14.12.2017	
Acharya Shri Nanesh Samta Vikas Trust	Contribution towards CSR activities	01.04.2017 to 31.03.2018	Omnibus approval given by the Audit Committee	28.03.2017	Nil
H.S. Ranka foundation	Contribution towards CSR activities	01.04.2017 to 31.03.2018	Omnibus approval given by the Audit Committee	28.03.2017	Nil

For and on behalf of the Board of Directors

**Sachin Ranka**

Chairman & Managing Director

DIN: 00335534

Place : Abu Road

Date : 29th May, 2018

**Annexure B to Boards' Report**  
**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018**

[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 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, 2018 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 the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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 Disclosure Requirements) Regulations, 2015 and amendments thereof;

- (vi) The laws as are 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 and revised w.e.f. 01.10.2017).
- II. The Listing Agreements entered into by the Company with BSE Limited and Calcutta 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. Company has filed application for revocation of suspension of trading on 07.02.2017 and it is noted that the company has initiated and made some compliances of listing and SEBI Regulations However, the application of revocation is in process and trading is still suspended of the company. Further it is reported that erstwhile Modern Terry Towels Ltd has been merged with company vide order of Hon'ble BIFR dated 28.07.2016. Dematerialisation of Shareholding of Promoters and other shareholders of Modern Terry Towels Limited is pending due to merging of capital is under process by the exchange.
2. The Company has granted interest free unsecured loan to a Company covered under section 189 of the Companies Act, 2013. The Company has not provided interest on the said loan as prescribed u/s 186 (7) of the Companies Act, 2013 for which we have been informed that the same is not provided in view of proposed amalgamation under the provisions of Companies Act, 2013.

**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. 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 monitor and 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 ATCS & ASSOCIATES**  
 Practicing Company Secretaries

**Deepak Arora**  
 Partner]

FCS No. 5104

C P No.: 3641

Place: Jaipur

Date: 29th May, 2018

**Annexure A to Secretarial Audit Report**

To,  
 The Members  
 Modern Insulators Limited

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

- 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.
- 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.
- 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.
- 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.
- Where ever required, we have obtained the Management representation about the compliance of Laws, rules and regulations and happening of events etc.
- 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.
- 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 ATCS & ASSOCIATES**  
 Practicing Company Secretaries

**Deepak Arora**  
 [Partner]

Place: Jaipur  
 Date: 29th May, 2018

FCS No. 5104  
 C P No.: 3641

**Annexure C to Boards' Report**
**FORM NO. MGT 9 (EXTRACT OF ANNUAL RETURN)**

**As on financial year ended on 31.03.2018**

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

**I. REGISTRATION & OTHER DETAILS:**

- |   |  |   |   |
|---|--|---|---|
| 1 | CIN  | : | L31300RJ1982PLKC002460  |
| 2 | Registration Date  | : | 5/1/1982  |
| 3 | Name of the Company  | : | MODERN INSULATORS LIMITED   |
| 4 | Category/Sub-category of the Company                                       | : | Company Limited by Shares   |
| 5 | Address of the Registered office & contact details                         | : | A-4, Vijay Path, Tilak Nagar, Jaipur-302004   |
| 6 | Whether listed company   | : | Yes   |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | : | Beetal Financial & Computer Services Pvt. Ltd. Beetal House, 3rd floor, 99, Madangir, New Delhi-110062; Tele:- 011-29961281 |

**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)

S. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Insulators & Metal Parts	03233	88%
2	Terry Towels	17111	11%

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

The company does not have any holding, subsidiary and associate company

**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 (As on 1st April-2017)				No. of Shares held at the end of the year (As on 31st March-2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	2000	-	2000	0.01	2000	-	2000	0.01	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	11874339	15682398	27556737	58.45	11874339	15682398	27556737	58.45	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (1)</b>	<b>11876339</b>	<b>15682398</b>	<b>27558737</b>	<b>58.46</b>	<b>11876339</b>	<b>15682398</b>	<b>27558737</b>	<b>58.46</b>	-
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL (A)</b>	<b>11876339</b>	<b>15682398</b>	<b>27558737</b>	<b>58.46</b>	<b>11879339</b>	<b>15682398</b>	<b>27558737</b>	<b>58.46%</b>	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1000000	821	1000821	2.12	1000000	821	1000821	2.12	-
b) Banks / FI	-	4154947	4154947	8.81	-	4154947	4154947	8.81	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance	-	-	-	-	-	-	-	-	-
g) FIs	-	-	146772	0.31	-	146772	146772	0.31	-
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B) (1)</b>	<b>1000000</b>	<b>4302540</b>	<b>5302540</b>	<b>11.25</b>	<b>1000000</b>	<b>4302540</b>	<b>5302540</b>	<b>11.25</b>	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	45190	1222825	1268015	1.41	76733	1176686	1253419	2.66	-0.03
ii) Overseas	-	-	-	2.69	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	289885	10101308	10391193	20.04	786546	9304252	10090898	21.40	-0.64
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	513883	1327487	1841370	3.91	1147241	987068	2134309	4.53	0.62
c) Others (specify)									
Non Resident Indians	500	766869	767369	1.63	3500	758219	762719	1.62	-0.01
Individual (HUF)	14176	-	14176	0.03	40275	503	40778	0.09	0.06
Trusts	500	-	500	-	500	-	500	-	-
<b>Sub-Total (B)(2):-</b>	<b>864134</b>	<b>13418489</b>	<b>14282623</b>	<b>30.30</b>	<b>2054795</b>	<b>12227828</b>	<b>14282623</b>	<b>30.30</b>	-
<b>Total (B)</b>	<b>1864134</b>	<b>17721029</b>	<b>19585163</b>	<b>41.54</b>	<b>3054795</b>	<b>16530368</b>	<b>19585163</b>	<b>41.54</b>	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A+B+C)</b>	<b>13740473</b>	<b>33403427</b>	<b>47143900</b>	<b>100.00</b>	<b>14931134</b>	<b>32212766</b>	<b>47143900</b>	<b>100.00</b>	-

## (ii) Shareholding of Promoter

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Shri Sachin Ranka	500	0.0011	-	500	0.0011	-	-
2	Shri Shreyans Ranka	500	0.0011	-	500	0.0011	-	-
3	Smt. Smriti Ranka	500	0.0011	-	500	0.0011	-	-
4	Shri Suvrat Ranka	500	0.0011	-	500	0.0011	-	-
5	Ajaymeru trading & Investment Pvt. Ltd.	6530886	13.8531	-	6530886	13.8531	-	-
6	Pride Mercantiles Pvt. Ltd.	5343453	11.3343	-	5343453	11.3343	-	-
7	Trishul Traders Pvt. Ltd.	13729065	29.1216	1.83	13729065	29.1216	1.83	-
8	Vulvan Traders Pvt. Ltd.	1953333	4.1433	-	1953333	4.1433	-	-
	<b>Total</b>	<b>27558737</b>	<b>58.4566</b>	<b>1.83</b>	<b>27558737</b>	<b>58.4566</b>	<b>1.83</b>	<b>-</b>

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

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	<b>Shri Sachin Ranka</b>				
	At the beginning of the year	500	-	500	-
	At the end of the year	500	-	500	-
	(No Change during the year)				
2	<b>Shri Shreyans Ranka</b>				
	At the beginning of the year	500	-	500	-
	At the end of the year	500	-	500	-
	(No Change during the year)				
3	<b>Smt. Smriti Ranka</b>				
	At the beginning of the year	500	-	500	-
	At the end of the year	500	-	500	-
	(No Change during the year)				
4	<b>Shri Suvrat Ranka</b>				
	At the beginning of the year	500	-	500	-
	At the end of the year	500	-	500	-
	(No Change during the year)				
5	<b>Ajaymeru trading &amp; Investment Pvt. Ltd.</b>				
	At the beginning of the year	6530886	13.85	6530886	13.85
	At the end of the year	6530886	13.85	6530886	13.85
	(No Change during the year)				
6	<b>Pride Mercantiles Pvt. Ltd.</b>				
	At the beginning of the year	5343453	11.33	5343453	11.33
	At the end of the year	5343453	11.33	5343453	11.33
	(No Change during the year)				
7	<b>Trishul Traders Pvt. Ltd.</b>				
	At the beginning of the year	13729065	29.12	13729065	29.12
	At the end of the year	13729065	29.12	13729065	29.12
	(No Change during the year)				
8	<b>Vulvan Trader Pvt. Ltd.</b>				
	At the beginning of the year	1953333	4.14	1953333	4.14
	At the end of the year	1953333	4.14	1953333	4.14
	(No Change during the year)				



**(iv) Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	Unit Trust of India	1380775	2.93	1380775	2.93
2	UTI-Opportunities Fund	1000000	2.12	1000000	2.12
3	Pirth Mercantiles Pvt. Ltd.	813333	1.73	813333	1.73
4	The New India Assurance Co. Ltd	586666	1.24	586666	1.24
5	Mahendra Girdharilal	584137	1.24	584137	1.24
6	General Insurance Corporation of India	426666	0.91	426666	0.91
7	National Insurance Corporation Ltd	360000	0.76	360000	0.76
8	LIC Housing Finance Ltd	266666	0.57	266666	0.57
9	Life Insurance Corporation of India	266666	0.57	266666	0.57
10	United India Insurance Co. Ltd	253333	0.54	253333	0.54

**(v) Shareholding of Directors & Key Managerial Personnel:**

S. No.	For each of the Directors & Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	Shri Sachin Ranka -Chairman & Managing Director	500	-	500	-
2	Shri D.B. Deshpande - Executive Director	-	-	-	-
3	Shri T.C. Chejara - Non - Executive Director	150	-	150	-
4	Shri R.Raniwala - Independent Director	-	-	-	-
5	Shri S.B.L. Jain - Independent Director	-	-	-	-
6	Shri P.K. Rao - Independent Director	-	-	-	-
7	Smt. Meenu Sacheti - Independent Director	-	-	-	-
8	Shri D.S. Singhvi - Chief Financial Officer	-	-	-	-
9	Shri Gaurav Goyal - Company Secretary & Compliance Officer	12	-	12	-

**V. INDEBTEDNESS**

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

(₹ in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	7331.76	-	-	7331.76
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	7331.76	-	-	7331.76
<b>Change in Indebtedness during the financial year</b>				
* Addition*	1071.44	-	-	1071.44
* Reduction	17.66	-	-	17.66
<b>Net Change</b>	1053.78	-	-	1053.78
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	8385.54	-	-	8385.54
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>8385.54</b>	-	-	<b>8385.54</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in lacs)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Shri Sachin Ranka CMD	Shri D.B. Deshpande Executive Director	
<b>1</b>	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60.00	68.10	128.10
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	13.20	13.77	26.97
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>73.20</b>	<b>81.87</b>	<b>155.07</b>
	<b>Ceiling as per the Act</b>			<b>269.61</b>

**B. Remuneration to other Directors**

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		T.C. Chejara	R. Raniwala	S.B.L. Jain	P.K. Rao	Meenu Sacheti	
<b>1</b>	<b>Independent Directors</b>						
	- Fee for attending board committee meetings	-	0.31	0.28	-	0.04	0.63
	- Commission	-	-	-	-	-	-
	- Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>-</b>	<b>0.31</b>	<b>0.28</b>	<b>-</b>	<b>0.04</b>	<b>0.63</b>
<b>2</b>	<b>Other Non-Executive Directors</b>						
	- Fee for attending board committee meetings	-	-	-	-	-	-
	- Commission	-	-	-	-	-	-
	- Others, (Professional Fee)	18.60	-	-	-	-	18.60
	<b>Total (2)</b>	<b>18.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18.60</b>
	<b>Total (B)=(1+2)</b>	<b>18.60</b>	<b>0.31</b>	<b>0.28</b>	<b>-</b>	<b>0.04</b>	<b>19.23</b>
	<b>Total Managerial Remuneration</b>						<b>174.30</b>
	<b>Overall Ceiling as per the Act</b>						<b>269.61</b>

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

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Shri D.S. Singhvi CFO	Shri Gaurav Goyal Company Secretary	
<b>1</b>	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17.04	2.66	19.70
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.71	1.25	5.96
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>21.75</b>	<b>3.91</b>	<b>25.66</b>

**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 Compounding			None		
<b>B. DIRECTORS</b>					
Penalty Punishment Compounding			None		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty Punishment Compounding			None		

**Annexure D to Boards' Report**  
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

- A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:**  
The Company had proposed to undertake activities relating to rural development including preventive healthcare, safe drinking water, environment sustainability, medical relief, enhancing vocational skills etc for the Financial Year 2017-18. The CSR policy is available on the Company's website. The web link of the same is [http://moderninsulators.com/Investors/invpdf/Policy\\_CSR.pdf](http://moderninsulators.com/Investors/invpdf/Policy_CSR.pdf).
- The Composition of the CSR Committee:**
- Average net profit of the Company for last three financial years:**  
Average Net Profit: Rs 1834.48 Lacs
- Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)**  
The Company is required to spend Rs. 36.68 Lacs.
- Details of CSR spent during the financial year:**
  - Total amount spent for the financial year: Rs. 38.32 Lacs.
  - Amount unspent, if any: Nil
  - Manner in which the amount spent during the financial year is detailed below:

S. No.	Name of Director	Designation	Category
1.	Shri Sachin Ranka	Chairman	Managing Director
2.	Shri R. Raniwala	Member	Independent Director
3.	Shri T.C. Chejara	Member	Independent Director

(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)	31.32	31.32	91.93	Through H.S. Ranka Foundation and Modern Swastik Seva Sansthan
2.	Rural Development including Educational programs at rural areas, development of vocational skills, help of flood victims	Rural Development & Udaipur Rajasthan	Danta (Rajasthan)	7.00	7.00	14.96	Through Acharya Nanesh Samta Vikas Trust & Implementing Agency
	<b>Total</b>			<b>38.32</b>	<b>38.32</b>	<b>106.89</b>	

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

Date: 29<sup>th</sup> May, 2018

Place: Abu Road

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

## Annexure E to Boards' Report

### Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**(1) Ratio of the remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the financial year:**

Median remuneration of all the employees of the Company for the Financial Year 2017-18	163991
Percentage increase in the median remuneration of employees in the Financial Year	10.35%
Number of permanent employees on the rolls of the Company as on 31st March, 2018	1330

Name of Director & KMP	Ratio of Remuneration to median remuneration of all employees	% increase in remuneration in Financial year 2017-18
Shri Sachin Ranka	36.58	NA
Shri D.B. Deshpande	43.06	12.33
Shri D.S. Singhvi	10.61	14.58
Shri Gaurav Goyal	2.14	17.54

Note : The ratio of remuneration to the median remuneration is based on the remuneration paid during the period 1st April, 2017 to 31st March, 2018.

- (2) Average percentage increase made in the salaries of employees, other than the managerial personnel in the financial year 2017-18, was 12.96% over the previous financial year, which is in line with the industry benchmark and cost of living index. However, the average salaries of the managerial personnel for the same financial year increased by 11.73%.
- (3) The remuneration is as per the remuneration policy of the company.

## Annexure F 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:	Being energy efficient has become the need of the hour. Having realized it long back & since then channelized all efforts 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:
(ii)	The steps taken by the Company for utilizing alternate sources of energy:	
(iii)	The capital investment on energy conservation equipments:	
		i) Installation of VFD in pug electric drying has helped in less consumption of energy as well as cycle time reduction. ii) Installation of state of the art & energy efficient VFDs on agitators for power saving. This has added a new dimension in Rheological Quality control of the all important final slurry. iii) We have installed burner in drying of insulator to evaporate moisture comparatively in faster way to reduce cycle time. iv) There has been mass scale deployment of highly energy efficient LED lights & 20W tube lights in Plants, Offices & Streets v) Reduction in overall energy requirement of kiln cycles by optimizing excess air for combustion.

**(B) Technology Absorption:**

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

- I. We have converted our kiln liners with Ultra low thermal mass Pyroblocks modules. Apart from being highly energy efficient, these modules are, by design, easy for installation & replacements & resulted reduced down time of kiln operation. In consequence overall fuel efficiency has improved. It has helped in energy conservation and repairing work has been reduced.
- II. There has been a strong drive in further reducing fuel consumption by incorporating automation in Air / Fuel ratio control. Further work in this direction is in full swing.

- III. We have converted some of our manual shaping machine to CNC to have better green surface quality and improved productivity. It has helped us product finish, dimensional control and Dryer & Kiln recovery.
  - IV. Heavy core dia. Solid core & Critical Hollow insulators are being successfully handled using controlled electrical drying. This has consistently improved Dryer & Kiln recovery apart from delivering technically sound products.
  - V. Ball Mill productivity has been improved by single batch charging method to reduce grinding time, without affecting the final slurry properties.
  - VI. Low temperature maturing Bauxite body & corresponding glaze has been developed for a peak temperature of 1160 0C, with improved technical performance. This is milestone towards achieving fuel economy.
  - VII. There has been continuous focus to explore domestic source of china clays & ball clays as potential replacement for costly imported clays.
  - VIII. All the existing testing machines operations are computerized with efficient data storage & retrieval system. There has been development of beam load testing setup for testing of hollow insulators shell.
  - IX. Further developmental work on uses of cement grout for optimizing steam curing requirement.
  - X. In-house pebble and gravel preparation out of waste body.
  - XI. Utilization of higher percentage of fired glost pitcher in porcelain recipe for improvement of final quality of porcelain.
  - XII. Trial work is going on to develop new type of resistivity glaze for high pollution area for our grey glazed insulator.
- To explore hybrid body with Alumina as well as Bauxite to have less dependence of alumina without affecting product quality.

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

- I. Reduction in power cost due to reduced power consumption. Improvement in efficiency & productivity.
- II. Reduction in firing cycle time & cost saving.
- III. Consistent supply of quality clays is ensured.
- IV. Maintain and improve cost-competitiveness of raw materials.
- V. Uninterrupted plant operations at optimum level with desired yield.
- VI. Entry in new product segment.
- VII. Improvement in quality & reliability of products.

**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	:	–
ii. Recurring	:	₹ 428.30 lacs
Total	:	₹ 428.30 lacs

Total R & D expenditure as % age of total turnover : 1.05%

**(C) Foreign Exchange earnings and outgo:**

The Company has earned during the period foreign exchange of ₹ 9045.43 lacs at F.O.B. price against an outgo of ₹ 1430.56 lacs.

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance refers to the framework, mechanisms, processes and relations by which corporations are directed and managed. Your Company is committed to the adoption of best governance practices and their adherence in true spirit at all times.

Your Company's governance practices oversee business strategies and ensures accountability, ethical behaviour, transparency and fairness to all stakeholders. Your Company puts into practice the corporate governance framework through board governance processes, internal control and audit processes. In line with the above philosophy, your Company continuously strives for excellence and focuses on enhancement of long-term stakeholder value through adoption of best governance and disclosure practices.

Your Company is in compliance with the requirements stipulated under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges ("Listing Regulations") with regards to corporate governance.

### BOARD OF DIRECTORS

#### Composition of Board of Directors

Your Company's Board comprises of 7 Directors, of which 4 are Independent Directors, 1 is Non-Executive Directors and 2 are Executive Directors. All Independent Directors are free from any business or other relationship that could materially influence their judgment. The composition of the Board is in conformity with the requirements of the Companies Act, 2013 and the Listing Regulations. The Directors are professionals and have expertise in their respective functional areas.

Name of Directors	Executive/ Non-Executive/ Independent	No. of Equity Shares held	Directorships in other Public Limited Companies		
				Member	Chairman
Shri Sachin Ranka	Executive/ Promoter	500	1	-	1
Shri D.B. Deshpande	Executive	-	-	-	-
Shri T.C. Chejara	Non-Executive	-	1	-	2
Shri R.Raniwala	Independent	-	-	-	-
Shri S.B.L. Jain	Independent	-	1	3	-
Shri P.K. Rao	Independent	-	-	-	-
Smt. Meenu Sacheti	Independent	-	1	-	-

1. There is no inter-se relationship between our board members.
2. Includes only Audit Committee and Stakeholders' Relationship Committee
3. Independent Director means a Director as defined under Regulation 16 of the Listing Regulations and Section 149 of the Act.

#### Conduct of Board Proceedings

The Board holds its meetings at regular intervals to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company. The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis the budgets/targets.

#### Board Meetings and Annual General Meeting (AGM)

Minimum four Board meetings are held every year (one meeting in every calendar quarter). Additional meetings are held to address specific needs, if any, of the Company. During the financial year 2017-18 the Board of Directors met four times i.e., on May 29, 2017, September 14, 2017, December 14, 2017 and February 14, 2018.

The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under Section 173(1) of the Act, and Regulation 17(2) of the Listing Regulations and the Secretarial Standards issued by Institute of Company Secretaries of India.

Name of Directors	Attendance of AGM held on 27th Sept. 2017	29 <sup>th</sup> May, 2017	14 <sup>th</sup> Sept., 2017	14 <sup>th</sup> Dec., 2017	14 <sup>th</sup> Feb., 2018
Mr. Sachin Ranka	-	✓	✓	✓	✓
Mr. D.B. Deshpande	-	Leave of Absence	✓	Leave of Absence	Leave of Absence
Mrs. Meenu Sacheti	-	Leave of Absence	Leave of Absence	Leave of Absence	✓
Mr. S.B.L. Jain	✓	✓	✓	✓	✓
Mr. R. Raniwala	✓	✓	✓	✓	✓
Mr. P.K. Rao	-	Leave of Absence	Leave of Absence	Leave of Absence	✓
Mr. T. C. Chejara	✓	✓	✓	✓	✓

#### **Meetings of Independent Directors**

A separate meeting of Independent Directors of the Company was held on 14th February, 2018, without the presence of Non-Independent Directors and members of the management, to discuss the matters as required under Schedule IV of the Act and the Listing Regulations. The meeting was attended by all the Independent Directors.

#### **Code of Conduct**

The Company has adopted Code of Business Conduct & Ethics which is applicable to the Board of Directors and Senior Management Personnel of the Company. The Board of Directors and the members of Senior Management Team of the Company are required to affirm Compliance of this Code. A declaration signed by the Chairman and Managing Director of the Company to this effect is placed at the end of this report. The Code requires Directors and Employees to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company's website [www.moderninsulators.com](http://www.moderninsulators.com).

#### **Familiarization programme for Independent Director**

Your Company conducts introductory familiarization programme, inter alia covering the nature of the industry in which the Company operates, business model of the Company, etc., when a new Independent Director joins the Board of the Company. The Chairman and Managing Director also has a one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further, on an ongoing basis as a part of Agenda of Board/ Committee Meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's and its subsidiaries/associates businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters.

The details of familiarisation programme for Directors have been disclosed on the Company's website, [www.moderninsulators.com](http://www.moderninsulators.com).

#### **Performance evaluation**

A formal Evaluation Framework for evaluation of the Board's performance, performance of its Committees and individual Directors of the Company, including the Chairman of the Board, in terms of the requirement of the Act and the Listing Regulations, is in place. In terms of the Evaluation Framework, the Board has carried out the annual performance evaluation of its own performance, the directors individually and the working of its Committees. Criteria for evaluation inter alia include providing strategic perspective, Chairmanship of the Board and its Committees, attendance and preparedness for the meetings, contribution at the meetings and role of the Committees.

#### **COMMITTEES OF THE BOARD**

The Board of Directors have constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with approval of the Board and function under their respective Charters. These Committees play an important role in the overall Management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee Meetings are placed before the Board for noting.

The Board has four Committees namely Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee, and Stakeholders Relationship Committee.

#### **Audit Committee**

Your Company has a qualified and independent Audit Committee. The Committee is governed in line with the regulatory requirements mandated by Companies Act, 2013 and Regulation 18 of the SEBI (LODR), Regulations, 2015. The Audit Committee acts as a link between

the management, the statutory and internal auditors, and the Board of Directors. The Audit Committee is provided with the necessary assistance and information so as to enable it to carry out its function effectively.

#### Composition and Attendance during the Year

As on date the Audit Committee comprises of two Independent Directors and one Non-Executive Director with Independent Director as Chairman of the Committee who are financially literate and have accounting or related financial management expertise. 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 Regulations.

During the year under review, 4 Audit Committee Meetings were held, on 29th May, 2017, 14th September, 2017, 14th December, 2017 and 14th February, 2018.

The composition of the Audit Committee and the details of the meetings attended by the Members are given below:

Name of the Member	Position	Category	Number of Meetings	
			Held	Attended
Shri R. Raniwala	Chairman	Independent	4	4
Shri S.B.L. Jain	Member	Independent	4	4
Shri T.C. Chejara	Member	Non-Executive	4	4

The Chairman of the Audit Committee was present at the last AGM of the Company held on 27<sup>th</sup> September, 2017.

#### Brief description of terms of reference

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation of appointment, remuneration and terms of appointment of the auditors.
3. Approval of payment to Statutory Auditors for any other services rendered by them.
4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Review and monitor the auditor's independence and performance and effectiveness of audit process.
7. Approval or any subsequent modification of transactions of the Company with related parties.
8. Scrutiny of inter-corporate loans and investments.
9. Evaluation of internal financial controls and risk management systems.
10. Review with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
12. Discussion with internal auditors of any significant findings and follow up there on.
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.



14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
16. To review the Whistle Blower mechanism.
17. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
18. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in section 177(4) of Companies Act, 2013 or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company.
19. The Auditors of a Company and the Key Managerial Personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report.

**The Audit Committee shall mandatorily review the following information:**

1. management discussion and analysis of financial condition and results of operations;
2. statement of significant related party transactions (as defined by the audit committee), submitted by the management;
3. management letters/letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses;
5. the appointment, removal and terms of remuneration of the chief internal auditor; and
6. statement of deviations:
  - a. Quarterly statement of deviation(s), including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Listing Regulations;
  - b. Annual statement of funds utilized for the purposes other than those stated in the offer document/prospectus/notice in terms of Listing Regulations.

**Nomination and Remuneration Committee**

The Committee's constitution and terms of reference are in compliance with provisions of the Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015.

**Composition, Meetings, Attendance during the Year**

The Nomination and Remuneration Committee (NRC) comprises of 3 Non-Executive Independent Directors. During the year under review, 2 NRC Meetings were held, on 29<sup>th</sup> May, 2017 and 14<sup>th</sup> February, 2018.

The composition of the NRC and the details of the meetings attended by the Members are given below:

Name of the Member	Position	Category	Number of Meetings	
			Held	Attended
Shri R. Raniwala	Chairman	Independent	2	2
Shri S.B.L. Jain	Member	Independent	2	2
Shri P.K. Rao	Member	Independent	2	1

**Terms of Reference**

The broad terms of reference of the Committee are as follows:

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board for their appointment and removal and shall carry out evaluation of every Director's performance.
2. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
3. The Nomination and Remuneration Committee shall, while formulating the policy ensures that:
  - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

4. The Chairperson of the said Committee or, in his absence, any other member of the committee authorized by him in this behalf shall attend the general meetings of the company.
5. To consider and fix the remuneration package of non-executive and executive Directors including pension rights and any compensation payment.
6. All elements of remuneration package of Directors such as benefits, bonus, stock options, pension etc.
7. Any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made thereunder.

#### **Remuneration Policy**

The Company has formulated and adopted Executive Remuneration Policy of Directors, Key Managerial Personnel and other Senior Management of the Company and the same is disclosed in the Annual Report.

#### **Remuneration to Directors**

All decisions relating to the remuneration of the Directors were taken by the Board of Directors of the Company in accordance with the Shareholders' approval on recommendation of Nomination and Remuneration Committee, wherever necessary.

Details of remuneration paid to the Directors for the year under review are as under:

(₹ in lacs)

<b>Name of the Directors</b>	<b>Remuneration</b>	<b>Sitting Fees</b>
Shri Sachin Ranka	73.20	-
Shri D.B. Deshpande	81.87	-
Shri R. Raniwala	-	0.31
Shri S.B.L. Jain	-	0.28
Shri P.K. Rao	-	-
Smt. Meenu Sacheti	-	0.04
Shri T. C. Chejara	-	-

#### **PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Chairman and Managing Director and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

#### **Corporate Social Responsibility Committee**

Your Company has a CSR Committee of the Board of Directors which assists the Board in discharging its social responsibility by way of formulating, monitoring and implementing the Corporate Social Responsibility Policy (CSR Policy).

#### **Composition and Attendance during the Year**

The Composition of CSR Committee is in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR Committee comprises of 2 Non-Executive Directors and one Executive Director.

During the year under review, 2 CSR Committee meetings were held, on 29th May, 2017 and 14th Feb, 2018.

The composition of the CSR Committee and the details of the meetings attended by the Members are given below:

<b>Name of the Member</b>	<b>Position</b>	<b>Category</b>	<b>Number of Meetings</b>	
			<b>Held</b>	<b>Attended</b>
Shri Sachin Ranka	Chairman	Executive	2	2
Shri R. Raniwala	Member	Independent	2	2
Shri T.C. Chejara	Member	Non-Executive	2	2

### **Stakeholders' Relationship Committee**

The Committee's constitution and terms of reference are in compliance with provisions of the Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015 which are given below:

During the year under review, 4 Stakeholder Relationship Committee Meetings were held, on 29th May, 2017, 14th September, 2017, 14th December, 2017 and 14th February, 2018.

The composition of the Committee and the details of the meetings attended by the Members are given below:

Name of the Member	Position	Category	Number of Meetings	
			Held	Attended
Shri R. Raniwala	Chairman	Independent	4	4
Shri SBL Jain	Member	Independent	4	4
Shri T.C. Chejara	Member	Non-Executive	4	4

### **Terms of reference:**

1. The Stakeholders Relationship Committee shall consider and resolve the grievances of all stakeholders and security holders of the Company.
2. The Chairperson of the said Committee or, in his absence, any other member of the Committee authorized by him in this behalf shall attend the general meetings of the Company.
3. Review all Shareholder's grievances like non-receipt of annual reports, non-receipt of dividend etc.
4. Issue of Duplicate Share Certificates, Transfer of Shares in Physical form & Share Transfer Work.
5. Any other work and policy related and incidental to the objectives of the Committee as per provisions of the Act and rules made there under.

The Company Secretary also acts as a Secretary to the Committee.

### **Details of Complaints Received and Resolved**

Particulars	No. of Complaints
Complaints pending as on 1 <sup>st</sup> April, 2017	Nil
Complaints received during the period 1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018	37
Complaints disposed off during the period 1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018	36
Complaints outstanding as on 31 <sup>st</sup> March, 2018	1

### **Name and Designation of the Compliance Officer**

Name: Mr. Gaurav Goyal

Designation: Company Secretary

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

### **GENERAL BODY MEETINGS**

#### **Details of Annual General Meetings**

Details of the Annual General Meetings (AGM) of the Company held in the last 3 years are as follows:

Financial Year/AGM	Date	Time	Venue	No. of Special Resolution(s) Passed
2014-15 30 <sup>th</sup> AGM	22 <sup>nd</sup> September, 2015	11.00 A.M.	A-4, Vijay Path, Tilak Nagar, Jaipur – 302004 (Rajasthan)	4
2015-16 31 <sup>st</sup> AGM	22 <sup>nd</sup> September, 2016	11.00 A.M.	A-4, Vijay Path, Tilak Nagar, Jaipur – 302004 (Rajasthan)	3
2016-17 Court Convened Meeting	7 <sup>th</sup> January, 2017	11.00 A.M.	A-4, Vijay Path, Tilak Nagar, Jaipur – 302004 (Rajasthan)	1
2016-17 32 <sup>nd</sup> AGM	27 <sup>th</sup> September, 2017	4.00 P.M.	A-4, Vijay Path, Tilak Nagar, Jaipur – 302004 (Rajasthan)	4

### Postal Ballot & E-voting

During the year under review, no resolution was passed through postal ballot.

### MEANS OF COMMUNICATION

- a) Annual report containing Audited Annual Accounts, Consolidated Financial Statements, Board's Report, Management Discussion & Analysis (MD&A) Report, Auditor's Report and other information are circulated to members and others who are entitled to it.
- b) The Un-audited quarterly/ half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the closure of the financial year as per the requirement of the Listing Regulations.
- c) The approved financial results are forthwith sent to the Stock Exchanges and are published in a national English newspaper and in local language (Hindi) newspaper, within forty-eight hours of approval thereof. Presently the same are not sent to the shareholders separately.
- d) All important information relating to Company and its performance including the financial results and shareholding pattern are displayed on the Company's website [www.moderninsulators.com](http://www.moderninsulators.com).
- e) The Company has not made quarterly presentations to analysts.
- f) Disclosures pursuant to various provisions of Listing Regulations, as applicable, are communicated to the BSE Limited, and are displayed by them on their website.

### DISCLOSURES

1. During the year under review, no materially significant Related Party Transactions, that may have a potential conflict with the interest of the Company at large, have been entered into. All contracts/arrangements/ transactions entered into by your Company with its related parties were on an arm's-length basis and in the ordinary course of business. A policy on dealing with related party transactions has been uploaded on the website of the Company, [www.moderninsulators.com](http://www.moderninsulators.com).
2. No penalty or strictures are imposed by SEBI or the Stock Exchanges or any Statutory Authority.
3. The Company has followed Indian Accounting Standards ("Ind AS") in the preparation of the Financial Statements for accounting periods beginning on or after 01.04.2016, as per the roadmap announced by Ministry of Corporate Affairs Companies. The significant accounting policies which are consistently applied have been set out in the notes to the Financial Statements.
4. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle-blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.
5. Management Discussion and Analysis Report is forming part of the Annual Report and is in accordance with the requirements laid out in the Listing Regulations.
6. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.
7. Details of the Directors seeking appointment/reappointment have been provided in the Notice of the Annual General Meeting.
8. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.
9. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under the Companies Act, 2013 and the Listing Regulations.
10. The Company has complied and disclosed all the mandatory corporate governance requirements under Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of Listing Regulations (relating to disclosure on the website of the Company).

### DISCRETIONARY REQUIREMENT UNDER REGULATION 27 OF LISTING REGULATION

The status of compliance with discretionary recommendations of the Regulation 27 of the Listing Regulations with Stock Exchanges is provided below:

1. **Shareholders' Rights:** As the quarterly and half yearly financial performance along with significant events were posted on the Company's website, the same were not being sent to the shareholders.
2. **Reporting of Internal Auditor:** The Internal Auditor reports to the Audit Committee.

### **CEO/CFO CERTIFICATION**

The Executive Director and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

### **GENERAL SHAREHOLDERS' INFORMATION**

#### **1. Annual General Meeting:**

Day & Date	:	Friday, 28th September, 2018
Time	:	4.00 p.m.
Venue	:	A-4, Vijay Path, Tilak Nagar, Jaipur-302004 (Registered Office of the Company)

#### **2. Financial Calendar:**

The Company follows the period of 1st April to 31st March, as the Financial Year.

First quarterly results	:	On or before 14 <sup>th</sup> August, 2018
Second quarterly / Half yearly results	:	On or before 14 <sup>th</sup> November, 2018
Third quarterly results	:	On or before 14 <sup>th</sup> Feb, 2019
Annual results for the year ending on 31st March, 2019:	:	On or before 30 <sup>th</sup> May, 2019
Annual General Meeting for the year ending on 31st March, 2019 :	:	Sept, 2019

#### **3. Dates of Book Closure:**

The Register of Members and the Share Transfer Books of the Company shall remain closed from 25<sup>th</sup> September, 2018 to 28<sup>th</sup> September, 2018 (both days inclusive)

#### **4. Stock Exchanges where Equity Shares are listed and Scrip code:**

##### **BSE Limited (BSE)**

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001  
 Scrip Code: 515008

#### **5. Listing Fees to the Stock Exchanges**

The Company has paid listing fees upto financial year 2017-2018 to BSE Limited.

#### **6. Registrar & Share Transfer Agent:**

Beetal Financial and Computer Services Private Limited  
 Beetal House, 3rd Floor, 99, Madangir, Behind LSC, New Delhi-110062

#### **7. Share Transfer System**

Registrar and Transfer Agents (the 'RTA'), on receipt of transfer deed with respective share certificates, scrutinizes the same and verify signatures of transferors on the transfer deed with specimen signatures registered with the Company. A list of such transfers is prepared and checked thoroughly and a transfer register is prepared. The transfer register is placed before the Stakeholders Relationship Committee for approval. Share transfers are registered and share certificates are returned within the prescribed time provided the documents submitted are valid and complete in all respects.

#### **8. Dematerialization of Shares**

The Company has set up requisite facilities for dematerialization of its Equity Shares in accordance with the provisions of Depository Act, 1996 with National Securities Depository Limited and Central Depository Services (India) Limited. The Company has entered into agreements with both of the Depositories. The status as on 31<sup>st</sup> March, 2018 is as under:

<b>Mode</b>	<b>No. of Shares</b>	<b>%(Percentage)</b>
Physical Form	32212766	68.33
NSDL	14443628	30.64
CDSL	487506	1.03
<b>Total</b>	<b>47143900</b>	<b>100.00</b>

**ISIN No. of the Company: INE219W01012**

**9. Market Price Data:** No Trading in Shares of the Company was held in BSE being the trading is suspended at BSE since 2002.

**10. Distribution of Shareholding as on 31<sup>st</sup> March, 2018**

Sr. No	No. of Equity Shares	Number of Shares	% of Shareholding	No. of Shareholders
1.	1-5000	7816803	16.58	132223
2.	5001-10000	1021778	2.17	1317
3.	10001-20000	828095	1.76	567
4.	20001-30000	391542	0.83	153
5.	30000-40000	172357	0.37	49
6.	40000-50000	227996	0.48	49
7.	50001-100000	445234	0.94	62
8.	100001 & Above	36240095	76.87	92
	<b>Total</b>	<b>47143900</b>	<b>100.00</b>	<b>134512</b>

**11. Category of Shareholders as on 31<sup>st</sup> March, 2018**

Category	No. of shares	% Holding
Promoter & Promoter Group	27558737	58.46
Corporate Bodies	1253919	2.66
Mutual Funds	1000821	2.12
Banks/Financial Institutions	4154947	8.81
FII's	146772	0.31
Individuals including NRI	13028704	27.64
<b>Total</b>	<b>47143900</b>	<b>100.00</b>

**12. Reconciliation of Share Capital Audit**

As stipulated by the Securities Exchange Board of India, a qualified Practicing Company Secretary has carried out the reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL, total issued and listed capital. The audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form, shares allotted & advised for demat credit but pending execution and the total number of dematerialized shares held with NSDL and CDSL.

**13. Plant Locations**

The Company's plants are located at the following addresses:

1. Insulators Division : Post Box No. 23, Abu Road, Dist. Sirohi 307026 (Rajasthan)
2. Terry Towels Division : Village: Nidrad, Taluka : Sanand- 382110, Ahmedabad, Gujarat

**14. Address for Correspondence**

The Company Secretary heads the Secretarial Department of the Company. In case of any problem/query, shareholders can contact at registered office of the Company at: A-4, Vijay Path, Tilak Nagar, Jaipur-302004. Phone: 91-141-4113645 Email: [compliance@moderninsulators.com](mailto:compliance@moderninsulators.com)

**CODE OF CONDUCT  
DECLARATION**

As provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Board of Directors and Senior Management for the year ended 31st March, 2018.

Place : Abu Road  
Date : 29th May, 2018

**Sachin Ranka**  
Chairman & Managing Director  
DIN: 00335534

**CEO/CFO CERTIFICATION**

The Board of Directors

Modern Insulators Limited

We the undersigned, in our respective capacities as Executive Director and Chief Financial Officer of Modern Insulators Limited ("the Company") to the best of our knowledge and belief certify that:

- a. We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief, we state that:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting of the Company. We have not come across any reportable deficiencies in the design or operation of internal controls.
- d. We have indicated to the Auditors and the Audit Committee that:
  - i. there are no significant changes in the internal control over financial reporting during the year;
  - ii. the significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. there are no instances of significant fraud of which we have become aware.

**For Modern Insulators Limited**

Place : Abu Road  
 Date : 29<sup>th</sup> May, 2018

**D.S. Singhvi**  
 Chief Financial Officer

**D.B. Deshpande**  
 Executive Director  
 DIN: 06463412

**CERTIFICATE ON CORPORATE GOVERNANCE**

**TO THE MEMBERS OF MODERN INSULATORS LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Modern Insulators Limited for the year ended on March 31, 2018, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), pursuant to the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as mentioned in Corporate Governance Report.

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

**For Kasliwal Maheshwari & Associates**

Practicing Company Secretaries

**Rajat Kasliwal**

Partner

Membership No. 44052

Place : Jaipur

Date : 29<sup>th</sup> May, 2018

## INDEPENDENT AUDITORS' REPORT

To the Members of **Modern Insulators Limited**

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Modern Insulators Limited ("the Company"), which comprise of the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Ind AS 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Ind AS 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 judgement 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 controls 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 estimated at Rs. 475.71 Lacs (previous year Rs. NIL) has not been made in accounts in view of proposed amalgamation under the provisions of Companies Act, 2013. (Refer Note no. 34 (iv)).

### Qualified 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 Ind AS 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 state of affairs of the company as at 31st March 2018 and its profit (Including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

### Other Matters

The comparative financial information of the company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditors whose report for the year ended 31st March, 2017 and 31st March, 2016 dated 29th May, 2017 and 25th June, 2016 expressed an unmodified and modified opinion respectively on those financial statements, as adjusted for the differences in the accounting principles adopted by the company and for compliance Ind AS, on transition to Ind AS, which have been audited by us.

Our opinion is not modified in respect of above matter.

### 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, to the extent applicable.
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 it appears from our examination of those books.
  - iii. The Balance Sheet, Statement of Profit and Loss, Statement of cash flows and Statement of changes in equity 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 Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - v. On the basis of written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, 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:

- The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (Refer note no. 40).
- The Company has made provision, as required under the applicable law or Ind AS for material foreseeable losses,

if any, on long term contracts including derivative contracts. (Refer note no 47).

- There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **R B Verma & Associates**  
 Chartered Accountants  
 Firm Registration No.012650C

**Rajesh Verma**  
 Partner

Membership No.404029

Place : Abu Road  
 Date : 29th May, 2018

#### 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

- 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.
  - According to the information and explanations given to us, most of the fixed assets have been physically verified during the year by the management in accordance with a phased programme of verification at reasonable intervals and no material discrepancies were noticed on such verification.
  - According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company or its division.
- According to 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.
- The Company had granted interest free unsecured loan to a Company covered under section 189 of the Companies Act, 2013 in view of proposed amalgamation under the provisions of Companies Act, 2013. According to the information and explanations given to us, since the amount paid is in connection to proposed amalgamation, 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. 46).
  - The Company has also granted unsecured loan to another Company covered under section 189 of the Companies Act, 2013, which is payable on demand. We are informed that the Company has received the amount demanded from the party and thus there is no default during the year. Interest on such loan has been provided during the year. In our opinion, the terms and conditions of grant of such loan are not, prima facie, prejudicial to the interest of the Company. (Refer Note No. 11.1).
- 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.
- According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year and therefore this clause is not applicable.
- We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the central government for the maintenance of cost records under section 148 (1) of the

Companies Act, 2013 for the products of 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.

- According to the information and explanations given to us and based on our examination of the records, 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.
  - According to the information and explanations given to us and based on our examination of the records, the particulars of dues of sales tax, value added tax, duty of excise and Service Tax etc., as applicable, as at 31st March 2018 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	117.85	Various years from 2005-06 to 2010-11	Central Excise and Service Tax Appellate Tribunal, Delhi
		91.63	2012-13 & 2016-17	Commissioner Central Excise (Appeals), Jaipur
		161.74	2004-05 to 2017-18	Departmental authorities at various places

- According to the information and explanations given to us and based on our examination of the records, 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.
- 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 and therefore this clause is not applicable.
- According to the information and explanations given to us and based on our examination of the records, 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 we have been informed of any such fraud 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) The company is not a Nidhi Company and therefore this clause is not applicable.
- (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 as required by the applicable Indian 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 and therefore this clause is not applicable.

- (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) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and therefore this clause is not applicable.

For **R B Verma & Associates**  
 Chartered Accountants  
 Firm Registration No.012650C

**Rajesh Verma**  
 Partner

Place : Abu Road  
 Date : 29th May, 2018

Membership No.404029

## 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, 2018 in conjunction with our audit of the Ind AS 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 authorizations 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 and to the best of our information and according to the explanations given to us, 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, 2018, 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 **R B Verma & Associates**  
 Chartered Accountants  
 Firm Registration No.012650C

**Rajesh Verma**  
 Partner

Place : Abu Road  
 Date : 29th May, 2018

Membership No.404029

## BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant & equipment	2	19514.94	20194.90	20294.75
(b) Capital work-in-progress	2	4.25	-	12.32
(c) Intangible assets	2	13.08	14.58	13.11
(d) Financial assets				
(i) Investments	3	26.33	62.32	64.33
(ii) Loans	4	4244.73	1675.14	1599.26
(iii) Other financial assets	5	51.17	18.76	28.08
(e) Other non-current assets	6	54.38	53.95	73.54
<b>Total Non-current assets</b>		<b>23908.88</b>	<b>22019.65</b>	<b>22085.39</b>
<b>Current assets</b>				
(a) Inventories	7	7858.65	7201.00	6866.75
(b) Financial assets				
(i) Trade receivables	8	10199.93	10443.68	8391.29
(ii) Cash and cash equivalents	9	52.12	23.81	102.84
(iii) Other bank balances	10	187.22	205.33	182.84
(iv) Loans	11	1658.55	557.89	549.91
(v) Other financial assets	12	456.84	383.25	625.27
(c) Other current assets	13	1326.68	1903.60	1798.01
<b>Total Current assets</b>		<b>21739.99</b>	<b>20718.56</b>	<b>18516.91</b>
<b>TOTAL ASSETS</b>		<b>45648.87</b>	<b>42738.21</b>	<b>40602.30</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity share capital	14	4714.39	4714.39	2174.35
(b) Other equity	15	21113.02	19427.59	20498.34
<b>Total Equity</b>		<b>25827.41</b>	<b>24141.98</b>	<b>22672.69</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	16	32.96	37.20	1324.86
(b) Provisions	17	1628.90	1512.92	1285.52
(c) Deferred tax liabilities (Net)	18	3360.31	3228.20	2549.31
(d) Other non-current liabilities	19	66.42	70.80	281.68
<b>Total Non-current liabilities</b>		<b>5088.59</b>	<b>4849.12</b>	<b>5441.37</b>
<b>Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	20	8339.11	7698.46	6855.63
(ii) Trade payables	21	3329.50	3410.79	2895.38
(iii) Other financial liabilities	22	1920.23	1548.06	1634.60
(b) Other current liabilities	23	869.95	859.05	940.25
(c) Provisions	24	274.08	230.75	162.38
<b>Total Current liabilities</b>		<b>14732.87</b>	<b>13747.11</b>	<b>12488.24</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45648.87</b>	<b>42738.21</b>	<b>40602.30</b>
<b>Significant accounting policies</b>	1			
<b>Other notes on financial statements</b>	34 to 49			

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board

**For R.B. Verma & Associates**  
 Chartered Accountants  
 Firm Registration No. 012650C

**Rajesh Verma**  
 Partner  
 Membership No. 404029

Place : Abu Road  
 Date : 29th May, 2018

Sachin Ranka – Chairman & Managing Director (DIN : 00335534)  
 Shreyans Ranka – Whole Time Director (DIN : 06470710)  
 D.B. Deshpande – Executive Director (DIN : 06463412)  
 S.B.L. Jain – Independent Director (DIN : 00002582)  
 R. Raniwala – Independent Director (DIN : 00506419)  
 Meenu Sacheti – Independent Director (DIN : 02266703)  
 T.C. Chejara – Non-Executive Director (DIN : 07619881)  
 D.S. Singhvi – Chief Financial Officer  
 Gaurav Goyal – Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in Lacs)

Particulars	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
<b>Income</b>			
Revenue from Operations	25	40893.49	41481.25
Other Income	26	705.22	366.79
<b>Total Income</b>		<u>41598.71</u>	<u>41848.04</u>
<b>Expenses</b>			
Cost of materials consumed	27	11073.38	10843.70
Purchase of stock-in-trade		38.14	-
Changes in inventories of finished goods, Stock-in-trade & stock in process	28	53.30	(64.29)
Excise duty		574.72	2867.68
Employee benefits expense	29	5626.74	5089.74
Finance costs	30	1177.42	1233.62
Depreciation and amortization expense	2	1000.56	964.32
Other expenses	31	20217.18	19165.67
<b>Total Expenses</b>		<u>39815.44</u>	<u>40100.44</u>
<b>Profit before exceptional items &amp; tax</b>		1783.27	1747.60
<b>Exceptional items</b>	32	-	503.34
<b>Profit before tax</b>		1783.27	2250.94
<b>Tax Expense</b>			
Current tax		-	-
Deferred tax		120.26	714.45
<b>Total tax expenses</b>		<u>120.26</u>	<u>714.45</u>
<b>Profit for the year</b>		<u>1663.01</u>	<u>1536.49</u>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit plan		34.28	(102.76)
Income tax relating to above		(11.86)	35.56
<b>Total other comprehensive income for the year (net of tax)</b>		<u>22.42</u>	<u>(67.20)</u>
<b>Total comprehensive income for the year</b>		<u>1685.43</u>	<u>1469.29</u>
<b>Earnings per equity share (face value ₹ 10 per share)</b>			
Basic (₹)	33	3.53	3.26
Diluted (₹)		3.53	3.26
<b>Significant accounting policies</b>			
1			
<b>Other notes on financial statements</b>			
34 to 49			
The accompanying notes form an integral part of the financial statements.			

As per our report of even date attached

**For R.B. Verma & Associates**  
 Chartered Accountants  
 Firm Registration No. 012650C

**Rajesh Verma**  
 Partner  
 Membership No. 404029

Place : Abu Road  
 Date : 29th May, 2018

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director (DIN : 00335534)  
 Shreyans Ranka – Whole Time Director (DIN : 06470710)  
 D.B. Deshpande – Executive Director (DIN : 06463412)  
 S.B.L. Jain – Independent Director (DIN : 00002582)  
 R. Raniwala – Independent Director (DIN : 00506419)  
 Meenu Sacheti – Independent Director (DIN : 02266703)  
 T.C. Chejara – Non-Executive Director (DIN : 07619881)  
 D.S. Singhvi – Chief Financial Officer  
 Gaurav Goyal – Company Secretary

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in Lacs)

PARTICULARS	Year ended 31st March, 2018	Year ended 31st March, 2017	
<b>A. Cash Flow from Operating Activities</b>			
Profit before tax	1783.27	1747.60	
<b>Adjustments for:</b>			
-Depreciation and amortisation expenses	1000.56	964.32	
-Provisions	193.58	193.01	
-Foreign exchange	98.77	13.98	
-Profit on disposal of property, plant and equipment	(3.26)	(1.36)	
-Finance costs	1177.42	1233.62	
-Interest income	(16.67)	-	
<b>Operating profit before working capital changes</b>	<b>4233.68</b>	4151.17	
<b>Adjustment for</b>			
-Trade and other receivables	634.00	(1943.10)	
-Inventories	(657.66)	(334.25)	
-Trade and other Payables	300.81	136.72	
<b>Net Cash from operating activities before exceptional items</b>	<b>4510.84</b>	2010.54	
<b>Exceptional items</b>	-	503.34	
<b>Net Cash from Operating Activities (A)</b>	<b>4510.84</b>	2513.88	
<b>B. Cash Flow from Investing Activities</b>			
-Proceeds from sale of property, plant and equipment	24.34	7.05	
-Purchase of property, plant and equipment(including capital work-in progress)	(347.38)	(842.01)	
-Loans and advances given	(3615.06)	(83.86)	
-Sale of non-current investment	-	4.30	
<b>Net Cash used in Investing Activities (B)</b>	<b>(3938.10)</b>	(914.52)	
<b>C. Cash Flow from Financing Activities</b>			
-Repayment of Long term borrowings (net)	(7.66)	(1287.60)	
-Proceeds from Short term borrowings	640.65	842.84	
-Interest Paid	(1177.42)	(1233.62)	
<b>Net cash used in Financing Activities (C)</b>	<b>(544.43)</b>	(1678.39)	
<b>Net increase in cash and cash equivalents(A+B+C)</b>	28.31	(79.03)	
Cash and cash equivalents at the beginning of the year	23.81	102.84	
Cash and cash equivalents at the close of the year	<b>52.12</b>	23.81	
<b>Cash and Cash Equivalent includes:-</b>			
<b>Particulars</b>	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Cash on hand	5.85	4.40	16.74
With Banks			
- In current accounts	46.27	19.41	74.21
- In deposit accounts maturing within 3 months	-	-	11.89
<b>Total</b>	<b>52.12</b>	23.81	102.84

Note: The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

As per our report of even date attached

**For R.B. Verma & Associates**  
 Chartered Accountants  
 Firm Registration No. 012650C

**Rajesh Verma**  
 Partner  
 Membership No. 404029  
 Place : Abu Road  
 Date : 29th May, 2018

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director (DIN : 00335534)  
 Shreyans Ranka – Whole Time Director (DIN : 06470710)  
 D.B. Deshpande – Executive Director (DIN : 06463412)  
 S.B.L. Jain – Independent Director (DIN : 00002582)  
 R. Raniwala – Independent Director (DIN : 00506419)  
 Meenu Sacheti – Independent Director (DIN : 02266703)  
 T.C. Chejara – Non-Executive Director (DIN : 07619881)  
 D.S. Singhvi – Chief Financial Officer  
 Gaurav Goyal – Company Secretary

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

### A. Equity Share Capital

(₹ in Lacs)

Balance at the beginning of the reporting period i.e. 1st April, 2016	Changes in equity share capital during the year 2016-17	Balance at the end of the reporting period i.e. 31st March, 2017	Changes in equity share capital during the year 2017-18	Balance at the end of the reporting period i.e. 31st March, 2018
2174.35	2540.04	4714.39	-	4714.39

### B. Other Equity

(₹ in Lacs)

Particulars	Reserves and Surplus				Total
	Securities Premium Reserve	Share Capital Suspense*	Capital Reserve	Retained Earnings	
Balance as at 1st April, 2016	2911.45	2540.04	1285.87	13760.98	20498.34
Profit for the year	-	-	-	1536.49	1536.49
Other comprehensive income	-	-	-	(67.20)	(67.20)
Total Comprehensive Income for the Year	-	-	-	1469.29	1469.29
Equity Shares issued pursuant to scheme of amalgamation	-	(2540.04)	-	-	(2540.04)
<b>Balance as at 31st March, 2017</b>	<b>2911.45</b>	<b>-</b>	<b>1285.87</b>	<b>15230.27</b>	<b>19,427.59</b>
Balance as at 1st April, 2017	2911.45	-	1285.87	15230.27	19427.59
Profit for the year	-	-	-	1663.01	1663.01
Other comprehensive income	-	-	-	22.42	22.42
Total Comprehensive Income for the Year	-	-	-	1685.43	1685.43
<b>Balance as at 31st March, 2018</b>	<b>2911.45</b>	<b>-</b>	<b>1285.87</b>	<b>16915.70</b>	<b>21113.02</b>

\* Created pursuant to scheme of amalgamation of Modern Terry Towels Limited (MTTL) with the Company.

As per our report of even date attached

**For R.B. Verma & Associates**  
 Chartered Accountants  
 Firm Registration No. 012650C

**Rajesh Verma**  
 Partner  
 Membership No. 404029

Place : Abu Road  
 Date : 29th May, 2018

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director (DIN : 00335534)  
 Shreyans Ranka – Whole Time Director (DIN : 06470710)  
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 T.C. Chejara – Non-Executive Director (DIN : 07619881)  
 D.S. Singhvi – Chief Financial Officer  
 Gaurav Goyal – Company Secretary

## Notes forming part of financial statements

### CORPORATE INFORMATION

Modern Insulators Limited (the Company) is a public limited company incorporated in India under the provisions of the Companies Act, 1956 (the Act) having its registered office at Jaipur, Rajasthan, India. The Company is primarily engaged in the business of manufacturing insulators and terry towels.

### Note No. 1 : SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements are prepared and presented in all material aspects in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto notified under section 133 of the Companies Act, 2013 (to the extent applicable). These are Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2016. The company has availed first time adoption exemption as per Ind AS 101 'First Time Adoption of Indian Accounting Standards'.

Up to the year ended 31st March 2017, the company prepared its financial statements in accordance with previous Generally Accepted Accounting Principles (GAAP) in India, accounting standards notified under the Companies (Accounting Standards) Rules, 2006 specified under Section 133 of the Companies Act, 2013, the Companies Act, 2013 (to the extent notified and applicable) and applicable provisions of the Companies Act, 1956. The Company has followed the provisions of Ind AS 101 in preparing its opening Ind AS Balance Sheet as on the date of transition, viz. 1st April 2016. Some of the Company's Ind AS Accounting policies used in the opening Balance sheet were different from its previous GAAP policies applied as at 31st March 2016, accordingly the adjustments were made to restate the opening balance as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognized directly through retained earnings as at 1st April 2016. This is the effect of the general rule of the Ind AS 101 which is to apply Ind AS retrospectively. An Explanation of how the transition to Ind AS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in Note no. 48.

#### (b) Basis of preparation

- (i) The Financial Statements are prepared on accrual basis under the historical cost convention except certain financial assets and liabilities (including derivatives instruments) that are measured at fair value. The methods used to measure fair values are discussed in notes to financial statements.
- (ii) The preparation of financial statements requires judgments, estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Major estimates are discussed in Note No. 1A.

#### (c) Functional and presentation currency

These financial statements are presented in Indian Rupees, which is the functional currency of the company and the currency of the primary economic environment in which the Company operates.

#### (d) Classification of assets and liabilities into current and non-current

The Company has ascertained its operating cycle as twelve months for the purpose of Current and Non-Current classification of its Assets and Liabilities. Classification is done in accordance with Schedule III Division II of the Companies Act, 2014.

For the purpose of Balance Sheet, an asset is classified as current when:

- (i) It is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading; or
- (iii) It is expected to be realised within twelve months after the reporting period; or
- (iv) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Similarly, a liability is classified as current when:

- (i) It is expected to be settled in the normal operating cycle; or
- (ii) It is held primarily for the purpose of trading; or
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current assets/liabilities.

#### (e) Property, plant & equipment (PPE)

Property, plant and equipment (PPE) are stated at acquisition or construction cost less accumulated depreciation / amortisation and impairment loss. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Company in future periods and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred.

Items such as spare parts, standby equipments and servicing equipments are recognised as PPE when it is held for use in the production or supply of goods or services or for administrative purpose and are expected to be used for more than one year. Otherwise such items are classified as inventory.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the

assets. Any gain or loss arising on the disposal or retirement of an item of PPE, is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Subsequent expenditure incurred after the PPE have been put into operations is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

**(f) Expenditure during construction period**

Expenditure, net of income earned, during construction (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) period is included under capital work-in-progress and the same is allocated to the respective PPE on the completion of construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other Non Current Assets"

**(g) Depreciation**

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment. Leasehold lands are amortised over the lease term unless it is reasonably certain that the Company will obtain ownership by the end of lease term.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company or the number of production or similar units expected to be obtained from the asset by the Company.

In case of certain classes of PPE, the Company uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into consideration the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their remaining useful life as well as life assessed based on technical advice are as under:

S. No.	Nature	Remaining useful life as on 31.03.2016	Life assessed based on technical advice as on 01.04.2016
1.	Leasehold Assets	Lease period	Lease period
2.	Factory Building	4-30 Years	4-30 Years
3.	Non- factory building	0-60 Years	4-60 Years
4.	Plant & Machinery	0-30 Years	1-30 Years
5.	Furniture & Fixtures	0-10 Years	2-10 Years
6.	Office equipments	0-5 Years	0-5 Years
7.	Vehicles	0-10 Years	2-10 Years

Depreciation on additions is provided on a pro-rata basis from the date of installation or acquisition and in case of Projects from the date of commencement of commercial production.

Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

**(h) Intangible assets and amortization**

**Internally generated intangible assets**

Expenditure incurred on development is capitalised if such expenditure leads to creation of any intangible asset, otherwise, such expenditure is charged to the Statement of Profit and Loss. PPE procured for research and development activities are capitalised.

**Intangible assets acquired separately:**

Intangible assets that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment, if any. The Company determines the amortisation period as the period over which the future economic benefits will flow to the Company after taking into account all relevant facts and circumstances. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis. An item of intangible asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of intangible asset, is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Class of intangible assets and their remaining useful life as well as life assessed based on technical advice are as under:

Nature	Remaining useful life as on 31.03.2016	Life assessed based on technical advice as on 01.04.2016
Computer Software	0-3 Years	1-3 Years

Intangible asset having definite life are amortised on systematic basis over their useful life. If life of any intangible asset is indefinite then it is not amortised but tested for impairment at the end of each reporting date.

**(i) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction, development or erection of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing cost are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**(j) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Raw material, stores and spare parts and packing materials are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. The cost is computed on weighted average basis.

Cost of finished goods and work-in-progress includes cost of conversion based on normal capacity and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts, other than those capitalised as PPE are carried as inventories.



The diminution in the value of obsolete, unserviceable and surplus stores & spares is ascertained after review and if found material, suitable provision is made.

**(k) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks, cash in hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of change in value.

**(l) Government grants**

Government grants are recognized when there is reasonable assurance that the grant will be received and all associated conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income on a systematic basis over the expected useful life of the related asset.

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**(m) Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

**(n) Foreign currency transactions and translations**

Transactions in foreign currencies, other than the Company's functional currency are recognised at the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which these arise.

**(o) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the amount can be reliably measured regardless of when the payment is received.

(i) Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with dispatch. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable including excise duty, net of returns and allowances, trade discounts and volume rebates.

(ii) Income from services is recognized (net of service tax / GST as applicable) based on the services rendered in accordance with the terms of contracts.

(iii) For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset.

(iv) Interest income for all financial instruments measured at fair value through other comprehensive income is recognised in the statement of profit and loss.

(v) Dividend income is accounted for when the right to receive the income is established.

**(p) Employee Benefits**

**Short term employee benefits**

Short-term employee benefit obligations are recognized as an expense on accrual basis.

**Defined contribution plans**

Defined contribution plans are those plans in which an entity pays fixed contribution into separate entities and will have no legal or constructive obligation to pay further amounts. Provident fund and employee state insurance are defined contribution plans in which company pays a fixed contribution and will have no further obligation.

**Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Company pays Gratuity as per provisions of the Payment of Gratuity Act, 1972. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on the

prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a liability to the company, the present value of liability is recognized as provision for employee benefit. Any actuarial gains or losses are recognized in Other Comprehensive Income in the period in which they arise.

#### **Other long-term employee benefits**

Benefits under the Company's leave encashment constitute other long term employee benefits.

The Company's net obligation in respect of leave encashment is the amount of future benefits that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit and loss in the period in which they arise.

#### **(q) Income taxes**

Income Tax expenses comprise current tax and deferred tax charge or credit.

Current Tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Deferred tax is provided, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable.

Income tax expenses relating to items recognised directly in equity or OCI is recognised in equity or OCI and not in the Statement Profit and Loss.

#### **(r) Leases**

Leases are classified as finance leases, when the terms of the lease, transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

Operating Lease: Lease rentals are charged or recognised in the statement of profit and loss on a straight-line basis over the lease term.

Finance Lease: Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease obligation. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs.

#### **(s) Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **(t) Segment reporting**

##### **Identification of Segments**

Operating Segments are identified based on monitoring of operating results by the Board of Directors separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss of the Company.

Operating Segments are identified based on the nature of products and services, the different risks and returns and the internal business reporting system.

##### **Segment Policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**(u) Material prior period errors**

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest prior period presented, the opening balances of assets, liabilities and equity for the earliest prior period presented, are restated.

**(v) Earnings Per Share (EPS)**

The basic EPS is computed by dividing the profit after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**(w) Fair value measurement**

The company measures financial instruments, such as investments and derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair values are categorized into different levels in the hierarchy as under:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**(x) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

**i) Initial Recognition: Financial assets and Financial liabilities**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other

than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

**ii) Classification and Subsequent Measurement: Financial Assets**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

**At amortised cost:**

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, such financial assets are subsequently measured at amortised cost using expected interest rate (EIR) method. In case of financial assets at amortised costs, interest income, foreign exchange gain or loss and impairment are recognized in Statement of profit and loss.

**At fair value through OCI:**

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Where the Company has elected to present the fair value gain on equity instruments in other comprehensive income, there is no subsequent classification of fair value gain or losses to profit and loss account. Dividend from such instruments is recognized in profit and loss account as other income where right to receive is established.

**At fair value through Profit or Loss:**

A financial asset shall be classified and measured at fair value through profit or loss other than those measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Impairment of financial assets:**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. In case of trade receivables,

the Company follows the simplified approach permitted by Ind AS 109 - Financial Instruments for recognition of impairment loss allowance. The Company recognises a loss allowance for expected credit losses on financial asset. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time credit expected losses. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

**Derecognition of financial assets:**

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises associated liabilities.

On derecognition of a financial asset, other than investments classified as FVOCI, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

**iii) Classification and Subsequent Measurement: Financial liabilities**

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'

**Financial Liabilities at FVTPL:**

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

**Other Financial Liabilities:**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

**Derecognition of Financial Liabilities:**

The Company derecognises a financial liability when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and the recognition of a new financial liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

The difference between the carrying amount of financial liability derecognized and consideration paid and payable is recognized in the statement of profit and loss.

On derecognition of equity investments classified as FVOCI, accumulated gains or loss recognised in OCI is transferred to retained earnings.

**(y) Financial liabilities and equity instruments**

• **Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

• **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received.

**(z) Derivative financial instruments**

The Company enters into derivative financial instruments viz. foreign exchange forward contracts to manage foreign exchange risks. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately.

**Note no. 1A. Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates made in preparing Financial Statements:

**(a) Useful life of Property, plant and equipment and intangible assets**

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets.

**(b) Post-employment benefit plans**

Employees benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

**(c) Provisions and contingencies**

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events requires best judgment by the management regarding the probability of exposure to potential loss. If circumstances change following unforeseeable developments, this likelihood could alter.



**Notes forming part of financial statements**
**2.1 Information regarding gross block and accumulated depreciation under previous GAAP is as follows:**

(₹ in Lacs)

Particulars	Gross Block			Accumulated Depreciation		
	As at 31.03.2016 (Previous GAAP)	Ind AS Adjustment	Deemed cost as at 01.04.2016	As at 31.03.2016 (Previous GAAP)	Ind AS Adjustment	As at 01.04.2016 (Ind AS)
<b>Property, Plant &amp; Equipment</b>						
<b>Leasehold Land</b>	243.00	3401.49	3644.49	-	-	-
Freehold Land	151.69	3640.81	3792.50	-	-	-
Building	5609.68	(1373.74)	4235.94	2744.46	(2744.46)	-
Plant & Machinery	30545.11	(22229.51)	8315.60	25001.88	(25001.88)	-
Furniture & Fixtures	380.46	(264.62)	115.84	262.91	(262.91)	-
Office Equipments	264.61	(233.04)	31.57	231.51	(231.51)	-
Vehicles	273.71	(114.90)	158.81	111.89	(111.89)	-
<b>Intangible assets</b>						
Computer Software	95.31	(82.20)	13.11	82.20	(82.20)	-
Technical Know how	99.68	(99.68)	-	99.68	(99.68)	-
<b>Total</b>	<b>37663.25</b>	<b>(17355.39)</b>	<b>20307.86</b>	<b>28534.53</b>	<b>(28534.53)</b>	<b>-</b>

2.2 The company has considered the fair value of Property, plant & equipment and Intangible assets as deemed cost as on the date of Transition (1st April, 2016). The resultant impact has been given in retained earnings in accordance with Ind AS-101- "First time adoption of Indian Accounting Standards". As per the transition provision of Ind AS-101, accumulated depreciation as per previous GAAP as on 1st April, 2016 is not carried forward for Ind AS financial statement.

2.3 Leasehold land classified as finance lease is recognised under PPE as substantially all the significant risk and rewards incidental to the ownership of the land under lease have been transferred to the company.

2.4 In accordance with the Indian accounting standard (Ind AS 36) Impairment of assets, management has during the year carried out exercise of identifying assets that may have been impaired. On the basis of review carried out by management there was no impairment loss on PPE during the year.

**Note No. 3 : NON CURRENT INVESTMENTS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Trade Investments (Unquoted)</b>			
<b><u>Investment in Subsidiary (carried at FVTPL)</u></b>			
Motile Power Trade Private Ltd.	-	-	4.30
Nil (31st March, 2017- Nil; 1st April, 2016- 43000 Equity shares of ₹ 10/- each, fully paid up)			
<b><u>Investment in Govt. securities (carried at cost)</u></b>			
National Saving Certificates (Deposited with Govt. department)	<b>0.01</b>	0.01	0.01
<b><u>Investment in shares of other company</u></b>			
<b>VS Lignite Power Pvt. Ltd.*</b>			
<b>Equity shares ((carried at cost)</b>			
Nil (31st March, 2017 - 385186 Class 'A'- Equity Shares of ₹ 10/- each, fully paid up;	-	38.52	38.52
1st April, 2016 - 385186 Class 'A'- Equity Shares of ₹ 10/- each, fully paid up)			
<b>Preference shares (carried at FVTOCI)</b>			
742814 Class 'A'- 0.01% Cumulative Redeemable Preference shares of ₹ 10/- each, fully paid up;	<b>26.32</b>	23.79	21.50
(31st March, 2017- 742814 Class 'A'- 0.01% Cumulative Redeemable Preference shares of ₹ 10/- each, fully paid up; 1st April 2016- 742814 Class 'A'- 0.01% Cumulative Redeemable Preference shares of ₹ 10/- each, fully paid up)			
* Lying with said company under lien.			
<b>Total</b>	<b>26.33</b>	<b>62.32</b>	<b>64.33</b>
3.1 Aggregate amount of unquoted investments	<b>26.33</b>	<b>62.32</b>	<b>64.33</b>
3.2 Aggregate amount of impairment in the value of investments	-	-	-

**Notes forming part of financial statements**
**Note No. 4 : NON CURRENT LOANS**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(unsecured, considered good)			
Loans and advances to related party (Refer note no. 46)	3964.00	1457.00	-
Loans and advances to Subsidiary	-	-	1300.00
Security deposits	280.73	218.14	299.26
<b>Total</b>	<b>4244.73</b>	<b>1675.14</b>	<b>1599.26</b>

4.1 Security deposits includes balances with electricity board and telephone department and have been given for business purpose.

**Note No. 5 : OTHER NON CURRENT FINANCIAL ASSETS**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Fixed Deposits with banks	51.17	18.76	28.08
<b>Total</b>	<b>51.17</b>	<b>18.76</b>	<b>28.08</b>

5.1 Fixed deposits are kept towards margin against non fund based limits availed from the banks.

5.2 Fixed deposits with banks are those having maturity period more than 12 months.

**Note No. 6 : OTHER NON CURRENT ASSETS**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deferred assets towards investment in preference shares	47.96	50.49	52.78
Capital advances	6.42	3.46	20.76
<b>Total</b>	<b>54.38</b>	<b>53.95</b>	<b>73.54</b>

**Note No. 7 : INVENTORIES**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(valued at lower of cost or net realisable value)			
Raw materials (Including in transit 31.03.18- ₹ 174.96 Lacs; 31.03.2017- ₹ 160.31 Lacs; 01.04.16- ₹ 255.93 Lacs)	1978.03	1363.19	1338.45
Stock in process	2341.33	2318.42	2358.36
Finished stock	2646.30	2745.73	2641.50
Stock-in-trade (Traded goods)	23.22	-	-
Fuel	88.60	70.04	67.27
Packing Material	182.70	106.06	80.98
Stores & spares (Including in transit 31.03.18- ₹ 22.30 Lacs, 31.03.2017- ₹ 62.14 Lacs, 01.04.16- ₹ 15.63 Lacs)	598.47	597.56	380.19
<b>Total</b>	<b>7858.65</b>	<b>7201.00</b>	<b>6866.75</b>

**Note No. 8 : TRADE RECEIVABLES**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(unsecured)			
Considered Good	10199.93	10443.68	8391.29
Considered Doubtful	296.27	267.28	230.27
	10496.20	10710.96	8621.56
Less: Provision for doubtful trade receivables	(296.27)	(267.28)	(230.27)
<b>Total</b>	<b>10199.93</b>	<b>10443.68</b>	<b>8391.29</b>

8.1 Balance of trade receivables are subject to reconciliations, confirmation and consequential adjustment, if any.

8.2 Includes ₹ 59.01 Lacs (31st March, 2017- ₹ 36.66 Lacs, 1st April, 2016 ₹ 1.30 Lacs) under litigation for which adequate provision has been made.

**Note No. 9 : CASH AND CASH EQUIVALENTS**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Cash on Hand	5.85	4.40	16.74
<b>Balances with Banks</b>			
In Current accounts	46.27	19.41	74.21
In Deposit account (Original maturity upto 3 months)	-	-	11.89
<b>Total</b>	<b>52.12</b>	<b>23.81</b>	<b>102.84</b>

**Notes forming part of financial statements**
**Note No. 10 : OTHER BANK BALANCES**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Bank deposits (With maturity more than 3 months but less than 12 months)	187.22	205.33	182.84
<b>Total</b>	<b>187.22</b>	<b>205.33</b>	<b>182.84</b>

10.1 Bank deposits are kept towards margin against non fund based limits availed from the banks.

**Note No. 11 : CURRENT LOANS**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deposits	641.88	557.89	549.91
Loan to related party	1016.67	-	-
<b>Total</b>	<b>1658.55</b>	<b>557.89</b>	<b>549.91</b>

11.1 Disclosure as per the requirements of Section 186 of the Companies Act, 2013.

Name of the Company	Terms of Loan	Maximum balance outstanding during the year		Amount Outstanding	
		Current Year	Previous Year	Current Year	Previous Year
Jumbo Finance Limited	- Payable on demand - Interest rate- 11% p.a.	1025.00	-	1016.67	-

**Note No. 12 : OTHER CURRENT FINANCIAL ASSETS**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advances to employees	53.94	65.42	72.41
Export benefits receivables	369.06	274.85	208.13
Accrued interest	22.79	31.07	45.93
Others	11.05	11.91	298.80
<b>Total</b>	<b>456.84</b>	<b>383.25</b>	<b>625.27</b>

**Note No. 13 : OTHER CURRENT ASSETS**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Prepaid expenses	76.06	63.40	63.69
Advances to suppliers for goods & services	182.90	639.32	655.50
Balance with Govt. authorities	286.02	416.18	344.45
Income Tax advance	480.24	479.91	478.95
Tax Deducted at Source	291.49	265.54	234.23
Others	9.97	39.25	21.19
<b>Total</b>	<b>1326.68</b>	<b>1903.60</b>	<b>1798.01</b>

13.1 Advances to suppliers for goods &amp; services include advances against purchases &amp; services which are receivable in kind in next 12 Months &amp; are for business purpose.

**Note No. 14 : EQUITY SHARE CAPITAL**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>AUTHORISED</b>			
9,00,00,000 (31st March, 2017- 9,00,00,000, 1st April, 2016- 2,50,00,000) equity shares of ₹ 10/- each	9000.00	9000.00	2500.00
5,00,000 (31st March, 2017- 5,00,000, 1st April, 2016- 5,00,000) Preference shares of ₹ 100/- each	500.00	500.00	500.00
<b>Total</b>	<b>9500.00</b>	<b>9500.00</b>	<b>3000.00</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>			
4,71,43,900 (31st March, 2017- 4,71,43,900, 1st April, 2016, 2,17,43,500) Equity shares of ₹ 10/- each fully paid-up	4714.39	4714.39	2174.35
<b>Total</b>	<b>4714.39</b>	<b>4714.39</b>	<b>2174.35</b>



**Notes forming part of financial statements**
**14.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year :-**

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Number of Shares	₹ in Lacs	Number of Shares	₹ in Lacs
Equity Shares at the beginning of the year	47143900	4714.39	21743500	2174.35
Add : Issued during the year to the shareholders of Modern Terry Towels Limited (MTTL) pursuant to the scheme of Amalgamation -	-	-	25400400	2540.04
<b>Equity Shares at the end of the year</b>	<b>47143900</b>	<b>4714.39</b>	<b>47143900</b>	<b>4714.39</b>

**14.2 Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each Holder of equity shares is entitled to one vote per share.

**14.3 Details of Share holders holding more than 5% of Shares of the Company:-**

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	% of Shareholding	No. of Shares	% of Holding	No. of Shares	% of Holding
Trishul Traders Pvt. Ltd.	13729065	29.12	13729065	29.12	-	-
Ajaymeru Trading & Investments Pvt. Ltd	6530886	13.85	6530886	13.85	6530886	30.04
Pride Mercantiles Pvt. Ltd	5343453	11.33	5343453	11.33	5343453	24.57

14.4 Aggregate 25400400 equity shares of Rs. 10/- each issued as fully paid during the period of five years immediately preceding the reporting date without payment being received in cash pursuant to the scheme of amalgamation of MTTL with the company.

**Note No. 15 : OTHER EQUITY**
**(₹ in Lacs)**

PARTICULARS	As at 31st	As at 31st	As at 1st
	March, 2018	March, 2017	April, 2016
Capital Reserve	1285.87	1285.87	1285.87
Equity share capital suspense	-	-	2540.04
Securities premium reserve	2911.45	2911.45	2911.45
Retained earnings	16915.70	15230.27	13760.98
	<b>21113.02</b>	<b>19427.59</b>	<b>20498.34</b>

**15.1 Movement in other equity:**
**(₹ in Lacs)**

PARTICULARS	As at 31st	As at 31st
	March, 2018	March, 2017
<b>Capital Reserve</b>		
Opening balance	1285.87	1285.87
Movement	-	-
Closing balance	<b>1285.87</b>	<b>1285.87</b>
<b>Equity shares capital suspense</b>		
Opening balance	-	2,540.04
Equity share issued pursuant to scheme of amalgamation	-	(2540.04)
Closing balance	-	-
<b>Securities premium reserve</b>		
Opening balance	2911.45	2911.45
Movement	-	-
Closing balance	<b>2911.45</b>	<b>2911.45</b>
<b>Retained Earnings</b>		
Opening balance	15230.27	13760.98
Profit for the year	1663.01	1536.49
Other comprehensive income	22.42	(67.20)
Closing balance	<b>16915.70</b>	<b>15230.27</b>
<b>Total</b>	<b>21113.02</b>	<b>19427.59</b>

**15.2 The Description of the nature and purpose of each reserve within equity is as follows:**

- A. Capital Reserve:** Capital Reserve is mainly the reserve created during business combination of erstwhile MTTL with the Company
- B. Equity shares capital suspense :** Equity share capital suspense was created towards allotment of 25400400 equity shares to the shareholders of MTTL to be made pursuant to the scheme of amalgamation without payment being received in cash.
- C. Securities Premium Reserve:** Securities premium reserve is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

**Notes forming part of financial statements**
**Note No. 16 : NON CURRENT BORROWINGS**
**(₹ in Lacs)**

PARTICULARS	As at 31st	As at 31st	As at 1st
	March, 2018	March, 2017	April, 2016
<b>Secured Term Loans</b>			
From Banks	32.96	37.20	24.86
From Body Corporate	-	-	1300.00
<b>Total</b>	<b>32.96</b>	<b>37.20</b>	<b>1324.86</b>

16.1 Term loans from banks are secured against hypothecation of the specific vehicles.

16.2 Term loans from bank (for vehicles) are repayable as per various payment schedules. Last installment due in December 2022. Rate of Interest varies from 8.90% to 9.90% p.a. (31st March, 2017- 9.65% to 9.90% p.a., 1st April, 2016- 10.40% to 10.65% p.a.)

16.3 All Secured loans have been netted from the instalments falling due within twelve months after the reporting date. Breakup of amount due within 12 months (current) and after 12 months (non-current) is as under:

**(₹ in Lacs)**

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Current*	Non-Current	Current*	Non-Current	Current*	Non-Current
From Banks	13.47	32.96	16.89	37.20	16.83	24.86
Body Corporate	-	-	-	-	-	1300.00
<b>Sub Total</b>	<b>13.47</b>	<b>32.96</b>	<b>16.89</b>	<b>37.20</b>	<b>16.83</b>	<b>1324.86</b>

\*Considered in Other current financial liability (Note no. 22).

**Note No. 17 : NON CURRENT PROVISIONS**
**(₹ in Lacs)**

PARTICULARS	As at 31st	As at 31st	As at 1st
	March, 2018	March, 2017	April, 2016
<b>Provision for Employee Benefits (Refer Note No. 35)</b>			
For Gratuity	1359.80	1259.00	1060.53
For Leave Encashment	269.10	253.92	224.99
<b>Total</b>	<b>1628.90</b>	<b>1512.92</b>	<b>1285.52</b>

**Note No. 18 : DEFERRED TAX LIABILITES (NET)**
**(₹ in Lacs)**

PARTICULARS	As at 31st	As at 31st	As at 1st
	March, 2018	March, 2017	April, 2016
<b>Deferred Tax Liability</b>			
Depreciation	4174.98	4267.28	4367.67
<b>Deferred Tax Asset</b>			
Provisions allowable for Tax purpose on payment basis	711.14	741.75	644.31
Unabsorbed depreciation	-	204.83	1094.36
Others (Provision for doubtful debts)	103.53	92.50	79.69
<b>Net Deferred Tax Liability</b>	<b>3360.31</b>	<b>3228.20</b>	<b>2549.31</b>

**Note No. 19 : OTHER NON CURRENT LIABILITIES**
**(₹ in Lacs)**

PARTICULARS	As at 31st	As at 31st	As at 1st
	March, 2018	March, 2017	April, 2016
Entry tax payable	-	-	198.06
Interest on Entry tax payable	-	-	35.87
Others	66.42	70.80	47.75
<b>Total</b>	<b>66.42</b>	<b>70.80</b>	<b>281.68</b>

**Note No. 20 : CURRENT BORROWINGS**
**(₹ in Lacs)**

PARTICULARS	As at 31st	As at 31st	As at 1st
	March, 2018	March, 2017	April, 2016
<b>Secured</b>			
Bank borrowings for working capital	8339.11	7277.67	5904.60
<b>Unsecured</b>			
Public Fixed Deposits	-	420.79	951.03
<b>Total</b>	<b>8339.11</b>	<b>7698.46</b>	<b>6855.63</b>

20.1 Bank borrowings for working capital are repayable on demand.

20.2 Bank 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.

20.3 Public fixed deposits does not carry any interest pursuant to the scheme of amalgamation approved by Hon'ble BIFR.

**Notes forming part of financial statements**
**Note No. 21 : TRADE PAYABLES**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Trade Payables</b>			
Outstanding dues of micro enterprises and small enterprises	-	-	-
Outstanding dues of creditors other than micro enterprises and small enterprises	3329.50	3410.79	2895.38
<b>Total</b>	<b>3329.50</b>	<b>3410.79</b>	<b>2895.38</b>

21.1 Balances of trade payables are subject to reconciliation, confirmation and consequential adjustments, if any.

21.2 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.

**Note No. 22 : OTHER CURRENT FINANCIAL LIABILITIES**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current maturities of long-term borrowings (Refer note no. 16)	13.47	16.89	16.83
Sundry deposits	46.94	26.12	28.97
Payable towards capital goods	75.42	86.51	94.77
Foreign exchange forward contract	9.01	-	-
Other payables	1775.39	1418.54	1494.03
<b>Total</b>	<b>1920.23</b>	<b>1548.06</b>	<b>1634.60</b>

22.2 Other payables include employees dues and liability for expenses etc.

**Note No. 23 : OTHER CURRENT LIABILITIES**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Entry tax payable	-	210.54	188.16
Interest on Entry tax payable	-	61.19	49.36
Advances received from customers	635.22	471.90	520.37
Statutory Dues	234.73	115.42	182.36
<b>Total</b>	<b>869.95</b>	<b>859.05</b>	<b>940.25</b>

**Note No. 24 : CURRENT PROVISIONS**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Provision for Employee Benefits (Refer Note No. 35)</b>			
For Gratuity	206.66	164.57	101.94
For Leave Encashment	67.42	61.55	56.55
Provision for Excise duty on closing finished stock	-	4.63	3.89
<b>Total</b>	<b>274.08</b>	<b>230.75</b>	<b>162.38</b>

**Note No. 25 : REVENUE FROM OPERATIONS**
**(₹ in Lacs)**

PARTICULARS	Year Ended 31st March 2018	Year Ended 31st March 2017
Sale of products (including excise duty)	40290.82	40965.16
Sale of services	19.24	8.41
Sale of traded goods	19.67	-
Other operating revenues	563.76	507.68
<b>Total</b>	<b>40893.49</b>	<b>41481.25</b>
<b>25.1 Particulars of sale of products</b>		
Insulators & metal fitting	35968.81	36603.40
Towels & fabric	4282.05	4330.89
Yarn & waste	39.96	30.87
<b>Total</b>	<b>40290.82</b>	<b>40965.16</b>

**Notes forming part of financial statements**

25.2	<b>Particulars of sale of services</b>		
	Job work income	19.24	8.41
		19.24	8.41
25.3	<b>Particulars of traded goods</b>		
	Sanitaryware items	19.67	-
		19.67	-
25.4	<b>Particulars of other operating revenue</b>		
	Export incentives	448.53	492.20
	Scrap sales	115.23	15.48
		563.76	507.68

**Note No. 26 : OTHER INCOME**
**(₹ in Lacs)**

PARTICULARS	Year Ended 31st March 2018	Year Ended 31st March 2017
Foreign exchange fluctuation (net)	173.80	81.47
Liabilities and sundry balances written back (net)	151.20	45.82
Interest income	52.99	32.57
Profit/(Loss) on sale of Property, plant & equipment (net)	3.26	1.36
Miscellaneous income	323.97	205.57
<b>Total</b>	<b>705.22</b>	<b>366.79</b>

**Note No. 27 : COST OF MATERIALS CONSUMED**
**(₹ in Lacs)**

PARTICULARS	Year Ended 31st March 2018	Year Ended 31st March 2017
Raw materials at the beginning of the year	1363.19	1338.45
Add: Purchases	11688.22	10868.44
Less: Raw material at the end of the year	1978.03	1363.19
<b>Cost of materials consumed</b>	<b>11073.38</b>	<b>10843.70</b>

**Note No. 28 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE & STOCK IN PROCESS**
**(₹ in Lacs)**

PARTICULARS	Year Ended 31st March 2018	Year Ended 31st March 2017
Inventories at the beginning of the year		
Finished goods	2745.73	2641.50
Stock-in-trade	-	-
Stock in process	2318.42	2358.36
	5064.15	4999.86
Inventories at the end of the year		
Finished goods	2646.30	2745.73
Stock-in-trade	23.22	0.00
Stock in process	2341.33	2318.42
	5010.85	5064.15
<b>Total changes in inventories</b>	<b>53.30</b>	<b>(64.29)</b>

**Note No. 29 : EMPLOYEE BENEFITS EXPENSE**
**(₹ in Lacs)**

PARTICULARS	Year Ended 31st March 2018	Year Ended 31st March 2017
Salaries, wages, gratuity, bonus and allowances	5051.96	4598.40
Contribution to provident fund and other Funds (Refer Note No. 35)	515.17	422.88
Staff & labour welfare	59.61	68.46
<b>Total</b>	<b>5626.74</b>	<b>5089.74</b>

**Note No. 30 : FINANCE COSTS**
**(₹ in Lacs)**

PARTICULARS	Year Ended 31st March 2018	Year Ended 31st March 2017
Interest Expenses	962.16	1041.72
Other Borrowing Cost	215.26	191.90
<b>Total</b>	<b>1177.42</b>	<b>1233.62</b>

30.1 Interest includes ₹ Nil (Previous year ₹ 26.87 Lacs) towards interest on entry tax.

**Notes forming part of financial statements**
**Note No. 31 : OTHER EXPENSES**

(₹ in Lacs)

PARTICULARS	Year Ended	
	31st March 2018	31st March 2017
<b>Manufacturing Expenses</b>		
Power consumption	4376.69	3523.35
Fuel consumption	4376.55	3704.72
Stores & Spares Consumption	3344.65	3821.35
Packing	2284.79	2271.65
Job Charges	1310.36	1224.61
Excise duty on increase/decrease in Finished Stock	(4.64)	0.74
Making up Expenses	106.07	97.87
Repairs & Maintenance:		
Plant & Machinery	869.51	801.44
Buildings	832.70	689.53
Others	37.14	36.18
Other expenses	452.25	442.03
	<b>17986.07</b>	<b>16613.47</b>
<b>Administrative Expenses</b>		
Rent	66.28	60.11
Insurance (Net)	35.25	40.11
Rates & Taxes	12.96	11.68
Travelling & Conveyance	222.80	208.50
Legal & Professional Expenses	249.60	724.02
Telecommunication Expenses	11.63	12.90
Directors fees and Expenses	0.63	0.74
Corporate social responsibility(CSR) activities (Refer Note No. 45)	38.32	26.66
Payment to Auditors		
for Audit fee	3.15	2.70
for Limited review	1.40	-
for Tax audit fee	1.15	0.90
for Expenses	4.14	2.61
Other expenses	399.56	379.65
	<b>1046.87</b>	<b>1470.58</b>
<b>Selling Expenses</b>		
Commission, rebates etc.	101.81	112.54
Carriage outward(Net)	869.69	562.18
Bad debts written off	10.21	161.82
Less: Provision for doubtful debts	(3.01)	28.81
Provision for doubtful debts	32.02	65.82
Sales Promotion & Advertisement	39.93	50.76
Insulators testing charges	146.02	115.60
Other expenses	41.50	41.27
	<b>1238.17</b>	<b>1081.18</b>
<b>Other Expenses</b>		
Lease rent on land	0.07	0.44
	<b>0.07</b>	<b>0.44</b>
<b>Total</b>	<b>20271.18</b>	<b>19165.67</b>

**Note No. 32 : EXCEPTIONAL ITEMS**

(₹ in Lacs)

PARTICULARS	Year Ended	
	31st March 2018	31st March 2017
FD interest written back pursuant to the scheme of amalgamation	-	503.34
<b>Total</b>	<b>-</b>	<b>503.34</b>

**Note No. 33 : EARNINGS PER SHARE**

(₹ in Lacs except EPS)

PARTICULARS	Unit	Year Ended	
		31st March 2018	31st March 2017
Net profit for the year attributable to equity shareholders (Basic & diluted earnings per share)	₹ In Lacs	1663.01	1536.49
Weighted average number of equity shares outstanding	Nos.	47143900	47143900
Nominal value per share	₹	10	10
Earnings Per Share:			
- Basic	₹	3.53	3.26
- Diluted	₹	3.53	3.26

**Other notes on financial statements**
**Note No. 34 : Income Tax**
**i) Tax expense recognised in Statement of Profit and Loss**

(₹ in Lacs)

PARTICULARS	31st March 2018	31st March 2017
<b>(a) Statement of Profit and Loss</b>		
Current tax for the year	-	-
Deferred tax for the year	120.26	714.45
<b>Income tax expense recognised in Statement of Profit and Loss</b>	<b>120.26</b>	<b>714.45</b>
<b>(b) Other Comprehensive Income</b>		
Actuarial gain/loss on defined benefit plan	(11.86)	35.56
<b>Income tax charged to Other comprehensive income</b>	<b>(11.86)</b>	<b>35.56</b>

**ii) Reconciliation of effective tax rate**

(₹ in Lacs)

PARTICULARS	31st March 2018	31st March 2017
<b>Profit before tax</b>	<b>1783.27</b>	<b>2250.94</b>
Enacted tax rate in India	34.608%	34.608%
Current tax expenses on profit before tax at the enacted income tax rate in India	617.15	779.01
<b>Tax effect of:</b>		
Expenses disallowed under Income Tax Act, 1961	13.86	9.90
Business combination adjustments	-	67.31
Weighted deduction under section 35(2AB) of Income Tax Act, 1961	(74.11)	(135.42)
Income set off from brought forward losses pursuant to proposed amalgamation (Refer Note no. 34 (iv))	(475.71)	-
Others	39.08	(6.35)
<b>Total tax expenses in the statement of profit and loss account</b>	<b>120.26</b>	<b>714.45</b>
Effective Tax rate	6.74%	31.74%

**iii) The movement in deferred tax assets and liabilities during the year ended 31st March, 2018 and March, 2017**
**During the year ended 31st March, 2018**

(₹ in Lacs)

Particulars	As at 1st April 2017	Recognised in Profit and Loss	Recognised in OCI	As at 31st March 2018
Depreciation	4267.28	(92.30)	-	4174.98
Expenses allowable on payment basis	(741.75)	18.76	11.86	(711.14)
Unabsorbed depreciation	(204.83)	204.83	-	-
Provision for doubtful debts	(92.50)	(11.03)	-	(103.53)
<b>Net Deferred Tax Liability</b>	<b>3228.20</b>	<b>120.26</b>	<b>11.86</b>	<b>3360.31</b>

**During the year ended 31st March, 2017**

(₹ in Lacs)

Particulars	As at 1st April 2016	Recognised in Profit and Loss	Recognised in OCI	As at 31st March 2017
Depreciation	4367.67	(100.39)	-	4267.28
Expenses allowable on payment basis	(644.31)	(61.88)	(35.56)	(741.75)
Unabsorbed depreciation	(1094.36)	889.53	-	(204.83)
Provision for doubtful debts	(79.69)	(12.81)	-	(92.50)
<b>Net Deferred Tax Liability</b>	<b>2549.31</b>	<b>714.45</b>	<b>(35.56)</b>	<b>3228.20</b>

iv) Provision for taxation estimated at ₹ 475.71 lacs (previous year ₹ nil) has not been made in accounts in view of proposed amalgamation under the provisions of Companies Act, 2013.

v) During the year Income tax department has completed assessment for Asstt. year 2015-16 wherein assessment on substantive basis has been done allowing the losses pertaining to Modern Terry Towels (Amalgamated entity) with NIL liability and simultaneously assessment on protective basis has also been done with demand of Rs. 555.56 lacs without giving effect of BIFR order as the deptt. has filed appeal before NCLAT against BIFR order. The company has filed appeal against the protective assessment before CIT (Appeals).

**Other notes on financial statements**
**Note No. 35 : Employee Benefit**
**i) Defined contribution plan**

During the year company has recognised the following amounts in the statement of profit and loss account.

(₹ in Lacs)

PARTICULARS	2017-18	2016-17
<b>Benefits (Contributed to)</b>		
Provident Fund	345.23	318.45
Employee State Insurance	98.93	74.90
National Pension Scheme	48.12	13.13
Group Insurance Scheme/DLI Contribution	22.89	16.40
<b>Total</b>	<b>515.17</b>	<b>422.88</b>

**ii) Defined benefits plan**
**Gratuity**

The Company provides gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation :**

(₹ in Lacs)

PARTICULARS	31st March 2018	31st March 2017
Present Value of obligation as at the beginning of the year	1423.57	1162.47
Current service cost	108.27	103.12
Interest cost	105.27	92.51
Past Service Cost	40.22	-
Actuarial (gain)/loss	(34.28)	102.76
Benefit paid	(76.59)	(37.29)
<b>Present value of obligation as at the end of the year</b>	<b>1566.46</b>	<b>1423.57</b>

**Amount recognized in the balance sheet:**

(₹ in Lacs)

PARTICULARS	31st March 2018	31st March 2017
Present value of defined benefit obligation	1566.46	1423.57
Fair value of plan assets	-	-
<b>Net liability</b>	<b>1566.46</b>	<b>1423.57</b>
<b>Amounts shown in the balance sheet</b>		
Current Liabilities	206.66	164.57
Non-current liabilities	1359.80	1259.00
<b>Net liability</b>	<b>1566.46</b>	<b>1423.57</b>

**Amount recognized in Profit and Loss:**

(₹ in Lacs)

PARTICULARS	31st March 2018	31st March 2017
Current service cost	108.27	103.12
Past service cost	40.22	-
Interest cost	105.27	92.51
<b>Total amount recognized in Profit and Loss:</b>	<b>253.76</b>	<b>195.63</b>

**Amount recognized in other comprehensive income:**

(₹ in Lacs)

PARTICULARS	31st March 2018	31st March 2017
Actuarial (Gain)/Loss on Obligation	(34.28)	102.76
Return on plan assets less interest on plan assets	-	-
<b>Total Actuarial (Gain)/Loss recognised in other comprehensive income</b>	<b>(34.28)</b>	<b>102.76</b>

**Other notes on financial statements**

<b>Actuarial (Gain)/Loss on obligation consists:</b>		(₹ in Lacs)	
<b>PARTICULARS</b>	<b>31st March 2018</b>	<b>31st March 2017</b>	
Actuarial (gain)/loss arising from change in demographic assumption	-	-	
Actuarial (gain)/loss arising from change in financial assumption	(43.90)	68.16	
Actuarial (gain)/loss arising from change in experience adjustment on plan liabilities	9.62	34.59	
<b>Total Actuarial (Gain)/Loss on obligation</b>	<b>(34.28)</b>	<b>102.76</b>	

<b>Information for funded plans with a defined benefit obligation less than plan assets:</b>		(₹ in Lacs)	
<b>PARTICULARS</b>	<b>31st March 2018</b>	<b>31st March 2017</b>	
Defined benefit obligation	1566.46	1423.57	
Fair value of plan assets	-	-	
<b>Net Liability/(Assets)</b>	<b>1566.46</b>	<b>1423.57</b>	

<b>Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:</b>		(₹ in Lacs)	
<b>PARTICULARS</b>	<b>31st March 2018</b>	<b>31st March 2017</b>	
<b>Present value of obligation at year end</b>	<b>1566.46</b>	<b>1423.57</b>	
Fair value of plan assets at year end	-	-	
Funded status excess of actual over estimated.	(1566.46)	(1423.57)	
<b>Assets/(Liabilities) recognized in the Balance Sheet</b>	<b>(1566.46)</b>	<b>(1423.57)</b>	

**iii) Defined benefit obligation**
**a) Actuarial assumption**

The following were the principal actuarial assumptions at the reporting date.

		(₹ in Lacs)		
<b>PARTICULARS</b>	<b>31st March 2018</b>	<b>31st March 2017</b>	<b>31st March 2016</b>	
<b>Discount rate*</b>	7.73% & 7.31%	7.73% & 7.31%	8.00%	
<b>Expected return on plan assets</b>				
Gratuity	NA	NA	NA	
Leave encashment	NA	NA	NA	
<b>Salary escalation rate**</b>	<b>5.50% &amp; 6.50%</b>	5.50% & 6.50%	5.50%	
<b>Mortality rate inclusive of provision for disability</b>	100% of IALM (2006-08)			

\* The discount rate assumed is determined by reference to market yield at the balance sheet date on government bonds.

\*\* The estimates of future salary increase considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**b) Sensitivity analysis**

Reasonable possible change at the reporting date to one of the relevant actuarial assumption, holding other assumption constant, would have affected the defined benefit obligation by the amount shown below.

<b>PARTICULARS</b>	<b>31st March, 2018</b>	
	<b>Increase</b>	<b>Decrease</b>
<b>Discount rate (0.5% movement)</b>	<b>(56.40)</b>	<b>60.32</b>
<b>Salary escalation rate (0.5% movement)</b>	<b>61.09</b>	<b>(57.77)</b>

**c) Expected Maturity analysis of the defined benefits plan in future years**

<b>PARTICULARS</b>	<b>First Year</b>	<b>Second Year</b>	<b>Third to fifth year 2016</b>	<b>More than 5 Years</b>
Gratuity	206.66	55.34	236.56	1067.90

**d) Risk exposure**

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

- Salary Increase- Actual salary increase will increase the plan's liability. Increase in salary increase rate assumption in future valuations which also increase the liability.



## Other notes on financial statements

- Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact liability.

### iv) Long term employee benefit

#### Leave encashment

The company has a policy to pay leave encashment. Every employee is entitled to claim leave encashment after his/her retirement/termination which is calculated based upon no. of leaves earned. The company has a total provision for leave encashment as on 31st March, 2018 ₹ 336.52 Lacs, as on 31st March, 2017 ₹ 315.47 Lacs and as on 1st April, 2016 ₹ 281.54 Lacs. Total expenses provided during the year 2017-18 is ₹ 59.33 Lacs and for the year 2016-17 ₹ 103.63 Lacs. This includes Current Service cost of ₹ 51.80 Lacs for the year 2017-18 and ₹ 47.01 Lacs for the year 2016-17 based on actuarial valuation.

### Note No. 36 : Research and development expenditure

Research and development expenditure debited to the statement of profit and loss by charge to relevant heads of account amounting to ₹ 428.30 lacs (previous year ₹ 391.28 lacs).

### Note No. 37 : Goods and Service Tax

Effective from 1st July, 2017, revenue from operations are recorded net of GST whereas earlier it was recorded gross of excise duty which formed part of expenses. Hence revenue from operations for the year ended 31st March, 2018 are not comparable with the previous year corresponding figures.

### Note No. 38 : Segment information

#### A. Primary segment reporting (by business segment)

The two identified segments are:

- (i) Insulators
- (ii) Terry Towels

	31st March, 2018			31st March, 2017		
	Insulators	Terry Towels	Total	Insulators	Terry Towels	Total
<b>1. Segment Revenue</b>						
Revenue from operations	36540.19	4353.30	40893.49	37098.42	4382.83	41481.25
<b>2. Segment results</b>						
Profit before financial expenses	3929.14	(968.45)	2960.69	4032.77	(548.21)	3484.56
Less: financial expenses	1173.59	3.83	1177.42	1224.73	8.89	1233.62
Profit before tax	2755.55	(972.28)	1783.27	2808.04	(557.10)	2250.94
<b>3. Capital employed</b>						
Segment assets	37443.49	8205.38	45648.87	33572.30	9165.91	42738.21
Segment liabilities	18969.01	852.45	19821.46	17300.83	1295.40	18596.23
Capital employed	18474.48	7352.93	25827.41	16271.47	7870.51	24141.98

#### 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.

#### Revenue by geographical market

	31st March, 2018			31st March, 2017		
	Insulator	Terry Towel	Total	Insulators	Terry Towels	Total
In India	27393.29	4142.22	31535.51	26957.91	4348.80	31306.71
Other than India	9146.90	211.08	9357.98	10140.51	34.03	10174.54
	36540.19	4353.30	40893.49	37098.42	4382.83	41481.25

#### Carrying amount of segment assets (Trade receivables)

	31st March, 2018			31st March, 2017		
	Insulator	Terry Towel	Total	Insulators	Terry Towels	Total
In India	6291.65	387.39	6679.04	6596.14	630.03	7226.17
Other than India	3520.89	-	3520.89	3096.52	120.99	3217.51
	9812.54	387.39	10199.93	9692.66	751.02	10443.68

**Other notes on financial statements**
**Note No. 39 : Related party disclosures**
**i) Name of related parties and description of relationship**

- a) **Company which exercises significant influence**  
 Modern Denim Limited
- b) **Key Management Personnel**  
 Shri Sachin Ranka - Chairman & Managing Director  
 Shri D.B. Deshpande - Executive Director  
 Shri H.L. Sharma (Executive Director upto 30.09.2016)
- c) **Relatives of the Key Management Personnel & their enterprises**  
 Shubham Corporate Advisory Services Pvt. Ltd.  
 Jumbo Finance Limited  
 H.S. Ranka Foundation  
 Acharya Shri Nanesh Samta Vikas Trust  
 Smt. Smriti Ranka  
 Shri Shreyans Ranka
- d) **Independent director/Non Executive director**  
 Shri Tara Chand Chejara - Non- Executive Director  
 Shri S.B.L Jain - Independent Director  
 Shri R. Raniwala - Independent Director  
 Shri P.K Rao - Independent Director  
 Smt. Meenu Sacheti - Independent Director

**ii) The following transactions were carried out with the related parties during the year :**

(₹ in Lacs)

Description of the nature of the transactions	Name	Volume of transactions		Balance Outstanding		
		Year ended 31st March, 2018	Year ended 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>a) Company which exercises significant influence</b>						
Purchase of goods	Modern Denim Ltd.	8.69	540.37	-	-	-
Loans & advances given	Modern Denim Ltd.	2507.00	1457.00	3964.00	1457.00	-
Purchase Returns	Modern Denim Ltd.	188.46	-	-	-	-
Sale of goods	Modern Denim Ltd.	11.47	7.05	-	-	-
Job charges received	Modern Denim Ltd.	19.04	8.31	-	-	-
Reimbursement of expenses	Modern Denim Ltd.	0.31	2.48	-	-	-
<b>b) Key Managerial Personnel</b>						
Remuneration*	Shri Sachin Ranka	73.20	67.20	-	-	-
	Shri H.L. Sharma	-	24.06	-	-	-
	Shri D.B. Deshpande	81.87	69.50	-	-	-
<b>c) Relatives of the key managerial personnel &amp; their enterprises</b>						
Loan given	Jumbo Finance Limited	1025.00	-	1000.00	-	-
Interest income	Jumbo Finance Limited	16.67	-	16.67	-	-
Rent paid	Shubham Corporate	-	-	-	-	-
	Advisory Services Pvt. Ltd.	15.48	15.17	-	-	-
	Smt. Smriti Ranka	14.94	16.54	-	-	-
Sale of investment	Smt. Smriti Ranka	-	4.30	-	-	-
Contribution towards CSR activities	Acharya Shri Nanesh	-	-	-	-	-
	Samta Vikas Trust	5.00	1.80	-	-	-
	H.S. Ranka Foundation	30.00	5.00	-	-	-
Remuneration	Shri Shreyans Ranka	23.13	20.25	-	-	-
<b>d) Independent Director/Non Executive Director</b>						
Professional fees	Shri Tara Chand Chejara	19.74	4.00	-	-	-
Sitting fees paid to Independent Directors	Shri S.B.L Jain	0.28	0.32	-	-	-
	Shri R. Raniwala	0.31	0.36	-	-	-
	Smt. Meenu Sacheti	0.04	0.07	-	-	-

**Terms and conditions:**

All the transactions with related parties were made on normal commercial terms and conditions and at market rates. The above transactions are as per the approval of audit committee.

Decision relating to remuneration to key management personnel were taken based on the recommendation of Nomination and Remuneration committee

\*Expenses towards gratuity and leave encashment are determined actuarially on overall company basis at the end of each year and accordingly have not been considered in remuneration.

## Other notes on financial statements

### Note No. 40 : Contingent Liabilities

#### Contingent liabilities to the extent not provided for in respect of

(₹ in Lacs)

PARTICULARS	31st March, 2018	31st March 2017	31st March 2016
Guarantees given by bankers on behalf of the Company	1341.13	1708.52	2254.98
Outstanding Letters of Credit	152.25	143.45	73.18
Disputed liabilities, not acknowledged as debts	512.73	511.55	112.06
Disputed Income Tax demand (Deposited under protest ₹ 7.50 Lacs, 31st March, 2017- ₹ 7.50 Lacs, 1st April, 2016 ₹ 7.50 Lacs)	7.50	7.50	7.50
Disputed Land Tax demand (Deposited under protest ₹ 15.70 Lacs, 31st March, 2017- ₹ 15.70 Lacs, 1st April, 2016- ₹ 15.70 Lacs)	15.70	15.70	15.70
Disputed Excise duty /Service Tax demand (Deposited under protest ₹ 24.70 Lacs, 31st March, 2017- ₹ 21.07 Lacs, 1st April, 2016- ₹ 20.28 Lacs)	371.22	364.07	308.17

### Note No. 41 : Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 16.58 Lacs (2016-17- ₹ 19.20 Lacs).

### Note No. 42 : Capital Management

For the purpose of Company's Capital Management, capital includes issued equity share capital and other equity reserves attributable to equity holders. The primary objective of Company's Capital Management is to maximize shareholder's wealth. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of financial covenants.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholder. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investors, creditors and market confidence. The management and the Board of Directors monitors the return on capital. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

### Note No. 43 : Financial Risk Management

The Company's Financial Risk Management is an integral part of how to plan and execute its business strategies. The Company's financial risk management is set by the Managing Board. The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets include trade & other receivables and cash and short term deposits.

#### i) Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers and other counter parties, taking into account financial conditions, current economic trends and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

#### (a) Provision for Expected Credit Loss

- Financial assets for which loss allowance is measured using 12 month expected credit losses:

The Company has assets where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is very low.

Accordingly, no loss allowance for impairment has been recognised.

- Financial assets for which loss allowance is measured using life time expected credit losses:

The Company provides loss allowance on trade receivables using life time expected credit loss and as per simplified approach.

#### (b) Ageing of trade receivables

The Ageing of trade receivables is as below:

(₹ in Lacs)

	31st March, 2018	31st March 2017	31st March 2016
Not due	8806.70	9158.06	6682.27
0-6 months	923.09	949.52	820.79
6 months to 12 months	138.02	100.89	467.75
1 year to 3 year	266.01	129.84	235.59
beyond 3 years	362.38	372.66	415.16
	10496.20	10710.96	8621.56
Less Provision for doubtful debts	296.27	267.28	230.27
<b>Total</b>	<b>10199.93</b>	<b>10443.68</b>	<b>8391.29</b>

Financial assets are considered to be good quality and there is no significant increase in credit risk.

## Other notes on financial statements

### (c) Movement in provisions of doubtful debts

(₹ in Lacs)

Particulars	31st March, 2018	31st March 2017
Opening Balance	267.28	230.27
Provisions made	32.02	65.82
Provision written off	(3.02)	(28.81)
<b>Closing Balance</b>	<b>296.27</b>	<b>267.28</b>

### ii) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

### Maturity pattern of borrowings & other financial liabilities

#### As at 31st March, 2018

(₹ in Lacs)

Particulars	12 months or less	1-2 years	2-5 years	More than 5 years	Total
Borrowing	8339.11	32.96	-	-	8372.07
Trade payable	3329.50	-	-	-	3329.50
Other financial liabilities	1920.23	-	-	-	1920.23
<b>Total</b>	<b>13588.84</b>	<b>32.96</b>	<b>-</b>	<b>-</b>	<b>13621.80</b>

#### As at 31st March, 2017

(₹ in Lacs)

Particulars	12 months or less	1-2 years	2-5 years	More than 5 years	Total
Borrowing	7698.46	37.20	-	-	7735.66
Trade payable	3410.79	-	-	-	3410.79
Other financial liabilities	1548.06	-	-	-	1548.06
<b>Total</b>	<b>12657.31</b>	<b>37.20</b>	<b>-</b>	<b>-</b>	<b>12694.51</b>

#### As at 1st April, 2016

(₹ in Lacs)

Particulars	12 months or less	1-2 years	2-5 years	More than 5 years	Total
Borrowing	5904.60	2275.89	-	-	8180.49
Trade payable	2895.38	-	-	-	2895.38
Other financial liabilities	1634.60	-	-	-	1634.60
<b>Total</b>	<b>10434.58</b>	<b>2275.89</b>	<b>-</b>	<b>-</b>	<b>12710.47</b>

### iii) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

#### a) Foreign currency risk

The company operates internationally and portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales in overseas and purchase from overseas suppliers in various foreign currencies.

The company evaluate exchange rate exposure arising from foreign currency transaction and the company follow established risk management policies, including the use of derivative like foreign exchange forward contracts to hedge exposure to foreign risk.

#### Foreign currency derivatives and exposures not hedged

##### A. Foreign currency derivatives outstanding

(In Lacs)

Name of Instrument	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Foreign Currency (EURO)	INR	Foreign Currency	INR	Foreign Currency (USD)	INR
Forward Contract	3.34	266.05	-	-	2.03	134.50

## Other notes on financial statements

### B. Foreign currency exposure not hedged

As at 31st March, 2018	(Foreign currency in Lacs)		
	USD	EURO	GBP
Trade receivable	27.49	5.28	0.89
Trade payable	2.43	1.00	-
<b>As at 31st March, 2017</b>			
	USD	EURO	GBP
Trade receivable	19.68	3.48	1.18
Trade payable	2.43	1.16	-
<b>As at 1st April, 2016</b>			
	USD	EURO	GBP
Trade receivable	30.87	6.29	0.03
Trade payable	2.48	0.95	-

### Foreign currency sensitivity

Particulars	1% increase or decrease in foreign exchange rates will have the following impact on profit before tax			
	2017-18		2016-17	
	1% increase	1% decrease	1% increase	1% decrease
<b>USD</b>	<b>16.23</b>	<b>(16.23)</b>	11.13	(11.13)
<b>EURO</b>	<b>3.40</b>	<b>(3.40)</b>	1.59	(1.59)
<b>GBP</b>	<b>0.81</b>	<b>(0.81)</b>	0.95	(0.95)

### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

### Exposure to interest rate risk

Particulars	(₹ in Lacs)		
	31st March, 2018	31st March, 2017	1st April, 2016
Borrowings bearing floating rate of interest	8339.11	7277.67	5904.60

### Interest rate sensitivity

Particulars	(₹ in Lacs)	
	2017-18	2016-17
100 bps increase which decrease the profit before tax by	(83.39)	(72.78)
100 bps decrease which increase the profit before tax by	83.39	72.78

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

## Note No 44. Fair value measurement

### i) Financial Instruments by category

As at 31st March, 2018	(₹ in Lacs)		
	FVTPL	FVTOCI	Amortized Cost
<b>Financial Assets:</b>			
Investments			
- Equity instrument	-	-	-
- Preference Share	-	26.32	-
- National saving certificate	-	-	0.01
Trade receivables	-	-	10199.93
Cash and cash equivalents	-	-	52.12
Other bank balances	-	-	187.22
Loans	-	-	5903.28
Other financial assets	-	-	508.01
<b>Total financial assets</b>	-	26.32	16850.57

**Other notes on financial statements**
**Financial Liability:**

Borrowings	-	-	8372.07
Trade payables	-	-	3329.50
Other financial liabilities	9.01	-	1911.22
<b>Total financial liabilities</b>	<b>9.01</b>	<b>-</b>	<b>13612.79</b>

**As at 31st March, 2017**
**(₹ in Lacs)**

<b>Particulars</b>	<b>FVTPL</b>	<b>FVTOCI</b>	<b>Amortized Cost</b>
<b>Financial Assets:</b>			
Investments			
- Equity instrument	-	-	38.52
- Preference Share	-	23.79	-
- National saving certificate	-	-	0.01
Trade receivables	-	-	10443.68
Cash and cash equivalents	-	-	23.81
Other bank balances	-	-	205.33
Loans	-	-	2233.03
Other financial assets	-	-	402.01
<b>Total financial assets</b>	<b>-</b>	<b>23.79</b>	<b>13346.39</b>
<b>Financial Liability:</b>			
Borrowings	-	-	7735.66
Trade payables	-	-	3410.79
Other financial liabilities	-	-	1548.06
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>12694.51</b>

**As at 1st April, 2016**
**(₹ in Lacs)**

<b>Particulars</b>	<b>FVTPL</b>	<b>FVTOCI</b>	<b>Amortized Cost</b>
<b>Financial Assets:</b>			
Investments			
- Equity instrument	4.30	-	38.52
- Preference Share	-	21.50	-
- National saving certificate	-	-	0.01
Trade receivables	-	-	8391.29
Cash and cash equivalents	-	-	102.84
Other bank balances	-	-	182.84
Loans	-	-	2149.17
Other financial assets	-	-	653.35
<b>Total financial assets</b>	<b>4.30</b>	<b>21.50</b>	<b>11518.02</b>
<b>Financial Liability:</b>			
Borrowings	-	-	8180.49
Trade payables	-	-	2895.38
Other financial liabilities	-	-	1634.60
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>12710.47</b>

**ii) Fair value hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**Valuation process to determine fair value**

Specific valuation technique is used to determine the fair value of the financial instruments which include:

-Investment in unquoted equity shares- Lowest level input that is significant to the fair value measurement is unobservable.

## Other notes on financial statements

### Financial instrument measured at fair value

As at 31st March 2018

(₹ in Lacs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Derivative Financial Liabilities	-	9.01	-	9.01
<b>Total</b>	-	9.01	-	9.01

As at 31st March 2017

(₹ in Lacs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investments in Equity Instruments	-	-	38.52	38.52
<b>Total</b>	-	-	38.52	38.52

As at 1st April 2016

(₹ in Lacs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investments in Equity Instruments	-	4.30	38.52	42.82
<b>Total</b>	-	4.30	38.52	42.82

### Fair Value of Financial instrument measured at Amortised Cost

The carrying amount of short term borrowings, trade payables, trade receivables, cash & cash equivalents and other financial assets and liabilities are considered to be the same as their Fair values, due to their short term nature.

### Note No 45. Corporate Social Responsibility (CSR) expenditure

(i) As per section 135 of Companies Act, 2013 gross amount required to be spent by the Company during the year 2017-18 - ₹ 36.68 Lacs (Year 2016-17 ₹ 26.66 Lacs)

#### (ii) Amount spent

(₹ in Lacs)

CSR Activities	2017-18			2016-17		
	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
i) Construction/Acquisition of any assets	-	-	-	-	-	-
ii) Purposes other than (i) above	38.32	-	38.32	26.66	-	26.66

### Note No. 46 : Non current loans

Non current loans include interest free unsecured loan of ₹ 3964 Lacs (previous year ₹ 1457 Lacs) (maximum amount outstanding at any time during the year ₹ 4164 lacs; 31 March 2017- ₹ 1457 lacs; 1st April 2016- ₹ Nil) paid to a company covered under section 189 of the Companies Act, 2013 in view of proposed amalgamation. Since the amount paid is in connection to proposed amalgamation, no terms have been specified for repayment of loans and interest. In view of likely advantage to the company on such amalgamation, granting of such loan is not prejudicial to interest of the company.

**Note No. 47 :** The Company has a process whereby periodically all long term contracts (including derivative contract) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

## Other notes on financial statements

### Note No. 48 : First Time adoption of Indian Accounting Standards (Ind AS)

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. Ind AS 101-First-time Adoption of Indian Accounting Standards requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2018 for the company, be applied retrospectively and consistently for all financial years presented. Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity)."

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### i) Exemptions:

##### a) Property, Plant & Equipment

Ind AS 101 permits a first-time adopter to elect to measure its property, plant and equipment and intangible assets at fair value as at the date of transition to be their deemed cost. Accordingly, company has considered fair value of property, plant and equipment and intangible asset to be their deemed cost as on 1st April, 2016 with resultant impact being accounted for in retained earnings.

## Other notes on financial statements

### b) Leases

As per para 9AA of appendix D of Ind AS 101, if there is any land lease newly classified as finance lease then the first time adopter may recognise assets and liability at fair value on that date and any difference between those fair values is recognised in retained earnings. On the date of transition to Ind AS, the carrying amount of land lease is considered as its Fair Value.

### c) Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

Accordingly, the Company has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

#### ii) Exceptions:

##### a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1st April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with the Ind AS at the date of transition as these were not required under previous GAAP.

- Investment in equity instrument carried at fair value through profit and loss.

##### b) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

#### iii) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

#### a) Reconciliation of equity as at 31st March, 2017 and 1st April, 2016

(₹ in Lacs)

PARTICULARS	31st March, 2017	1st April, 2016
<b>Total equity shareholder fund as per previous GAAP</b>	26092.31	26477.21
<b>Ind AS adjustments on account of:</b>		
<b>i) Amalgamation:</b>		
- Capital Reserve	-	1285.87
- Equity shares to be issued	-	2540.04
- Securities premium reserve	-	2911.45
- Loss of MTTL	-	(10110.72)
<b>ii) Demerger:</b>		
- Inter-unit balance	(8498.10)	(8498.10)
- Reserve and surplus	(2153.85)	(2017.16)
iii) Deferred tax adjustments	(2066.26)	(1095.04)
iv) Fair valuation of property, plant & equipment and intangible assets	10767.88	11179.14
<b>Total Adjustment</b>	<b>(1950.33)</b>	<b>(3804.52)</b>
<b>Total equity as per Ind AS</b>	<b>24141.98</b>	<b>22672.69</b>

#### b) Reconciliation of Total Comprehensive Income for the year ended 31st march 2017

(₹ in Lacs)

PARTICULARS	31st March, 2017
<b>Profit after tax as per previous GAAP</b>	2988.46
<b>Ind AS adjustments:</b>	
Interest income on investment valued at amortised cost	2.29
Deferred asset on investment amortised	(2.29)
Depreciation and profit & loss on sale of PPE due to fair valuation	(411.25)
Actuarial (gain)/loss on defined benefit plan recognised in OCI (net of tax)	67.20
Deferred tax expense (Due to business combination considered from 01.04.2016)	(971.22)
Effect of demerger of yarn division	(136.69)
<b>Total Adjustment</b>	<b>(1451.97)</b>
<b>Profit after tax as per Ind AS</b>	1536.49
<b>Other comprehensive income (net of tax)</b>	
Actuarial gain/(loss) on defined benefit plan recognised in OCI (net of tax)	(67.20)
<b>Total Comprehensive Income as per Ind AS</b>	<b>1469.29</b>



**Other notes on financial statements**
**c) Effect of Ind AS adoption on statement of Cash Flow for the year ended 31 March 2017**
**(₹ in Lacs)**

Particulars	Previous GAAP	Adjustments	Ind AS
Net Cash flow from operating activities	(865.36)	3379.24	2513.88
Net Cash flow from investing activities	(356.43)	(558.09)	(914.52)
Net Cash flow from financing activities	1385.46	(3063.85)	(1678.39)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>163.67</b>	<b>(242.70)</b>	<b>(79.03)</b>
Cash and Cash equivalents as at 1st April 2016	474.10	(371.26)	102.84
<b>Cash and Cash equivalents as at 31st March 2017</b>	<b>637.77</b>	<b>(613.96)</b>	<b>23.81</b>

**d) Effect of Ind AS adoption on balance sheet as at 31st March 2017 and 1st April 2016**
**(₹ in Lacs)**

Particulars	Previous GAAP	31st March, 2017				1st April, 2016				
		Business Combination-Merger of Modern Terry Towels	Business Combination-Demerger of Yarn Division	Ind AS Adjustments	Ind AS	Previous GAAP	Business Combination-Merger of Modern Terry Towels	Business Combination-Demerger of Yarn Division	Ind AS Adjustments	Ind AS
<b>ASSETS</b>										
<b>Non Current Assets</b>										
(a) Property, Plant and Equipment	16034.64	-	(6607.47)	10767.73	20194.90	13456.78	2424.47	(6765.64)	11179.14	20294.75
(b) Capital work-in-progress	1.07	-	(1.07)	-	-	204.26	-	(191.94)	-	12.32
(c) Intangible assets	14.43	-	-	0.15	14.58	13.10	-	-	0.01	13.11
(d) Financial assets										
(i) Investments	112.81	-	-	(50.49)	62.32	117.11	-	-	(52.78)	64.33
(ii) Loans	1998.93	-	(324.05)	0.26	1675.14	7792.32	5982.16	(436.93)	(11738.29)	1599.26
(iii) Other financial assets	-	-	-	18.76	18.76	-	-	-	28.08	28.08
(e) Other non-current assets	304.13	-	(300.67)	50.49	53.95	326.65	-	(305.89)	52.78	73.54
<b>Total non current assets</b>	<b>18466.01</b>	<b>-</b>	<b>(7233.26)</b>	<b>10786.90</b>	<b>22019.65</b>	<b>21910.22</b>	<b>8406.63</b>	<b>(7700.40)</b>	<b>(531.07)</b>	<b>22085.39</b>
<b>Current Assets</b>										
(a) Inventories	8427.67	-	(1226.67)	-	7201.00	6302.19	1205.41	(640.86)	0.01	6866.75
(b) Financial Assets										
(i) Investments	1305.27	-	(1305.27)	-	-	1888.34	-	(1888.34)	-	-
(ii) Trade receivables	10997.91	-	(554.24)	0.01	10443.68	7708.84	1065.87	(383.41)	(0.01)	8391.29
(iii) Cash and cash equivalents	411.09	-	(389.87)	2.59	23.81	220.38	21.82	(160.34)	20.98	102.84
(iv) Other bank balances	226.68	-	-	(21.35)	205.33	231.90	-	-	(49.06)	182.84
(v) Loans	558.14	-	(1.31)	1.06	557.89	150.84	328.71	(2.08)	72.44	549.91
(vi) Other financial assets	350.64	-	(32.82)	65.43	383.25	286.27	371.54	(32.54)	-	625.27
(c) Current tax asset (Net)	-	-	-	-	-	-	22.24	(65.88)	43.64	-
(d) Other current assets	2209.14	-	(238.78)	(66.76)	1903.60	1523.69	524.67	(133.98)	(116.37)	1798.01
<b>Total Current Assets</b>	<b>24486.54</b>	<b>-</b>	<b>(3748.96)</b>	<b>(19.03)</b>	<b>20718.56</b>	<b>18312.45</b>	<b>3540.26</b>	<b>(3307.43)</b>	<b>(28.37)</b>	<b>18516.91</b>
<b>Total Assets</b>	<b>42952.55</b>	<b>-</b>	<b>(10982.22)</b>	<b>10767.86</b>	<b>42738.21</b>	<b>40222.67</b>	<b>11946.89</b>	<b>(11007.83)</b>	<b>(559.44)</b>	<b>40602.30</b>
<b>EQUITY AND LIABILITIES</b>										
<b>EQUITY</b>										
(a) Equity share capital	4714.39	-	-	-	4714.39	2174.35	-	-	-	2174.35
(b) Other equity	21377.92	-	(9572.04)	7621.71	19427.59	24302.86	(3373.36)	(9415.73)	8984.57	20498.34
<b>Total Equity</b>	<b>26092.31</b>	<b>-</b>	<b>(9572.04)</b>	<b>7621.71</b>	<b>24141.98</b>	<b>26477.21</b>	<b>(3373.36)</b>	<b>(9415.73)</b>	<b>8984.57</b>	<b>22672.69</b>

**Other notes on financial statements**

<b>LIABILITIES</b>										
<b>Non current liabilities</b>										
(a) Financial liabilities										
(i) Borrowings	37.20	-	-	-	37.20	24.86	1300.00	-	-	1324.86
(b) Provisions	1536.92	-	(24.00)	-	1512.92	1214.06	89.97	(18.51)	-	1285.52
(c) Deferred tax liabilities (Net)	1161.94	-	(1079.88)	3146.14	3228.20	1454.27	-	(1099.53)	2194.57	2549.31
(d) Other non current liabilities	70.80	-	-	-	70.80	281.69	-	-	(0.01)	281.68
<b>Total non current liabilities</b>	<b>2806.86</b>	<b>-</b>	<b>(1103.88)</b>	<b>3146.14</b>	<b>4849.12</b>	<b>2974.88</b>	<b>1389.97</b>	<b>(1118.04)</b>	<b>2194.55</b>	<b>5441.37</b>
<b>Current Liabilities</b>										
(a) Financial liabilities										
(i) Borrowings	7698.46	-	-	-	7698.46	5904.60	951.03	-	-	6855.63
(ii) Trade payables	3473.93	-	(63.14)	-	3410.79	2624.04	482.79	(211.45)	-	2895.38
(iii) Other financial liabilities	1648.79	-	(100.74)	0.01	1548.06	1253.53	478.58	(97.53)	0.02	1634.60
(b) Other current liabilities	904.60	-	(45.55)	-	859.05	807.78	157.69	(25.20)	(0.02)	940.25
(c) Provisions	327.60	-	(96.84)	(0.01)	230.75	180.63	8.75	(27.00)	-	162.38
<b>Total current liabilities</b>	<b>14053.38</b>	<b>-</b>	<b>(306.27)</b>	<b>-</b>	<b>13747.11</b>	<b>10770.58</b>	<b>2078.84</b>	<b>(361.18)</b>	<b>-</b>	<b>12488.24</b>
<b>Total Equity and Liabilities</b>	<b>42952.55</b>	<b>-</b>	<b>(10982.19)</b>	<b>10767.85</b>	<b>42738.21</b>	<b>40222.67</b>	<b>95.45</b>	<b>(10894.95)</b>	<b>11179.13</b>	<b>40602.30</b>

\*The previous GAAP figures for the year ended 31st March, 2017 and balance sheet as on 1st April, 2016 have been reclassified as per schedule III of the Companies Act, 2013 for like to like comparison.

**e) Effect of Ind AS adoption on Statement of profit and loss for the year ended 31st March 2017**
**(₹ in Lacs)**

Particulars	Previous GAAP	Demerger Effect	Ind AS Adjustments	Ind AS
<b>INCOME</b>				
Revenue from operations	51417.00	(12809.60)	2873.85	41481.25
Other income	585.16	(215.18)	(3.19)	366.79
<b>Total Revenue</b>	<b>52002.16</b>	<b>(13024.78)</b>	<b>2870.66</b>	<b>41848.04</b>
<b>EXPENSES</b>				
Cost of materials consumed	19597.57	(8753.87)	-	10843.70
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(620.77)	556.48	-	(64.29)
Excise duty	-	-	2867.68	2867.68
Employee benefits expense	5742.25	(549.75)	(102.76)	5089.74
Finance costs	1238.37	(4.75)	-	1233.62
Depreciation and amortisation expense	992.94	(440.57)	411.95	964.32
Other expenses	22859.01	(3695.63)	2.29	19165.67
<b>Total Expenses</b>	<b>49809.37</b>	<b>(12888.09)</b>	<b>3179.16</b>	<b>40100.44</b>
<b>Profit before exceptional items &amp; tax</b>	<b>2192.79</b>	<b>(136.69)</b>	<b>(308.50)</b>	<b>1747.60</b>
<b>Exceptional items</b>	<b>(503.34)</b>	<b>-</b>	<b>-</b>	<b>(503.34)</b>
<b>Profit before tax</b>	<b>2696.13</b>	<b>(136.69)</b>	<b>(308.50)</b>	<b>2250.94</b>
Tax expense:				
Current tax	-	-	-	-
Deferred tax	(292.33)	-	(1006.78)	(714.45)
<b>Profit after tax</b>	<b>2988.46</b>	<b>(136.69)</b>	<b>(1315.28)</b>	<b>1536.49</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
(a) Actuarial gain or Loss on defined benefit plans	-	-	(102.76)	(102.76)
(b) Income tax relating to these items	-	-	35.56	35.56
<b>Other comprehensive income for the Year (net of tax)</b>	<b>-</b>	<b>-</b>	<b>(67.20)</b>	<b>(67.20)</b>
<b>Total comprehensive income for the period</b>	<b>2988.46</b>	<b>(136.69)</b>	<b>(1382.48)</b>	<b>1469.29</b>

\*The previous GAAP figures for the year ended 31st March, 2017 and balance sheet as on 1st April, 2016 have been reclassified as per schedule III of the Companies Act, 2013 for like to like comparison.

## Other notes on financial statements

### iv) Notes to reconciliation of equity and total comprehensive income

#### a) Financial Assets at Amortized Cost

Under Indian GAAP, the Company accounted for long term investments in preference shares as investments measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated these investments as financial assets measured at amortized cost. At the date of transition to Ind AS, difference between amortized cost and the Indian GAAP carrying value has been recognized in other non current assets.

The effect of the adjustments resulted in reduction in the value of investment in Preference share by ₹ 52.78 Lacs and increase in value of other non-current assets by ₹ 52.78 Lacs on transition date.

#### b) Deferred Tax

Under Previous GAAP, deferred tax is calculated using the income statement approach, which focuses on differences between accounting profits and taxable profits for the period. Under Ind AS, deferred tax is accounted using the balance sheet approach, which focuses on temporary differences between the carrying amount of the assets or liabilities in the balance sheet and its tax base. The resulting changes in the amount of deferred tax is recognised in deferred tax liability on the date of transition and subsequently in Statement of Profit and loss for those items relating to Profit & loss and in other comprehensive income for those which are classified through FVTOCI.

#### c) Employee Benefits

Both under Indian GAAP and Ind AS, the company recognized costs related to its post employment defined benefits plan on an actuarial basis. Under Indian GAAP the entire cost including actuarial gain/loss are charged to profit or loss. Under Ind AS, remeasurements are recognized in other comprehensive income.

#### d) Other Equity

Retained Earnings as at 1st April 2016 has been adjusted to the above Ind AS transition adjustments. Refer 'Reconciliation of Total Equity' as at 31 March 2017 and 1st April 2016 as given above.

#### e) Other Comprehensive Income

Under Indian GAAP the concept of Other Comprehensive Income was not exist. Hence Indian GAAP profit or loss is reconciled to total comprehensive income.

#### f) Business Combination

##### - Amalgamation

During the financial year 2016-17, Board for Industrial and Financial Reconstruction (BIFR) had sanctioned the scheme of amalgamation of Modern Terry Towels Limited (MTTL) with the Company w.e.f. 01.01.2008. Under Previous GAAP, accounting was done as per pooling of interest method as specified in AS-14 from the date on which merger was effected. Ind AS requires business combination under common control to be accounted as per Appendix C of Ind AS 103, which prescribes pooling of interest method. Under pooling of interest method assets and liabilities are required to be carried forward at book value and prior period presented in balance sheet are to be restated considering that the merger was effective from first day of the last year presented (irrespective of the appointed date). Any difference between the share capital of the MTTL and share capital issued by the company to the shareholders of MTTL has been transferred to capital reserve. Hence, balance sheet of 1st April, 2016 has been prepared as if the merger was effective from that day.

##### - Demerger

During the year the Scheme of arrangement between Modern Insulators Limited ("Demerged Company" or "MIL") and Modern Polytex Limited ("Resulting Company" or "MPL") and their respective shareholders and creditors under sections 391 and 394 of the Companies Act, 1956 (Presently sections 230 to 232 of the Companies Act, 2013) for demerger of Yarn division of the Company into MPL, was approved by the Hon'ble National Company Law Tribunal, Principal Bench at New Delhi vide its order dated December 12, 2017 and scheme of arrangement has been made effective from appointed date as provided in the scheme i.e. 01.04.2011.

Pursuant to the scheme, Yarn division of MIL has been transferred to and vested in MPL. Modern Polytex Limited shall issue one equity share for every two equity shares to the shareholders of MIL i.e. 10871750 (one crore eight lakh seventy one thousand seven hundred and fifty) equity share of Rs. 10 each as fully paid up. In view of above, balance sheet of 1st April, 2016 has been prepared as if the demerger was effective from that day.

#### g) Sale of goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of Statement of Profit and Loss

**h) Statement of Cash Flows**

The impact of transition from Indian GAAP to Ind AS on the Statement of cash flow is mainly due to impact of business combination from transition date and partly due to various reclassification adjustments recorded under Ind AS in balance Sheet, Statement of Profit and Loss and differences in the definition of cash and cash equivalents in Ind AS and Indian GAAP.

**i) Reclassification of assets and liabilities as per schedule III division II of the Companies Act, 2013**

- As per schedule III, security deposit which are financial in nature are classified as loans and other deposits are classified under other non-current/current assets respectively.
- Fixed deposits with banks with maturity greater than 12 months have been reclassified from cash and cash equivalent to other non-current financial assets.
- Capital advances have been reclassified from long term loans and advances to other non-current assets

**Note No 49 :** Figures for previous years have been regrouped/rearranged/restated wherever considered necessary to make them comparable with the figures for the current year and for compliance of Ind AS.

As per our report of even date attached

For and on behalf of the Board

**For R.B. Verma & Associates**  
 Chartered Accountants  
 Firm Registration No. 012650C

**Rajesh Verma**  
 Partner  
 Membership No. 404029

Place : Abu Road  
 Date : 29th May, 2018

Sachin Ranka	– Chairman & Managing Director	(DIN : 00335534)
Shreyans Ranka	– Whole Time Director	(DIN : 06470710)
D.B. Deshpande	– Executive Director	(DIN : 06463412)
S.B.L. Jain	– Independent Director	(DIN : 00002582)
R. Raniwala	– Independent Director	(DIN : 00506419)
Meenu Sacheti	– Independent Director	(DIN : 02266703)
T.C. Chejara	– Non-Executive Director	(DIN : 07619881)
D.S. Singhvi	– Chief Financial Officer	
Gaurav Goyal	– Company Secretary	

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To  
The Members  
Modern Insulators Limited

**Re.: Seeking copy of PAN CARD and Bank Details**

Dear Sir/Madam,

We refer to the SEBI circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated: 20th April, 2018 and subsequent circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/115 dated: 16th July, 2018 wherein SEBI has directed all the listed companies to record the PAN and Bank account details of all shareholders holding shares of the Company in physical form. As per SEBI notification no. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 read with BSE circular no. LIST/COMP/15/2018-19 dated 5th July, 2018 mandated that with effect from 5th December, 2018 all transfer(s) of securities would be carried out in dematerialized form only.

We therefore request you to send us the below mentioned documents in order to update your PAN and bank account and other details in the Company's records and take note of the following:

1. Self-attested copy of your PAN Card (in case the shareholder is a resident of Sikkim, the shareholder is required to submit a valid ID proof issued by the Government).
2. Original cancelled cheque leaf /attested bank passbook showing name of account holder ) along with a duly filled in Form appended as Annexure-A to this letter, so that all future dividends could directly be credited to your bank account and we would be able to serve you better in future.
3. You are requested to send the desired details/documents to the Company's Registrar & Share Transfer Agent (RTA), M/s. Beetal Financial & Computer Services (P) Ltd at Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi- 110062.
4. You may kindly note that in case we do not receive any response from your side, any future transactions in your shares like transfer, transmission, issue of duplicate share certificates etc., and shall be subject to enhanced supervision by the Company. Therefore you are advised to furnish your PAN, bank details and other desired details as mentioned in **Annexure A** within 21 days of the date of this letter.
5. Shareholder(s) please note that request for transfer of shares in physical form will be considered before 5th December, 2018 subsequently any request for transfer of shares (except requests related to transmission and transposition of shares) shall not be processed. This intimation is in accordance with SEBI notification no. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 read with BSE circular no. LIST/COMP/15/2018-19 dated 5th July, 2018. Copy is available on the company's website [www.moderninsulatorslimited.com](http://www.moderninsulatorslimited.com) . Accordingly, you are advised to dematerialize your entire physical shareholding in company. To know the process of dematerialization please visit our website [www.moderninsulatorslimited.com](http://www.moderninsulatorslimited.com).
6. Shareholders holding shares in physical mode are also requested to send their signature cards to our RTA, M/s. Beetal Financial & Computer Services (P) Ltd at Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi- 110062 at the earliest.

Thanking you,  
Yours faithfully,

**For Modern Insulators Limited**

Sd/-

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

Encl. : As above.

**Annexure-A**

Name of Shareholder(s)	
Folio No.	
Pan (attached Self attested copy of Pan)	
Bank Details (attach Self attested copy of cancelled Cheque)	
Bank Account No.	
Name of Bank	
Branch Address	
IFSC No.	
MICR No.	
E-mail ID of shareholder	

(-----)

Signature of Shareholder (s)

**MODERN INSULATORS LIMITED**

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004  
 Phone : 0141-4113645 E-mail : modernjaipuroffice@gmail.com  
 CIN : L31300RJ1982PLC002460

**ATTENDANCE SLIP**

(To be handed over at the entrance of the Meeting hall)  
**33<sup>rd</sup> Annual General Meeting-28<sup>th</sup> September, 2018**

I hereby record my presence at the THIRTY THREE ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Monday the 28th September, 2018 at 4:00 P.M.

Full Name of Member (IN BLOCK LETTERS) .....

Folio No./ Client ID .....D.P. ID ..... 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 : 0141-4113645 E-mail : modernjaipuroffice@gmail.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 33rd Annual General Meeting of the Company, to be held on Friday, the 28th September, 2018 at 4:00 P.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 .....

Signed this ..... day of ..... 2018.

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**



**Book Post  
(Printed Matter)**

*If undelivered please return to :*



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